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**lobal trading system:
Journey from Seattle to
Doha**

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Abbreviations

ATC	Agreement on Textiles and Clothing
CTG	Council for Trade in Goods
CTE	Committee on Trade and Environment
DSS	dispute settlement systems
DSU	dispute settlement understanding
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
IRM	Implementation Review Mechanism
ITA	Information Technology Agreement
MEAs	multilateral environment agreements
MTNs	multilateral trade negotiations
NIEs	newly industrialised economies
NTBs	non-tariff barriers
RTA	regional trading arrangement
TMB	Textiles Monitoring Body
TRIPs	trade-related aspects of intellectual property
WGTC	Working Group on the Interaction between Trade and Competition Policy
WTO	World Trade Organization

Seattle Ministerial

Disagreements among countries on trade issues were (and are) not uncommon, but they took a calamitous dimension in 1999 during the World Trade Organization's (WTO) Third Ministerial Conference in Seattle.¹ Seeds of discord had existed well before the Third Ministerial. There were deep divisions in opinion, beliefs and expectations, which could be divided into North–South, North–North and East–West axes. A lot of this division of opinion however, was, so complex that it could not be divided according to any of the conventional axes. Numerous contentious issues had created tension between major trading economies and country groups before the Third Ministerial Conference. The resulting disharmony bedevilled the preparations for the Third Ministerial. It was incorrectly believed that these fissures in opinions could be covered in Seattle, once the Ministerial Conference began. These problems were exacerbated by the tendency to function in a non-transparent manner. This tendency was a remnant of the era of the General Agreement of Tariffs and Trade (GATT). Lack of transparency had enormous costs in international negotiations, which involved up to 135 country delegations. It is also clear in hindsight that some of the largest trading countries and country groups tried to manipulate the WTO system, which in turn led to mutual distrust and erosion of the credibility of the system. The so-called 'Green Room' consultation process, which had worked well during the GATT era, was found wanting when there were such a large number of member country delegations.

A structural issue that emerged in Seattle was the presence of a large number of developing countries. In all, 65 developing economies participated in the negotiations that led to the formation of the WTO. In November 1999, more than 100 developing countries were members of the WTO. Their number reflected strength. A small number of the newly industrial economies (NIEs) were successful traders. Growth and expanding trade had made them more important than they had been before. Many developing country members became assertive, they were not satisfied with the passive role they had previously played, and wanted to participate in defining the Seattle agenda. WTO decisionmaking processes had not evolved to accommodate this situation.

A dire situation was compounded by the growing international backlash against globalisation, which was more than an economic or trade issue, an inept chairperson of the Committee of the Whole, a new and inexperienced WTO Director-General and inadequate preparations for the Ministerial Conference by the Secretariat. Little wonder that it proved impossible to launch a new round of multilateral trade negotiations (MTNs) in Seattle.²

Failure at Seattle was a serious setback to liberalisation of the global trading system. Some observers felt that, if the 142 member countries³ of the WTO again failed to embark on an ambitious round of MTNs during the Fourth Ministerial Conference at Doha,⁴ the WTO as an institution could become irrelevant and be consigned to hibernation. There was a danger of multilateralism being supplanted by regionalism or even bilateralism (Das 2001a). The 1990s are known for the 'second wave' of regionalisation of trade. In the six years since the creation of the

WTO,⁵ 90 new regional trading arrangements (RTAs) were reported by the member countries, compared with 124 RTAs reported during the 46 year life span of the GATT.

The principal objective of this paper is to summarise how the global trading system reacted to the well-publicised failure at Seattle and what measures were taken in various areas of the global trading system during the period between the Third and the Fourth Ministerial Conferences. While all the principal developments in important areas have been covered, this brief study does not pretend to be exhaustive.

In the aftermath of the failure

Seattle became synonymous with failure for trade economists, after December 1999 the debacle did not lead to a hiatus. Few analysts believed that a retreat from free trade was on the cards— notwithstanding the street theatre in Seattle. It is widely recognised in the profession that the extraordinary growth of the global economy since the Second World War was driven to an extent by the liberalisation of trade (Rodriguez and Rodrik 2000; Rodrik 1999). That the global trading system was a valuable and significant public good was well established and one large failure could not be allowed to retrench away the achievements of half a century. An immediate impact of the failure was that the WTO members, in particular the large trading economies and the members of the Quad,⁶ woke up to the fact that the global trading system could not be taken for granted. That not all the critics of the global trading system were wrong and that serious problems existed was a stark, if uncomfortable, reality. Large trading economies recognised this fact, discussing it in various international fora and then proceeded to build up international public awareness in favour of strengthening the global trading system. Problems were rectified and concerted endeavours were made to right the wrongs. Consequently, many significant measures were taken in the lead-up to the Fourth Ministerial Conference.

Notwithstanding Seattle, the WTO system was still the most consequential global arbiter of commercial disputes between trading countries, it provided technical assistance and training to developing country governments eager to participate more extensively in the global trading system and conducted incisive trade policy reviews along neoclassical economic lines. Many trade analysts recognised that, while RTAs can make a meaningful contribution to the global economy, they are no substitute for a multilateral system of non-discriminatory trade regulations. Policy mandarins in most important trading economies recognised that global cooperation and improvement in global economic architecture is more important now than ever before. They seemed to agree that another failure in this regard would have high costs for the global economy. The WTO members were aware of the need for action on important trade issues.

Proclamations by large trading economies in various international fora showed that between the Seattle and Doha Ministerial Conferences, general support for a new round of MTNs was not unequivocal. If anything, support was not even general. Not all the WTO members favoured embarking on an ambitious round of MTNs. As opposed to this, the European Union supported and canvassed the idea of a ‘comprehensive’ trade round. Notwithstanding their differences,

WTO members sagaciously struck a deal on 14 November 2001—albeit not without brinkmanship. They finally agreed to hold a new round of MTNs, and also set the agenda for it. The forthcoming round is intended to liberalise trade further and improve measures in areas like antidumping. There are proposals to develop trade regulations in several new areas. This agreement represented one more step towards freer global trade. In comparison with the debacle in Seattle, this was a valuable achievement (*The Economist*, 17 November 2001:11).

One important reason why many developing economies were not enthusiastic about the launch of a new round was because of difficulties in implementation. Many of them had found it difficult to implement all the recommendations of the Uruguay Round and thought that they were yet to receive all the benefits they had expected from the Uruguay Round. This issue was also discussed during the Second Ministerial Conference in May 1998. In fact, few areas generated more discord during period between the Seattle and Doha Ministerial Conferences than these implementation-related difficulties. Issue-related differences also persisted in several important areas. These differences were heightened by the fact those different countries and country groups did not see the problem from the same perspective. For many developing economies, capacity constraints and lack of technical know-how were serious impediments to implementing the Uruguay Round agreement. For others, financial, human and institutional resources were the principal constraints, and these assiduously voiced their concerns. The complexities of the Uruguay Round agreement were beyond the comprehension of many a government bureaucracy and they were unable to put it into effect despite their good intentions.

Seattle tarnished the reputation of the WTO and the global trading system was suffering from a serious image problem. To counter this a four-point plan was drawn up. This included

- (a) adoption of proactive measures by 29 industrial economies to increase the market access of the least developed countries,⁷
- (b) a mechanism for discussing the implementation-related issues arising in developing countries,
- (c) strengthening the technical cooperation and capacity-building activities of the WTO by formulating the Integrated Framework⁸ of technical assistance to the least developed countries, and
- (d) devising and developing procedures for ensuring more active and fuller participation of the WTO members in the global trading system.

The Ministerial Declaration adopted on 14 November in Doha recognised the vulnerability of the least developed countries.⁹ It committed the global trading system to ‘addressing the marginalisation of least-developed countries in international trade and to improving their effective participation’ [PAGE] in it. Industrial economies were eager to make this round of MTNs look like a ‘development round’. This is reflected in the agenda, which shows several commitments to help the least-developed countries. On balance, the developing economies, particularly the least-developed countries, are expected to benefit from the forthcoming round because of several important decisions taken during the Ministerial Conference. First, a non-binding decision was

taken in the area of intellectual property rights, whereby these rights would not hinder these countries access to cheap medicines. Second, the least-developed economies will also benefit from the commitment to reduce barriers on industrial goods, particularly ‘peak’ tariffs’—the highest rates that countries use to protect their most sensitive industries. This should help improve in particular the access of poor countries in textiles and clothing markets (*The Economist*, 17 November 2001:65–66).

As stated above, one of the reasons underlying the debacle in Seattle was the inadequacy of the Green Room consultation process and opacity of the negotiation process. A large number of member countries felt that they were not able to participate effectively in the process. As a result, the Green Room process was abandoned after the Seattle Ministerial and replaced by a system of regular meetings to consult with all members and inform them of a broad spectrum of WTO activities. These meetings were open-ended, involved all the heads of delegations, and were further strengthened by consultations in other formats like one-on-one meetings. The new approach was ‘bottom-up’ and was essentially proponent driven. Thus, those delegations in favour of a certain position or agenda item would meet in an effort to raise support for their positions. Member governments also began meeting outside the formal General Council¹⁰ process to test levels of support on particular issues. This process narrowed the differences in positions taken by member countries, although it was unable to bring about unity. The Ministerial Declaration stressed that ‘transparency and effective participation’ is the collective responsibility of all the WTO members. It committed members to making ‘WTO operations more transparent’, to more ‘effective and prompt dissemination’ of information and to ‘improve dialogue with public’ (WTO 2001a).

The implementation-related difficulties of the developing countries, noted above, were seriously addressed during the interim period between the Third and the Fourth Ministerial Conferences. The General Council established a framework for discussion and negotiation of the implementation issue. It was known as the Implementation Review Mechanism (IRM). Between October 2000 and October 2001, the General Council held five special sessions under the sponsorship of the IRM. The outstanding issues and existing difficulties were assessed with an objective to ‘increase the participation of developing countries’ and ways to get around them were proposed in these special sessions. Furthermore, these issues were fully acknowledged in great detail at the Fourth Ministerial Conference in a document called *Decision on Implementation-Related Issues and Concern* (WTO 2001b). It not only addressed implementation-related issues but also resource constraints that were encountered in the implementation of obligations in various areas of the Uruguay Round agreement.

Built-in agenda

The Marrakesh Agreement had a ‘built-in agenda’ for the next round of MTNs, which included further negotiations over agriculture and services.¹¹ Together these two sectors of the global economy account for approximately two-thirds of global output and the same fraction of global

employment. Owing to major disagreements between the European Union, Japan and the United States, trade in agriculture had always been a contentious issue. It was widely recognised that the achievements in these two areas during the Uruguay Round were merely a beginning and that the two agreements needed to be broadened (Anderson 1998; Das 1998). The two mandated negotiations were launched in January 2000.

The first phase of six negotiating meetings on trade in agriculture ended in March 2001. During this phase, member countries submitted proposals establishing their starting positions. This phase of negotiations did not progress smoothly, even though 121 member governments submitted 45 proposals and three technical documents. Six special sessions were planned for the second phase. These sessions were planned to cover technical issues in-depth. The most important issues covered were tariff quota administration, agricultural tariffs, amber, green and blue box, domestic support, export subsidies, export credit, state trading enterprises, export taxes and restrictions, food security, food safety, geographical indicators, and special agricultural safeguards. By September 2001, the Agriculture Committee succeeded in arriving at decisions on

- (a) export credits,
- (b) improving the effectiveness of the implementation of the ministerial decisions on the possible negative effects of the reform program on least developed countries, and
- (c) the transparency of tariff quotas.¹²

The European Union, which had taken a strong stand against trade liberalisation in agriculture in the past, had to accept a stronger commitment to eliminate trade-distorting farm-export subsidies than some of its members, notably France, would have liked.

Building on the work done and progress made over the interim two-year period, the Fourth Ministerial Conference committed to ‘comprehensive negotiations aimed at: substantial improvement in market access’, and ‘reductions of all forms of export subsidies which is more likely in a phased manner than abruptly’. Substantial reduction in trade-distorting domestic support has also been emphasised. The deadline for submission of modalities for further commitments, including provisions for special and differential treatment, has been fixed at March 2003.

The General Agreement on Trade in Services¹³ (GATS) mandated a heavy work program covering a wide range of issues. Since their timely launch, work on further liberalisation of trade in services progressed without major hurdles. Some of it called for negotiations among the members of the GATS, while other issues called for thorough study and scholarly review. During the first phase, in 2000, members agreed on the principal guidelines and procedures for negotiations. This agreement was the enabling force for future negotiations. It delineated two basic principles:

- (a) the members right to regulate trade in services and balance it with national policy objectives, and

- (b) the members right to specify the services they want to open for international trade and conditions thereof.

Members of the GATS also agreed to address the needs of developing economies with flexibility, especially less developed countries. The first phase ended with the adoption of *The Guidance and Procedures for Negotiations* by the Council for Trade in Services.

The second, more intensive phase, began in March 2001. In all, 50 countries submitted 100 sector specific proposals. The coverage was not only wide in terms of sectors, it also included the movement of natural persons, treatment of small and medium-sized enterprises, transparency of regulations, classification issues and MFN exemptions. Meaningful progress was made in several areas including MFN exemptions, treatment of autonomous liberalisation, assessment of trade liberalisation in services, review of air transport services, and transparency in regulations. The Fourth Ministerial Conference reaffirmed *The Guidance and Procedures for Negotiations* 'as the basis for continuing the negotiations' in the future. Members of the GATS had been given the mandate to submit initial requests for specific commitments by June 2002 and initial offers by March 2003.

Trade-related aspects of intellectual property rights

Compliance of developing countries to the trade-related aspects of intellectual property rights (TRIPs) Agreement was scheduled for January 2000. The TRIPs Council began the review of domestic TRIPs laws for developing countries. The review process was long and gradual, to be completed by the end of 2001. A number of developing countries expressed their inability to comply with the TRIPs Agreement and asked for the compliance deadline to be postponed. Industrial country members were not impressed and did not want to agree to the postponement of the deadline. Article 71.1 of the TRIPs Agreement mandated a review of the implementation of the Agreement in 2000, which was being undertaken by the TRIPs Council. Subsequently, it was supported by the Fourth Ministerial Conference. Some of the members wanted the focus of the review to be on how well the TRIPs Agreement had succeeded in meeting the original objectives, while other members wanted to focus on the experiences during implementation of the Agreement. The Fourth Ministerial asked the TRIPs Council to 'take full account of the development dimension' in the review.

A multilateral system for notifying and registering geographical indicators was under development by the TRIPs council. Geographical indicators are the names of places a product uses as a label, the name represents the product and its quality. An excellent example is 'Champagne' (Article 23 of the TRIPs Agreement). Products covered by geographical indicators are protected under the TRIPs Agreement. The TRIPs Agreement prevents misrepresentation of products and unfair competition. Several member countries have asked for higher levels of protection for a wider range of products. The TRIPs Council launched a study between the Third and the Fourth Ministerial Conferences. The Fourth Ministerial Declaration supported the establishment of a multilateral system of notification and registration of

geographical indicators for wines and spirits by the Fifth Ministerial Conference, which will be held in 2003.

The TRIPs vis-à-vis public health has been an important issue. Members of the TRIPs Agreement eagerly sought clarification on what the governments could or could not do under the agreement, and how 'flexibility' provided under the Agreement could be operationalised. Compulsory licensing and parallel imports were widely discussed, because the TRIPs Agreement allowed flexibility under certain conditions. Industrial countries stressed that clarification should not weaken legal rights and obligations under the TRIPs Agreement. While developing country members laid stress on supporting public health policies, industrial country members stressed the protection of legal rights so that new drugs could be invented.

Trade related investment measures

There is a division of opinion regarding trade related investment measures (TRIMS) among the WTO. The divergence in opinion has been longstanding, since 1997, if not before. A Working Group was set up to analyse the trade-investment nexus. The WTO and the GATS have some provisions on certain aspects of trade and investment. The TRIMs Agreement, under the WTO, prohibits any trade distortions created by domestic input purchase requirements and domestic sale requirements for foreign investors. Similarly, the GATS have regulations regarding the establishment of a 'commercial presence' by a foreign service supplier. The prevalent mode of foreign direct investment (FDI) is via government-to-government Bilateral Investment Treaties (BITs), supplemented by double taxation treaties. Historically treaties were signed mainly between developing and industrial economies. However, this scenario has changed quickly and the number of BITs signed between developing countries has increased.

Developing and industrial economies did not change their views on TRIMs during the period between the Seattle and Doha Ministerial Conferences. They continued to hold the view that the present BITs regime, assisted by regional agreements on FDI, had led to confusion, and that establishing a stable non-discriminatory environment would increase global FDI flow. A large number of developing economies are still opposed to starting negotiations on this issue under the aegis of the WTO. Preferring to wait until the Working Group provides a thorough analytical study on the trade and investment nexus. They continue to hold that multilateral agreements will only add to the obligations of developing countries, while limiting their ability to align foreign investment flows with national development objectives.

Skilfully balancing the two divergent stands, the WTO members agreed at the Fourth Ministerial to start negotiations on TRIMs after the Fifth Ministerial in 2003. The scope of the study by the Working Group was expanded to include issues like transparency, non-discrimination, modalities for pre-establishment commitments based on a GATS-type positive list approach, development provisions and balance-of-payments safeguards.

Textiles and clothing

Traditionally this has been an area of capital importance for developing economies as they have a comparative advantage in this sector. In 2000, exports of textiles and clothing from developing

economies was US\$356 billion, 7.7 per cent of the world trade in manufactured goods. During the Uruguay Round, the Agreement on Textiles and Clothing (ATC) provided for a phased dismantling of quotas. The WTO members were required to 'integrate' in four stages (meaning progressively liberalise all textiles and clothing trade) and bring it within the ambit of the normal WTO regulations by 1 January 2005. A quasi-judicial body, called the Textiles Monitoring Body (TMB), was established to supervise the implementation of the ATC.

The Council for Trade in Goods (CTG), assisted by the TMB, conducted reviews of the first two phases of liberalisation. The first stage of the review revealed that exporting countries were disgruntled about the choice of products made by the importing countries for liberalisation and the new restrictions imposed by ATC safeguards and anti-dumping actions. There was apprehension among exporting countries that major importers may not be able to meet their ATC obligations. The second major review was conducted in October 2001. The exporting countries were still disappointed by the persisting number of restrictions and lack of high-value products in the liberalisation commitments. The TMB contended that major importers like Canada, the European Union and the United States, were well on their way to complying with the ATC's norms of integration. According to the computations of the TMB, by January 2002, over 50 per cent of the 1990 volume of textiles and clothing imports in these countries would be under normal WTO regulations. The review also noted that the number of ATC safeguard measures used during the second phase had declined sharply. While reaffirming the 'full and faithful implementation' of the ATC during the Fourth Ministerial Conference, WTO members did not propose any major or radical measures in this regard (WTO, 2001b).

Trade and environment

The mandate for the Committee on Trade and Environment¹⁴ (CTE) was to build a constructive relationship between trade and environmental issues. The CTE tried to build on work carried out previously in the GATT and adopted a broad-based work program, covering trade in goods, services, and intellectual property rights. In accordance with the directive, it submitted progress reports on all items of its work to all four Ministerial Conferences held so far. The CTE organised several symposia on trade and environment interface.¹⁵ Among others, representatives of civil society attended these symposia. It has succeeded in bringing environmental and sustainable development issues into mainstream WTO operations.

One of the mandates of the CTE is that the WTO is not to become an environmental agency. At the same time, WTO members can legitimately place national environmental goals ahead of their obligation regarding not raising trade restrictions or not applying discriminatory trade measures.¹⁶ These provisions have been the focus of CTE operations. Wide-ranging debates among the WTO members and in the academic world have now culminated, and it was agreed that the preferred approach on global or trans-boundary environmental issues needs to be developed through cooperation with multilateral environmental agreements (MEAs). As a result, the CTE frequently holds information sessions with the secretariats of various MEAs and

discusses trade-related developments in these agreements.¹⁷ The last such session was held in June 2001. Compliance with any multilateral agreement, the WTO or the MEAs, is a dynamic process. It takes creation of incentives and provision of resources, including the required technology. There is no one strategy applicable to all the members, all of the time.

The CTE has analysed complex issues like eco-labeling, transparency provisions, export of domestically prohibited goods, and reported them to the Ministerial Conferences, including those held in Seattle and Doha. It has also dwelt in basic issues like trade liberalisation and sustainable developments and has tried to come up with win-win kind of proposals. The Fourth Ministerial Conference supported the CTE work and the 'relationship between existing WTO rules and specific trade obligations set out in MEAs'. Members expressed agreement and satisfaction with the procedures for regular information exchange between MEA secretariats and the relevant WTO committees. The European Union energetically participated in Doha and was able to push for environmental issues further than it had expected.

Trade and labour standards

Controversy over the core labour standards pre-dates the genesis of the WTO. Developing and industrial countries have long held diametrically opposing views on this issue. Led by the United States, industrial country members have advocated inclusion of the core labour standards in the WTO for a while. Internationally recognised core labour standards include rights like collective bargaining, freedom of association, elimination of workplace discrimination, elimination of forced and child labour.

In Seattle, core labour standards turned out to be the most divisive issue. The United States, supported by the European Union, emphatically proposed formation of a Working Group addressing these issues. After intense debates in the Working Group, no consensus was reached and the developing countries resolve against inclusion of the labour standards hardened further. Since then, the WTO members have turned their attention toward the International Labour Organization (ILO). That the ILO is 'the competent body to set and deal with these standards' was not a novel idea. It was first agreed at the first Ministerial Conference in Singapore. Collaboration between the WTO and ILO secretariats in this regard has since intensified so has the exchange of documentation and information. Accordingly, the ILO increased its interest and commitment to these issues.

The WTO members agreed that a permanent forum for exchange of views should be established between the two institutions. Also, high-level *ad hoc* meetings should take place between the two institutions from time to time. Although in 1999, the ILO members agreed to prohibit the worst forms of child labour, they also logically recognised that it is largely a function of poverty and that only sustained economic growth is the long-term solution of exploitative child labour. During the June 2001 governing body meeting of the ILO, the Working Party on the Social Dimension of Globalisation reached several agreements on how it might proceed with this work. It was agreed that the technical capabilities of the Working Party should be augmented

and that trade liberalisation, employment and investment links should be studied thoroughly. The communiqué of the Forth Ministerial recognised the work already done, as well as the work under way in the ILO and reaffirmed its faith in the decisions made during the First Ministerial Conference in Singapore. The ILO study on the social dimension of globalisation is awaited.

Trade and competition policy

As tumbling trade and investment barriers promoted global trade and investment, apprehensions regarding anti-competition practices eroding these gains grew in a rampant manner. Liberalising trade and investment policies in collaboration with supportive competition policies could go a long way in contributing to sound economic growth globally, particularly in the developing world. By 2000, 80 WTO members, including 50 developing and transitional economies, had adopted some kind of competition laws under the rubrics of ‘antitrust’ and ‘anti-monopoly’ laws. These laws had provisions against inimical practices like price fixing and cartels, abuse of dominant market position or monopoly, competition-thwarting mergers, agreements between distributors to make new competitors’ entry difficult and similar competition stifling measures. Competition policy also includes measures promoting competition in the national economy, like the privatisation policy.

The WTO Working Group on the Interaction between Trade and Competition Policy (WGTCP) was set up at the Singapore Ministerial Conference in 1996. The WTO members evinced immense interest in the working of WGTCP. Their involvement was reflected in the large number (180) of submissions received by the WGTCP. The General Council directed the WGTCP to delve into

- (a) the relevance of basic WTO principles¹⁸ to competition policy and vice versa,
- (b) ‘approaches to promoting cooperation and communication among members’, and
- (c) ‘the contribution of competition policy to achieving the objectives of the WTO, including promotion of international trade’.

In 1999, the WGTCP had focused its work on and around these three issues. In 2000, the scope of the WGTCP was further expanded to include

- (a) general impact of competition policy on domestic economic development,
- (b) ‘implications, modalities, potential benefits of enhanced international cooperation’ in this area, and
- (c) ‘the issue of capacity building in the area of competition law and policy’.

Whether to create a multilateral framework on competition policy was not discussed as yet. The Fourth Ministerial Conference postponed the negotiations on this issue until after the Fifth Ministerial Conference. However the WGTCP has been further directed by the Fourth Ministerial communiqué to focus its work on ‘core principles, including transparency, non-discrimination and procedural fairness, and provisions on hardcore cartels, modalities for

voluntary cooperation, and support for progressive reinforcement of competition institutions in developing countries through capacity building’.

Dispute settlement system

The Dispute Settlement Understanding (DSU) is the legal text that spells out the regulations and procedures of the WTO. The members of the WTO have extensively used the dispute settlement system (DSS), with industrial countries far surpassing the developing countries in its use. By October 2001, 240 cases of complaints were brought to the WTO. In terms of the number of disputes, the European Union and the United States were the biggest users of the DSS. However, when the number of disputes was corrected for the volume of their trade, they were not disproportionate users of the system in comparison with other members.

An official review of the DSU¹⁹ was undertaken to examine several areas of possible improvements. Many subjects were discussed and the deadline for completion was extended from the end of 1998 to the end of 1999. The so-called ‘sequencing’ issue and related smaller issues had caused problems. The major area for disagreement was the amount of time required to determine whether the accused government had implemented the ruling of the Dispute Settlement Board completely and correctly. Some WTO members proposed a draft amendment for the Third Ministerial Conference. Lack of agreement on important subjects continued and the review ended indecisively. In late 2000 and early 2001, the same group of members rejuvenated the dialogue around the proposed draft amendment but they failed again.

In September 2001, during the on-going preparation for the Forth Ministerial, the same group of members started informal discussions on improvements and clarifications of the DSU. Their objective was to launch negotiations on possible amendments to the DSU during the forthcoming Ministerial Conference. The Forth Ministerial communiqué agreed to launch the negotiations on improvements and clarifications of the DSU. The new deadline for completion of this work is May 2003.

Information technology products

At the time of negotiating the Information Technology Agreement (ITA), 29 WTO members participated. Its current membership has risen to 56 countries. Together they account for 93 per cent of world trade in information technology (IT) products.²⁰ The signatory members of the ITA eliminated all tariffs on IT products in January 2001. With an objective to expand product coverage, negotiations on ITA II began in 1997. They intensified in 1998, but no ITA II list of products could be agreed upon. A major point of contention was regarding certain electronic consumer goods, which are used with IT products. The ITA Committee organised an industry symposium in July 1999, in which industry representatives complained of non-tariff barriers (NTBs) like licensing requirements and safety standards working as trade barriers. At the Third Ministerial Conference, some attempts were made to conclude these negotiations on ITA II list of products, but to no avail.

The ITA Committee launched a yearlong phased program of NTBs on IT products. The first phase was devoted to making an inventory of NTBs that were pointed out by the industry participants in 1999 symposium. The second phase was to focus on the economic impact of these barriers, while the third phase was devoted to resolving the NTB issue. The Fourth Ministerial took note of the work in progress at the ITC Committee and expressed general satisfaction about it.

Summing up

Several reasons led to the failure of the Third Ministerial Conference at Seattle; the most significant one among them was the discord among the members. To be sure, the failure jolted the global trading system; it neither led to inaction or a retreat from free trade. Instead of burying their heads in the sand, the WTO members, particularly the large trading economies, tried to build up international public opinion in favour of strengthening the global trading system and launched concerted endeavours to right wrongs. A great many meaningful steps were taken in the lead up to the Fourth Ministerial conference. This is not to say that issue-specific disagreements among the members were eliminated. Notwithstanding a lack of harmony in opinions and stands, the WTO members succeeded in striking a deal at the end of the Fourth Ministerial Conference. A new round of MTNs, its agenda and timetable were agreed upon.

Immediately following the Seattle debacle, 29 industrial economies announced four 'confidence building measures'. They recognised the pressing need to render special treatment to the 41 least developed countries. The Green Room process of consultation was consigned to the dustbin of history after the Seattle Ministerial Conference and replaced by a system of regular meetings to consult with and inform all members of a broad spectrum of the WTO activities. Implementation-related difficulties of the members were fully acknowledged and a good deal of attention was paid to these problems under the IRM. Two mandated negotiations, those in agriculture and services, were launched. Both of these negotiations progressed in two-phases and despite initial disagreements made substantive headway.

The TRIPs Council began a review of the domestic TRIPs laws of developing economies. A review of implementation of TRIPs Agreement was also started. Work on developing a multilateral system of notifying and registering geographical indicators progressed, not the same can be said about work on TRIPs *vis-à-vis* public health. Strong differences in opinions persisted on this issue. A large number of developing countries still do not want to negotiate on TRIMs and on establishing a non-discriminatory environment for global FDI flows. A Working Group was set up to study the trade-investment nexus. At the Fourth Ministerial Conference, members agreed to start negotiations on TRIMs after 2003.

The textile exporters were disenchanted about the slow implementation of ATC. The CTG, assisted by TMB, conducted reviews of the first two phases of liberalisation. It was concluded that at the end of the second phase major importing countries were on course and were going to

comply with the ACT's norms of integration. The CTE organised several symposia on trade and environment interface and succeeded in bringing environmental and sustainable developmental issues into the mainstream of WTO operations. After wide-ranging debates, it was agreed among the members that the preferred approach to global or trans-boundary environmental issues needed to be developed through cooperation with the MEAs. The CTE also devoted a good deal of time to the analysis of eco-labeling, transparency provisions and the export of domestically prohibited goods.

The issues regarding trade and labour standards began to lose volatility and members began to veer towards the stand taken during the First Ministerial Conference in this regard. The WGTCF focused its work around the general implications of a trade and competition policy, benefits of enhanced international cooperation in this area, and the issues related to capacity building. An official review of DSU was undertaken to examine several areas of possible improvements, particularly the 'sequencing' issue. In the area of trade in IT products, ITA II negotiations were in progress, although they were far from completion. A yearlong program of a study on NTBs in IT was also launched. These developments testify to the fact that, despite debates and disagreements, a great deal of meaningful developments took place in the global trading system during the interim period between the Third and the Fourth Ministerial Conferences.

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Notes

1 The Ministerial Conference is the highest-level decision-making body of the World Trade Organization (WTO). The first and second WTO Ministerial Conferences were held in December 1996 and May 1998 respectively in Singapore and Geneva, while the third one was held in Seattle during November-December 1999.

2 Various graphic accounts of failure at Seattle are available. For instance, see *Global Trading System At the Cross-roads: A Post-Seattle Perspective*, Dilip K. Das, Routledge, London and New York. 2001.

3 The Fourth Ministerial Conference completed the WTO accession process of China and Chinese Taipei (Taiwan), making them 141st and 142nd members, respectively.

4 Doha is the capital of Qatar. The Fourth WTO Ministerial Conference was held during 9 to 13 November, 2001.

5 A tangible result of the Marrakesh Agreement, signed on 15 April 1994, was creation of the WTO on January 1, 1995.

6 The European Union, Canada, Japan and the United States are the four members of the Quad.

7 The United Nations has designated 41 low-income, essentially land-locked or water-locked, economies as the least developed countries.

8 The six multilateral organizations involved in the Integrated Framework are: (1) International Monetary Fund, (2) International Trade Center, (3) United Nations Development Program, (4) United Nations Conference on Trade and Development, (5) World Bank and (6) World Trade Organization.

9 See pages 1 and 2 of World Trade Organization (WTO). 2001. *Ministerial Declaration, Ministerial Conference*, Geneva. 14 November. WT/MIN(01)/DEC/1.

10 The General Council is the WTO's day-to-day governing body.

11 Article XX of the Agriculture Agreement mandated the WTO members to continue negotiations for reforms in trade in agriculture, while Article XIX of the General Agreement on Trade in Services (GATS) mandated negotiations to further liberalize trade in services. The mandate required both of these negotiations to start in early 2000. These mandates came to be known as the 'built-in agenda' of the Uruguay Round.

12 The sources of information and statistics here, as elsewhere in this paper, are the various WTO documents published during 2000 and 2001 as well as the background papers posted on the web site of the WTO before the Fourth Ministerial Conference in Doha. These documents provide an authentic sequence of events and developments.

13 The GATS came into force on 1 January 1995.

14 The CTE was created during the Uruguay Round in April 1994.

15 The latest was held in July 2001 in Geneva in which the author of this paper participated as a resource person.

16 Refer to Article XX of the GATT.

17 The MEAs that participate with the WTO include Convention on International Trade in Species of Wild Fauna and Flora, Basel Convention on Transboundary Movements of Hazardous Wastes and their Disposal, Montreal Protocol on Substances that Deplete the Ozone Layer, UN Convention on Biological Diversity, UN Framework Convention on Climate Change, the Rotterdam Convention, the Stockholm Convention and the UN Fish Stocks Agreement.

18 The basic WTO principles were defined to include national treatment, transparency and most-favored-nation (MFN) treatment.

19 It was mandated by the Marrakesh Agreement in April 1994.

20 The value of global trade in information technology products was \$760 billion in 1999.