

# Eight broken promises:

## Why the WTO isn't working for the world's poor

Hypocrisy and double standards characterise the behaviour of industrialised countries towards poorer countries in world trade. This briefing paper identifies eight broken promises made by the rich to the poor. At the forthcoming World Trade Organisation summit in Doha, the biggest global meeting on trade since Seattle, WTO members must end the cycle of broken promises and build the foundations of a more equitable world trading system.

## Summary

This paper identifies eight broken promises made by rich countries. Each one has cost developing countries the opportunity to gain a fairer share of global wealth. Each one has denied people in developing countries the chance to escape poverty.

If rich countries honoured their promises to developing countries to deliver improved market access and fairer treatment at the World Trade Organisation (WTO), globalisation would be producing real benefits for poverty reduction.

Unfortunately, Northern governments have failed to act on their commitments. They are maintaining trade policies that skew the benefits of world trade away from poor countries and towards the rich, reinforcing already obscene levels of global inequality in the process.

If industrialised countries are serious about making trade work for the poor, and about restoring the credibility of the WTO, they need to arrive at the forthcoming WTO ministerial conference in Doha – the biggest global meeting on trade since Seattle – with a clear timetable for converting their encouraging words into real action.

Since the end of the Uruguay Round of world trade talks in 1994, promises have been in steady supply. Rich countries have pledged to phase out protection against imports of textiles and garments, to scale down agricultural subsidies, and to remove trade barriers against the poorest countries. They have made commitments to ensure that WTO rules on intellectual property and investment do not undermine development prospects. And they have promised technical assistance to enhance the capacity of developing countries to participate in the WTO and in trade.

So many promises – and such little action. The record of industrialised countries in the area of trade policy is one of heroic under-achievement. They have collectively reneged on every commitment made. Among the headlines:

- Developing countries are losing around US\$100bn a year through unfair protectionist policies, according to the United Nations
- Tariff barriers in rich countries are four times higher for poor countries than for industrialised countries
- Northern governments have increased agricultural subsidies, instead of cutting them, to US\$350bn a year. Barriers to agricultural trade cost developing countries US\$20bn a year.
- Rich countries have failed to fulfil their commitment to phase out Multi-Fibre Agreement restrictions on textile and garments exports - one of the developing world's most important manufactured exports
- The world's poorest countries – the Least Developed Countries – face some of the highest tariff barriers on their exports

- Intellectual property and investment rules are being applied in a manner that undermines social and economic welfare in poor countries and further marginalises them.

International trade is one of the motors of globalisation. As a source of economic growth, it has never been more important to global prosperity. Wealth generation through trade is running at an all-time high. Yet as governments prepare for the WTO Ministerial Conference in Doha, the credibility of the multilateral trading system is running at an all-time low. The system is facing a crisis of legitimacy. That crisis is the product not of anti-globalisation protest, but of the blatant hypocrisy and double standards that govern the behaviour of rich countries towards poor countries.

The current debate over whether globalisation is inherently good or bad for the poor is not a helpful starting point for addressing one of the key challenges facing the international community. International trade has the potential to act as a powerful source of economic growth and poverty reduction. Yet that potential is being lost. The reason: rich-country governments are refusing to extend to poor countries the market opportunities they need. Instead, they are reinforcing a system that leaves countries representing four-fifths of the world's population with less than one fifth of world exports.

Access to industrialised country markets is not a panacea for poverty reduction; national governments must promote equitable access to assets such as land, credit, and education to achieve an equitable distribution of the benefits of trade among communities within countries. Yet by failing to fulfil their promises, industrialised countries undermine efforts by developing countries to use trade as a means of promoting poverty reduction.

As the threat of a prolonged global recession increases and protectionist pressures in industrialised countries mount, there is a real threat of further marginalisation. We all stand to prosper from a more equitable and stable global trading system. And we all stand to lose to from trade policies that deny some of the world's poorest countries a fair share of the wealth generated by globalisation.

## **Promise 1    Open markets for poor countries**

Rich countries have consistently promised to open their markets to developing countries. The G7 meeting in Halifax in 1995 set the tone: 'We will implement the Uruguay Round agreement fully, and reaffirm our commitment to resist protectionism in all its forms.'

Improved access to Northern markets would help to create employment opportunities in developing countries and achieve a fairer distribution of global wealth. Trade is far more important than aid in this respect. Every 0.7 per cent increase in developing-country exports generates as much income as they receive each year in aid. But increased market share requires improved access to markets.

Since the mid-1980s, South Asia, Latin America, East Asia, and sub-Saharan Africa have all halved average tariffs. Industrialised countries have used their control of the IMF and World Bank to reinforce trade liberalisation through loan conditions. One recent IMF review of 23 of its programmes found that they included 186 loan conditions related to trade.

While developing countries have set the pace in liberalisation, rich countries have responded by maintaining exceptionally high trade barriers. These barriers cost developing countries each year approximately US\$100bn – twice the amount they receive in aid. Far from supporting poor countries, industrialised countries are actively discriminating against them:

- For manufactured goods, tariffs facing developing-country exports to high-income countries are on average four times higher than those facing exports by industrialised countries
- High tariffs and non-tariff barriers are concentrated in areas of special interest to developing countries, such as agriculture (see Promise 2) and labour-intensive goods. Tariffs on leather and footwear imports are double the average tariff rates in the US and Canada.
- Between them, the US and the European Union have launched 234 anti-dumping cases against developing countries since the end of the Uruguay Round trade talks in 1994.

One of the reasons that trade reforms in poor countries have failed to deliver the anticipated benefits is that they have not been matched by reforms in rich countries. Unbalanced liberalisation is denying poor countries an opportunity to share in the benefits of globalisation.

## Recommendations

Industrialised countries should agree at Doha to:

- Ensure that average tariffs for imports from developing countries are no higher than tariffs on imports from developed countries.
- Scale down tariffs in areas such as agriculture and labour-intensive manufactured goods of special interest to developing countries.
- Declare a moratorium on anti-dumping actions against developing countries.

## Promise 2 Reduced agricultural protectionism

The Uruguay Round Agreement on Agriculture (AoA) was heralded as a triumph for resolve and political will – as the start of a new era in which the withdrawal of subsidies in rich countries would open up new opportunities for poor countries. The new era has yet to start.

Agricultural trade has a major bearing on poverty-reduction efforts. Approximately three-quarters of the poorest people in developing countries live in rural areas. Their livelihoods are affected both by export opportunities and by competition from imports. Subsidies in rich countries exclude poor countries from world markets. They also result in unfair competition in local markets, since smallholder farmers cannot compete with subsidised European and American export prices.

In Mexico, Oxfam has been working with maize farmers whose livelihoods have been ruined by cheap subsidised imports from the US. Women rice farmers in Haiti are facing similar problems. EU export subsidies are having similar effects in sub-Saharan Africa.

The Agreement on Agriculture committed industrialised countries to cut subsidies to agriculture by 36 per cent, and tariffs by a similar amount. In the event, action has been minimal. By choosing a reference period (1986-88) of very low world prices, and high subsidisation as a yardstick for cuts, Northern governments have been able to avoid meaningful action. There has been no real reduction in agricultural protection.

While headline figures point to a cut in subsidisation, this has been achieved through a reclassification exercise. Income transfers have continued but are now classified as 'support payments' rather than subsidies. Annual 'emergency' payments to US farmers, permissible

under the WTO, have grown rapidly. The net effect has been to create the appearance of subsidy cuts while allowing past practices to continue.

- At the end of the 1990s, subsidies accounted for almost 40 per cent of the value of OECD farm output, the same as in 1986-88.
- The average tariff imposed by industrialised countries on agricultural goods from developing countries is close to 20 per cent, almost five times higher than the average tariff on all goods.
- Tariff peaks for commodities such as groundnuts in the US, and meat and dairy products in the EU, exceed 100 per cent.
- Processed food products attract tariffs at least twice as high as those on unprocessed products.

These barriers represent a major obstacle for developing countries seeking to break into export markets, and are estimated to cost them approximately US\$20bn per annum.

The continuation of export subsidisation has been equally damaging. Agriculture is the only area in WTO rules where the practice of dumping, or the sale of exports at prices below the cost of production, is institutionalised as an acceptable practice. Of the 25 countries that reserved the right to use export subsidies under the AoA, 23 were developed countries.

The verdict on the Agreement on Agriculture is that it was designed to let industrialised countries continue with essentially the same policies; it has introduced minimal restraints. Imbalances in the agreement highlight the way in which the WTO framework has been subordinated by rich countries to the vested interests of large farmers and powerful lobbies in the agri-business sector.

## Recommendations

Industrialised countries should agree at Doha to:

- Introduce a comprehensive ban on agricultural export subsidies.
- Acknowledge the right of developing countries to protect their agricultural systems for food security reasons.
- Re-gear the structure of agricultural support to promote social and environmental objectives, including a transition to less intensive agriculture.
- Substantially reduce tariffs against developing-country agricultural exports, including processed food products.

### **Promise 3 Improved market access for textiles and garments**

During the Uruguay Round, industrialised countries agreed to phase out the Multi-Fibre Agreement in four stages by 2005. At the 1996 Ministerial conference in Singapore, governments reaffirmed this goal: 'We confirm our commitment to full and faithful implementation of the Agreement on Textile and Clothing (ATC).' The MFA is widely regarded by developing countries as one of the most pernicious features of industrialised-country trade policies; the ATC was seen as a step in the right direction. In the event, hopes have been dashed. Industrialised countries have found various ways to comply with the letter of the ATC while comprehensively violating its spirit.

Despite the commitments made in the Uruguay Round, developing countries continue to face excessive trade barriers in textiles and garments:

- The EU and the US should already have phased out around half of their MFA restrictions, but developing countries will still face quota restrictions on 80 per cent of their exports by 2004.
- The average industrial-country tariff on textiles and clothing imports from developing countries is 11 per cent – three times higher than the average industrial tariff. Bangladesh, one of the world's poorest countries, faces tariffs as high as 20 per cent on its key exports to the US and Canada.

These measures are having a devastating effect on many developing countries. Textiles and clothing are one of the most important areas of export activity for developing countries, accounting for around 10 per cent of total exports. South Asia alone is estimated to lose around US\$2bn a year because of trade barriers in rich countries.

Lost markets mean lower wages and fewer jobs in textile and garment industries which employ millions of vulnerable people. Women account for the vast majority of workers in this sector. Oxfam is working with groups seeking to improve labour and social welfare rights for women garments workers, but their efforts are being undermined by restrictions on market access.

## Recommendations

Industrialised countries should arrive in Doha with a commitment to:

- 'Catch-up' within one year with the schedule for phasing out the MFA quotas.
- Eliminate tariffs and quotas on all textile and garment exports from LDCs by January 2002.
- Cut import tariffs on textiles and garment imports from developing countries to five per cent or less by January 2002.

## Promise 4 A better deal for the Least Developed Countries

At the 1996 Singapore Ministerial Conference, governments agreed to 'a Plan of Action, including provision for ... duty free access aimed at improving the overall capacity of Least Developed Countries to respond to opportunities provided by the international trading system.' During 2001, industrialised countries had an opportunity to act on this commitment at the third UN LDC conference. They failed to take it. As in other areas, there has been no real progress towards policies that might help the poorest countries capture a bigger share of the benefits from trade.

The 49 countries classified by the UN as Least Developed Countries (LDCs) are among the poorest in the world. Around half of their population – some 300 million people – live below the poverty line. Collectively, they account for less than one per cent of world trade. Yet six years after the end of the Uruguay Round, their exports continue to face stringent protectionist barriers in rich countries:

- In the US and Canada, only around one-tenth of all tariffs are pitched at levels above five per cent. Yet in both countries approximately half of LDC exports face tariffs higher than this.
- Imports into industrialised countries from LDCs are twice as likely to face tariffs in excess of 15 per cent as imports from other industrialised countries.
- Trade barriers are highest in sectors where LDCs have a potential comparative advantage. Restrictions are particularly high for sugar exports to the EU and clothing and footwear exports to the US and Canada.

Eliminating duties and quotas on LDC exports would generate US\$2.5bn in additional export earnings. This figure would translate into hundreds of thousands of new jobs and increased incomes – opportunities denied by existing policies. In some countries, such as Canada and the US, trade barriers against LDC imports cost more than is given in aid, demonstrating how bad trade policies can seriously undermine development assistance.

To its credit, the European Commission attempted to act on the commitment to improve LDC market access. Its 'Everything but Arms' (EBA) proposal called for the removal of all tariffs and quotas on LDC imports. In the event, the proposal adopted by European governments was substantially watered down. Following intensive lobbying by powerful farmer and agribusiness lobbies, liberalisation for key products such as rice and sugar was postponed – the very products which offered the largest foreign exchange gains for LDCs.

## Recommendation

- Industrialised countries should agree at Doha to provide duty-free and quota-free access to all products exported from LDCs.

## Promise 5 Special action for Africa

Industrialised countries have consistently acknowledged the special problems facing sub-Saharan Africa. At the Lyon G7 summit in 1996, they launched a New Global Partnership for Development, with a special focus on Africa. Last year, at the Okinawa summit, the same governments agreed: 'We must find ways to give HIPC [Highly Indebted Poor Countries] and other low-income developing countries a stake in world trade and to improve access for these countries to international markets.' Once again, their performance has been less impressive than their rhetoric.

The challenge facing Africa is immense. It has 12 per cent of the world's population, but accounts for less than one per cent of exports – one-quarter of the share it enjoyed in the 1970s. Africa is the only region in which the incidence of poverty increased during the 1990s. More than any other part of the developing world, its citizens are being bypassed by the benefits of globalisation.

Northern governments have failed to act on their pledge to improve market access. Unrestricted market access to industrialised countries would generate an additional US\$2.5bn in non-oil export earnings – a rise of 14 per cent.

But the problems facing Africa go beyond market access. The slump in global commodity prices has had a devastating impact on the region, causing economic collapse and large increases in poverty. Oxfam interviews with coffee farmers in Tanzania indicate that many are taking their children out of school in the face of a 50 per cent decline over three years in the price they receive for coffee.

Primary commodities account for three-quarters of Africa's exports. Without a concerted international effort to address the causes of low commodity prices, which are rooted in chronic over-supply, there is little prospect of Africa reversing its decline in world export shares.

The proposal to establish an International Trade Organisation (ITO) in 1948, alongside the IMF and World Bank, included an objective to secure 'such [commodity] prices as are fair to consumers and provide a reasonable return to producers'. Fifty-three years later, this promise is yet to be fulfilled. The issue of commodities has been kept off the WTO agenda, in stark contrast to the issues of concern to industrialised countries, such as investment or intellectual property.

Failure to tackle Africa's debt problems is another source of the region's trade problems. Of the 23 countries that have received debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative, 19 are spending more than ten per cent of government revenue on debt servicing. This is diverting public investment from key areas such as education and economic infrastructure, which are vital to success in global markets.

## Recommendations

The New Africa Partnership is an important opportunity to strengthen Africa's capacity to benefit from trade. Industrialised countries should support it with the following measures:

- Substantially improving market access for all products exported from sub-Saharan Africa.
- Convening an international conference to explore strategies for tackling the crisis in commodity markets.
- Providing deeper debt relief.

## **Promise 6    Global patent rules that safeguard public health in poor countries.**

The application of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement to pharmaceutical products was one of the most controversial parts of the Uruguay Round agreement.

Developing-country governments raised concerns about the potential effect of more stringent patent protection on the affordability of vital medicines to the poor, and on development more generally. Article 8 of the agreement acknowledged these concerns by allowing governments to 'adopt measures necessary to protect public health'. However, this apparent safeguard was substantially weakened by the caveat 'provided that such measures are consistent with the provisions of the Agreement'. Article 7 stipulated that the agreement should help contribute to technology transfer in a manner conducive to social and economic welfare, and a later article committed industrialised countries actively to encourage such transfers (see Promise 8).

These articles have been blatantly ignored, and TRIPS roundly abused, by Northern transnational corporations and governments. The agreement has been used to subordinate poor people's health to the pursuit of corporate profit.

The TRIPS agreement, which provides a minimum 20-year period of patent protection, has figured in two high-profile disputes. In South Africa, 39 drugs companies began a court action to prevent the South African government from importing cheap generic copies of patented HIV/AIDS drugs. This case was followed by the US decision to take Brazil to a WTO dispute panel. Once again, the aim of the complaint, subsequently withdrawn in the face of public protest, was to prevent Brazil from producing generic copies of vital drugs.

These two cases are part of a broader problem. This year, 14 million people in developing countries will die from infectious diseases. Many factors contribute to this distressing figure, including poverty, weak health infrastructure, inadequate access to water and sanitation, and poor policies. But many of these deaths could be prevented if people could afford basic medicines. The TRIPS agreement poses such an acute threat because it will raise the cost of medicines. Patented medicines frequently cost more than ten times the price of generic equivalents. And for poor people, price differences of this scale can be a matter of life and death.

Northern governments have supported the efforts of pharmaceutical TNCs to enforce the most stringent interpretation of the TRIPS agreement. The US has also used the threat of bilateral trade sanctions to demand that the patent claims of US companies be enforced. Countries such as India, Argentina, the Dominican Republic, Brazil, Vietnam, and Thailand have all been threatened under the 'Special 301' provision of US trade law.

Industrialised countries are guilty not just of threatening the health of vulnerable communities in developing countries, but of extreme double standards. The US and Canadian governments have shown themselves willing to threaten to override patents at home when faced with bio-terrorist threats to their own citizens. Although no compulsory licences for patented antibiotics were eventually issued, the threat of purchasing low-cost generics was successfully used to bargain down prices.

The application of one set of rules when North American public health is threatened, and another set of rules for the health crisis in poor countries, is unacceptable. Whatever the future threat posed by anthrax, the number of casualties that prompted the change in approach to patents pales into insignificance against the deaths associated with HIV/AIDS alone, which claims two million lives each year in Africa alone. Moreover, the budget constraints of Northern governments are far less severe than those of developing-countries.

## Recommendations

The Doha meeting provides an important opportunity to review the TRIPS agreement, according to the following principles:

- The social and development objectives of TRIPS should be paramount. Each provision of the agreement should be interpreted in this light.
- Health obligations should take precedence over intellectual property rights. Nothing in the TRIPS Agreement should prevent countries from adopting measures to protect public health
- Governments should have an absolute right to introduce compulsory licences in order to meet pressing public-health needs, and to import patented drugs from the cheapest source.
- Governments should agree to an in-depth review of the agreement from a health and development perspective, with a view to amending it in this light. The length and scope of pharmaceutical patents should also be reduced.

## **Promise 7 Aid and technical assistance to developing countries**

At the end of the Uruguay Round, industrialised countries promised technical assistance to developing countries to help them meet the costs of implementing the Uruguay Round agreements, and to enhance their ability to participate in the WTO. The LDCs were promised special treatment, but there is a huge gap between this promise and the actual disbursement of funds.

For many developing countries, the cost of implementing the Uruguay Round agreements is prohibitive, and places a huge burden on limited human resource capacities. It will cost Tanzania US\$10m to meet WTO customs evaluation standards, for example. The cost of drafting and enforcing new laws on intellectual property in Bangladesh is estimated at more than US\$1m per annum. Despite this, at the end of the 1990s the WTO budget for technical assistance was only US\$500,000, sufficient to meet less than one-fifth of the requests made for technical assistance.

The Integrated Framework to provide technical assistance to the poorest countries (the LDCs), launched in 1996, has an even more abysmal record. By the end of the 1990s it had failed, and was re-launched earlier this year. To date, industrialised countries have provided US\$7m to undertake a 'needs assessment' in a small group of pilot countries. There are no concrete funding commitments for the future to address the priorities that emerge.

Failure to provide adequate technical assistance is reflected in the huge imbalances in negotiating strength and institutional capacity at the WTO:

- The average developing-country trade mission at the WTO has three people, compared with seven for developed countries. Even a large country like Bangladesh has only one representative.
- Of the 38 African countries in the WTO, 15 have no resident delegate; four maintain only one-person offices.

On average, there are 46 delegate meetings per week in the WTO. There are complex negotiations across large areas of industrial, agricultural, investment, and services policy that have profound implications for human development. Yet many of the world's poorest countries lack the capacity to monitor, let alone influence, the direction of these negotiations.

Rich countries also promised action to help developing countries acquire a greater share of the benefits of international trade. Financial and technical assistance is crucial to help them take advantage of new market opportunities. In particular, developing countries need support to address the constraints in producing goods for export, such as inadequate infrastructure (e.g. roads, electricity) and limited technical facilities and skills to add value to domestic produce and ensure that goods meet quality and other export standards.

Increased aid, targeted to promote trade in developing countries as part of their national poverty-reduction strategies, could help to overcome these constraints. Yet between 1990 and 2000, aid flows from the rich G7 countries fell from 0.3 per cent to 0.19 per cent of their national incomes, far below the UN target of 0.7 per cent. Aid flows have fallen in every G7 country except the UK over the past decade (UK aid has recently grown from a low base).

## Recommendation

- Industrialised countries must increase substantially the funding of trade-related technical assistance and capacity-building to improve the participation of developing countries in the WTO, and their ability to take advantage of new market opportunities.

## **Promise 8 The WTO will help create the conditions for sustained growth and poverty reduction in developing countries.**

The preamble to the agreement establishing the WTO says: 'There is need for positive efforts designed to ensure that developing countries ... secure a share in the growth in international trade commensurate with the needs of their economic development.' Industrialised countries claim that nothing in the WTO will hamper the ability of developing countries to achieve this goal. This is untrue. WTO agreements restrict governments from introducing policies that might enable their countries to reap the benefits of integration into the global economy.

Under the Uruguay Round agreement, developing countries lost the right to implement many of the policies that had been central to East Asia's success. These included the selective protection of domestic industries, targeted subsidies for domestic firms, restrictions on

foreign investors, the copying of patented technologies, and requirements on foreign investors to link with the local economy.

The TRIPS agreement is a particular concern. By providing more stringent patent protection, TRIPS will generate increased profits for patent holders on new technologies which will overwhelmingly accrue to industrialised countries and Northern TNCs. Industrialised countries account for over 90 per cent of global research and development, the US alone for almost one-half. Large royalty payments for patented technologies accrue principally to TNCs, just 50 of which account for half of the US research and development effort. In 1998, the US received a net surplus of more than US\$23bn from intellectual property exports, an increase from US\$6.7bn in 1980-2.

While TRIPS confers massive benefits on the US and TNCs, it inflicts serious losses on developing countries. For most developing countries, access to modern technologies occurs mainly through dissemination from rich countries rather than through their own domestic innovations. But contrary to its stated promise, the TRIPS agreement has dismally failed to promote technology transfer to poorer countries. The flip side of increased royalty payments to industrialised countries is the extra cost for developing countries of acquiring new technologies. By pushing up the cost of technology transfer, TRIPS will restrict access to the new technologies which poor countries need in order to gain a bigger share of global markets. There is little evidence that strengthened patent protection is increasing technology transfer, whether through foreign investment or relocation of R&D activities. It is significant that no industrialised country, nor the successful economies of East Asia, enforced an intellectual property regime during the critical period of their development as stringent as that provided within TRIPS. In effect, TRIPS is creating an artificial monopoly that is restricting the spread of new technologies and slowing the pace of innovation.

The WTO Trade-Related Investment Measures (TRIMs) agreement, concluded in 1994, poses similar problems. It severely restricts the right of governments to impose 'local content requirements' – an obligation to source inputs from local industry – on foreign investors. Countries such as South Korea and Taiwan used this local content rule extensively to build dynamic linkages between the export sector and domestic firms. Today, these two countries account for over one-third of medium- and high-technology exports from developing countries. Unlike countries such as Mexico, they have succeeded in entering dynamic new markets on the basis of domestic innovation and enterprise – and they capture a larger share of the value of their

exports as a result. Yet the policies behind their success have been outlawed through the WTO.

The General Agreement on Trade in Services (GATS) is another area of concern. Negotiations in this area cover not just financial and technical services, but also utilities such as electricity, water, and education. To date, the effects have been minimal. However, powerful corporate lobbies, led by the Coalition of Service Industries, and strongly supported by both the EU and the US, are seeking to advance an agenda for radical liberalisation.

In principle, developing countries could gain from some aspects of service market liberalisation, especially in areas such as software and construction. However, firms in developing countries are ill equipped to compete with TNC service providers in areas such as finance and insurance. And there are good reasons to reject the application of free-market principles to basic services such as water, health, and education. Constraints on the ability of governments to protect these sectors would have adverse implications for development.

There is a real danger that these WTO agreements will lock developing countries into a subordinate position in the global trading system, unable to upgrade their exports. Instead of supporting the development of East Asian-style dynamic export growth, the WTO is promoting Mexican-style dependency on TNC investment, weak linkages between the export sector and the domestic economy, and low wages.

## Recommendations

The Doha meeting should focus on areas of priority concern to developing countries:

- The WTO should provide meaningful special and differential treatment for developing countries by extending transition periods for developing and least-developed countries to comply with TRIPS and TRIMS, in line with their achievement of health and development milestones.
- Industrialised countries should agree to allow developing countries more flexibility in areas such as infant industry protection and the regulation of foreign investment.
- Industrialised countries should also agree to a review of the implications of TRIPS for access to technology by developing countries.

## Conclusion

Since the end of the Uruguay Round, industrialised countries have consistently failed to deliver on their commitments to developing countries. As a result, the multilateral trading system is rife with double standards that favour the narrow commercial interests of the rich and powerful over the economic and social development needs of the poorest.

Doha provides an opportunity for the WTO, particularly its rich-country members, to demonstrate that they are serious about poverty reduction. To do so, WTO members must agree a development agenda for the next two years. This should address the unfinished business of the Uruguay Round rather than expand the WTO agenda to include new issues such as investment and competition policy. Worryingly, the draft Doha declaration fails to address this imperative, suggesting that industrialised countries have not shifted their position since the failed WTO conference in Seattle.

Hypocrisy and double standards have characterised the behaviour of rich countries towards poorer countries in the WTO. This has undermined the efforts of poorer countries to harness trade for development, and threatens the credibility of the multilateral trading system. In Doha, WTO members must end the cycle of broken promises and lost opportunities by building the foundations of a more equitable and stable world trading system.

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