

World Trade Organization (WTO)

Background Guide

On the Question of The Doha Agenda: Special and Differential Treatment



MIT Model United Nations Conference (MITMUNC) II
February 5-7, 2010
Cambridge, Massachusetts

1. Background

The World Trade Organization is tasked with administering trade agreements, providing forums for trade negotiations, handling trade disputes, monitoring national trade policies, assisting and training developing countries in issues regarding trade, and generally cooperating with other arms of the United Nations in order to promote worldwide peace and prosperity. It was with these goals in mind that the Doha Development Round of trade talks began in November of 2001.

Previous World Trade Organization agreements already give special and differential treatment to developing countries. In the Doha Declaration, a clarifying statement released in response to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the WTO issued the sentiment that these existing special provisions should be reviewed and clarified. That is one of the goals of this meeting. The Declaration further calls for the analysis of the provisions in order to review which should remain mandatory and which should become non-binding and vice versa, as well as the implications of changing each designation. After these revisions have been made, the WTO must also create a program to assist the developing countries in benefiting maximally from the provisions.

Before any meaningful debate can begin on the topic of Special and Differential Treatment for Least Developed Countries, it is necessary to establish the history and impetus of such provisions. The origins of special treatment can be traced back to the General Agreement on Tariffs and Trade (GATT), which was initially negotiated in 1947 and remained in effect until 1994 when it was disbanded and replaced by the World Trade Organization. The general consensus is that for trade to be as free and fair it must be multilateral and open. Special provisions for developing countries are meant to reinforce the principle of multilateralism in trade, ensuring that least developed countries have open and ready access to markets for the goods that they need to import and export. To this end, there have been four distinct phases of provisions for least developed countries.

The first round of special treatment provisions lasted from the formation of the GATT until

the 1973 Tokyo Round of negotiations. This first phase was dominated by provisions regarding market access; specifically, the ability of developing countries to send exports to the developed world. In 1957 the GATT determined that protectionism of agricultural commodities (ie, nations—developing and developed alike—withholding agricultural products and machinery from world markets), wildly modulating prices on goods, and a negative balance of trade in developing countries were all factors that are detrimental to fair and multilateral trade. Thus, a so-called Panel of Exports was formed in order to explore the causes of and possible solutions to these factors. Among the findings of the Panel was the conclusion that the negative balance of trade in many developing countries, whose import expenditures were far greater than their export revenues, stalls development. The Panel placed the blame for this unfortunate situation on trade barriers in developed countries against the developing world, though they did not absolve trade barriers by developing countries of guilt.

In response to the findings, the GATT created the umbrella Programme of Action Directed Towards an Expansion of International Trade. A committee of the Programme drafted a Plan of Action containing eight points calling for an abolishment of trade barriers by developed countries against exports of “products of interest” to the developing world. While an ambitious and likely helpful plan, it was unfortunately never put into full effect. Other findings and proposed reforms were similarly disbanded and never put into place. Though these findings came about over forty years ago, the debate today centers on the same issue because the Plan of Action was never implemented. One striking reform to come from this phase was the establishment of the principle of non-reciprocity: in trade negotiations, developing countries would not be expected to make concessions that go against their development, financial and trade needs. In trade talks, developed countries are expected to accept negotiations that may not be in their own immediate best interest. Thus, non-reciprocity refers to the principle that developing countries are not expected to do the same. This is one example of a concrete provision for special treatment for the developing world.

The Tokyo Round (1973-1979) marked the second phase of talks on special and differential treatment for developing countries. Negotiations shifted towards allowing developing nations to export more of their goods. This round of talks also paid closer attention to the bureaucratic burdens that trade codes place on developing nations. It was agreed that international trade codes would be written and signed on a case-by-case basis, and that the codes would only apply to countries that volunteered to be signatories on the legislature. Unfortunately, this led to the abstention of many developing countries from signing trade codes related to customs valuation, import licensing, and anti-dumping measures. The benefit, according to supporters of the new code system, was that developing countries could be more flexible in trade negotiations without having to act as a unified bloc of nations. Unfortunately, the GATT did not provide an adequate framework to help developing nations, particularly those relatively new to international trade, negotiate favorable codes. This continues to be an ongoing problem in the establishment of differential trade provisions.

The third phase lasted until roughly the end of the Uruguay Round in 1994. As developing nations made progress towards becoming developed, their interests in the international trading markets shifted. With increasingly diversified economies, many nations were better able to participate in global trade. Still, regionalism was growing rapidly, threatening the goals of multilateralism. The GATT was increasingly criticized for not dealing with issues regarding agricultural trade, textiles, intellectual property rights, and investment in general. Another major development in the third phase was the repealing of the initial code-based Tokyo approach to trade negotiations. With the formation of the WTO, all member nations were now required to approve of trade legislation.

2. Goals

And so we find ourselves now in the fourth phase of trade talks. How can the WTO help both developing and developed countries better implement, integrate, and streamline the obligations established in the Uruguay Talks? What further

provisions does the WTO need to establish, if any, in the current Doha Round? The goal remains the same, but the playing field has changed. The WTO must adhere to the initial impetus of free and fair multilateral trade. Though developing nations have undergone countless leadership changes, their economies continue to evolve and diversify. Any new provisions must take these into account.

The developed world has a great stake in the debate as well. As nations attempt to recover from the recent economic crisis, how much are developed countries willing to cede in terms of favorable trade negotiations to the least developed countries? Has the magnitude of the sacrifices that the developed world is willing to make decreased? How can we insure that the developing nations continue to receive special provisions, and that the effects of these provisions continue to expand, while the nations with which they trade are no longer as willing to give favorable market conditions? Or, more fundamentally, does the developing world even have a right to special provisions? The resolution of these questions represent the sum of the goals of this meeting of the World Trade Organization.

3. Conclusion

Due to the nature of the topic, countries will most likely self-stratify into blocs according to their statuses as either a developed or developing nation. Keep in mind that only through sacrifice and some measure of reciprocity will negotiations and compromises be reached. The delegates representing developing countries should each research what further special provisions their nations would like to gain or would stand to gain from, tailored individually to each country. Likewise, each delegate representing a developed country should research what types of provisions and special treatment their governments would be willing to grant to developing countries, drawing on past policy decisions and future plans as enumerated by the nations' respective heads of states. Delegates representing nations more towards the center of the developing—developed spectrum should be able to offer advice on how to effectively

draft and implement trade agreements to help pull a country from relative poverty. All delegates should research what specific provisions are already in place worldwide as well as specific provisions that apply to the delegates' nation. Fruitful debate will depend on informed discussion, and many reforms can arise from amending previous provisions that may only require slight changes to reach their fullest potential. Some provisions may need to be drawn from scratch as per the needs of the countries represented. The position paper that the delegate submits should touch on each of these topics as they apply to the delegate's nation.

4. References

- Fergusson, Ian. World Trade Organization Negotiations: The Doha Development Agenda. Congressional Research Service, United States Congress. January 2008.
- Keck, Alexander and Patrick Low. Staff Working Paper ERSD-2004-03: Special and Differential Treatment in the WTO: Why, When and How? Economic Research and Statistics Division, World Trade Organization. January 2004.
- WT/COMTD/W/135: Special and Differential Treatment for Least-Developed Countries. Committee on Trade and Development, World Trade Organization. October 2004.