

RESEARCH SEMINAR IN INTERNATIONAL ECONOMICS

School of Public Policy  
The University of Michigan  
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Discussion Paper No. 456

**Developing Country Interests  
in the Forthcoming WTO Negotiations**

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February 16, 2000

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**“Developing Country Interests in the Forthcoming WTO Negotiations”**

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**Abstract**

**This paper reviews the main issues in the forthcoming WTO negotiations, including: a review of the accomplishments of the Uruguay Round and the multilateral negotiations that have since followed; identification and analysis of Uruguay Round built-in agenda issues and new issues that may possibly be considered in a new round; alternative negotiating modalities, including sectoral and broadly based negotiations and possible cross-issue linkages; dovetailing multilateral and regional negotiations; and interest-group alignments. In preparing for a new negotiating round, individual developing countries need to design with care their negotiating strategies and options. Countries have to decide what they want most to achieve from the negotiations and what they are willing to offer in return.**

**Forthcoming in *The Journal of East Asian Affairs*. I wish to thank Professor Maw Than, Rector of the Institute of Economics, Yangon, Myanmar, and Ronald J. Post, Counselor for Public Affairs, U.S. Embassy, Yangon, for arranging for me to present a lecture based on this paper to the Institute’s faculty and graduate students, on January 5, 2000.**

**February 16, 2000**

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*February 16, 2000*

## **Developing Country Interests in the Forthcoming WTO Negotiations**

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### **I. Introduction**

It is of course common knowledge that the members of the World Trade Organization (WTO) were unable to agree on an agenda for a new round of multilateral trade negotiations at the Ministerial Meeting held in Seattle, Washington, November 29-December 3, 1999. This is unfortunate because it means that the so-called WTO Millennium Round Negotiations will be delayed as the WTO member countries try to sort out their positions in the coming year on the issues of importance to them and seek to reach a consensus on what the negotiating agenda should cover. In any event, it should be noted that there will be negotiations concerning agricultural and services trade liberalization and possible changes in some of the Agreements, Codes, and mechanisms of the GATT/WTO that will be initiated in the year 2000 as part of the built-in agenda mandated in the Uruguay Round. It remains to be seen, of course, how rapidly and effectively these built-in agenda issues will be addressed.

In this paper, my presumption is that negotiations on the built-in agenda issues will be initiated as planned, and that consensus will emerge on an agenda for other issues to be considered in a new negotiating round that will commence at a time to be specified in the year 2000 or 2001. In what follows, I shall refer to this as the WTO negotiations. In preparation for these negotiations, it is imperative, first of all, that WTO member countries look retrospectively at what has been accomplished as the result of the Uruguay Round and, in this light, attempt to formulate their strategies for the further liberalization that may be achieved in a new round. In the paper, I will focus on the stakes of the developing economies in a new negotiating round.

It is well known that the Uruguay Round marked a fundamental change in the involvement of the developing countries in global trade negotiations. This was evidenced in their extensive tariff bindings, agreements on other policies to liberalize restrictions of various kinds, and general acceptance of the rights and obligations that went with full membership in the newly created WTO. With new negotiations on the horizon, there is an obvious need for

developing countries to assess their national and regional positions in the global trading system and to devise negotiating strategies that will further enhance their economic welfare. Since the Asian economies are very important both nationally and regionally to foster the effectiveness and efficiency of the global trading system, it is important for them to enter a new negotiating round with a clear picture of their priorities and expectations.

In the following sections of the paper, I will examine the main issues in the WTO negotiations. This will include (1) review of the accomplishments of the Uruguay Round; (2) multilateral negotiations that have since followed; (3) identification and analysis of the built-in agenda issues and new issues that may possibly be considered in a new round; (4) alternative negotiating modalities, including sectoral and broadly based negotiations, and possible cross-issue linkages; (5) dovetailing multilateral and regional negotiations; and (6) interest group alignments. Some final remarks conclude the paper.

## **II. Issues in the Forthcoming WTO Negotiations**

I begin here with a retrospective look at the Uruguay Round negotiations and the negotiations that have since followed. I consider thereafter the issues pertinent to the forthcoming negotiating round.

### **Accomplishments of the Uruguay Round**

The Uruguay Round (UR) was the eighth round of multilateral trade negotiations (MTN) conducted under the auspices of the General Agreement on Tariffs and Trade (GATT). The negotiations were completed in 1993 and the agreements signed by GATT member countries in 1994. Seven years in the making, the UR was the most comprehensive compared to all previous GATT rounds. Its main features are summarized in Table 1, based on Martin and Winters (1996, pp. 1-2).

While it would take us too far afield to discuss in detail the agreements reached in the UR,<sup>1</sup> certain features are of great importance from the perspective of the developing countries. Thus, as Panagariya (1999, pp. 1-2) has noted:

“Prior to the Uruguay Round (UR), developing countries had not participated actively in multilateral negotiations. Virtually all liberalization commitments in the Kennedy and Tokyo Rounds were made by developed countries. On the one hand, this fact gave developing countries a ‘free ride’ since, under the Most Favored Nation (MFN) rule of the...GATT, a tariff reduction granted to one trading partner must be granted to all GATT

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<sup>1</sup> The legal texts of the UR Agreements are available in WTO (1995).

members. But, on the other hand, it encouraged developed countries to leave the sectors of greatest interest to developing countries out of the negotiations. Indeed, they were able to protect textiles and clothing, the sector in which developing countries have the greatest export potential, via the...GATT-sanctioned Multi-fibre Agreement (MFA). The MFA was not only protectionist, it was entirely against the spirit of the GATT. It allowed the United States, European Union and a few other developed countries to use quantitative restrictions ...,[and] through country-specific quotas, it also introduced discrimination across trading partners.

All this changed in the Uruguay Round, however. Developed countries participated actively in this MTN, accepting the GATT bindings on a large scale for the first time. Whereas they had generally refrained from signing various plurilateral agreements negotiated by developed countries in the Tokyo Round, they signed the UR Agreement in its entirety. This even included the Agreement on Trade-Related Intellectual Property Rights (TRIPS) that, taken by itself, was detrimental to their interests but was, nevertheless, a necessary cost of obtaining concessions in other areas, most notably, the Agreement on Textiles and Clothing, which promises to dismantle the...MFA regime.”

By signing the UR Agreement in its entirety, the developing countries have taken on the full rights and obligations that are now embodied in the World Trade Organization, which was officially initiated in January 1995. This commitment by the developing countries has in effect given them a new voice and an opportunity to influence the design and implementation of the multilateral negotiating agenda.

As the developing countries look forward to a new negotiating round, the question arises as to whether or not and to what extent they may have benefited from the UR agreements. My reading of the evidence, based on such studies as Safadi and Laird (1996), Rodrik (1994), Martin and Winters (1996), and Srinivasan (1998) leads me to conclude that, on the whole, the developing countries have benefited from the UR.

### **Multilateral Negotiations since the Uruguay Round**

Following the conclusion of the UR and creation of the WTO, there have been some significant multilateral initiatives worth noting. The first WTO Ministerial Conference was held in Singapore in December 1996. The main agenda items and results of the Singapore Ministerial Conference (SMC) are summarized in Table 2. While there may be differences in perspective about the outcome of the SMC, drawing on the discussion in Stern (1998, 74-77), I consider the following to be among the most significant accomplishments:

1. Negotiation of an Information Technology Agreement (ITA) – what is especially noteworthy about the ITA is that it was built upon the recommendations of both U.S. and European Union business firms in connection with the development of the New Trans-Atlantic Agenda that was designed ‘to reinvigorate the trans-Atlantic partnership.’ The ITA is thus a prime example of the role that private firms have played in pursuing further trade liberalization.
2. Reciprocal elimination of duties on over 6,000 pharmaceutical products as the result of a ‘zero-for-zero’ initiative by the United States, again reflecting private sector influence.
3. Services Negotiations
  - Basic Telecommunications – these negotiations were intended to conclude by April 1996, but the United States demurred because offers by other WTO member countries were judged to be insufficiently trade liberalizing. Negotiations were subsequently reopened and concluded on February 15, 1997, with an agreement to take effect in February 1998. The agreement binds 69 countries and covers nearly 93 per cent of an estimated \$600 billion in annual global telecommunications revenues according to USITC (1997, p. 39).
  - Financial Services – the initial negotiations concluded in July 1995 were judged by the United States to be inadequate because many countries did not provide significantly full market access and national treatment. Under the circumstances, the United States opted for an MFN exemption so that it could apply reciprocity in making its offers. These negotiations were subsequently resumed and concluded on December 12, 1997. According to the USTR Press Release 97-104, the agreement involves market-opening commitments by 102 WTO members and covers 95 per cent of the global financial services market encompassing \$17.8 trillion in global securities assets, \$38 trillion in global (domestic) bank lending; and \$2.2 trillion in worldwide insurance premiums.
  - Maritime Services – negotiations covering international shipping, auxiliary shipping services, access to port facilities, and multimodal transportation commenced in 1994 but were suspended in June 1996 because of the belief of the United States and other participants that inadequate offers had been tabled. Negotiations are to be resumed as part of the year 2000 negotiations on trade in services under the auspices of the General Agreement on Trade in Services (GATS).

4. New Issues: Core Labor standards – The International Labor Organization (ILO) was declared to be the competent body to deal with these standards, effectively eliminating or downplaying the role that the WTO might play. Organized labor and other activist groups in the United States especially had been pushing strongly for including labor standards in the WTO agenda and for using trade sanctions to enforce WTO compliance of member countries. WTO authority on labor standards was opposed in particular by the Asian developing countries.

In the period following the SMC, the WTO members undertook reviews of the operation and implementation of several of the UR Agreements. Thus, for example, as noted in USITC (1999, p. 20): “The agreements concerning textiles, sanitary and phytosanitary measures, and technical barriers to trade...were reviewed in 1998 regarding various stages of their agreements. Such review can be tantamount to new negotiations in which ‘clarification’ or discussion of ‘improvement’ of provisions of an agreement can presage issues likely to arise in future negotiations.” Implementation reviews were also undertaken for antidumping practices, emergency safeguard measures for services, trade-related aspects of intellectual property rights (TRIPS), and the dispute settlement understanding relating to rules and procedures.

In addition, attention was directed towards preparations for the negotiations mandated under the UR built-in agenda. Efforts were made to identify significant trade distortions in agriculture and to provide data to be used in formulating negotiating decisions. With regard to the mandated services negotiations, the information base for the sectors covered under the GATS was greatly expanded and improved. Finally, consultations and meetings were held to discuss the improvement and extension of coverage of the WTO Agreement on Government Procurement.

Other noteworthy developments relate to the Work Program that was set out in the 1996 SMC discussed above. According to USITC (1999, pp. 22-23), these developments included:

1. Completion of negotiations on the Information Technology Agreement (ITA) designed to eliminate tariffs on the products specified by the year 2000. Plans were also made for an “ITA-II” to extend the coverage of the agreement. An ITA-II draft agreement has been prepared and circulated and is currently under review by a number of countries.
2. Identification and discussion of issues relating to investment by the mandated working group.

3. Identification and discussion of issues relating to trade and competition policy by the mandated working group.
4. Gathering of information on national procedures and practices for government procurement by the mandated working group on transparency in government procurement.

Finally, at the Second Ministerial Conference held in Geneva in May 1998, a work program was established to examine trade-related issues involving global electronic commerce.

It should be evident from the preceding discussion that the WTO members have been meeting regularly to address many of the issues connected with the UR Agreements and subsequent directives resulting from the 1996 and 1998 Ministerial Conferences. Much of the discussion and actions taken was in preparation for the third Ministerial Conference to be held in Seattle from November 30 to December 3, 1999 and which was intended to launch a new round of multilateral trade negotiations to begin in the year 2000. This new round was to be devoted to items on the UR built-in agenda together with new issues to be decided upon.

However, the WTO members were unable to reach agreement on the specific items to be included in the agenda for the new negotiations, so that the Seattle Ministerial Conference ended in an impasse. Efforts have since been under way to reconvene the WTO members and to reach consensus about the agenda for the new round. At the time of writing (late December 1999), the situation is in a state of flux, and it is not yet clear if and when the disagreements on the agenda might be resolved. It is the case nevertheless that the built-in agenda from the UR has been mandated for negotiations to begin in the year 2000. Consequently, WTO members need to identify their priorities and strategies for these negotiations. I turn therefore to consideration of the main issues that are at stake for the developing countries in negotiation of the built-in agenda, namely agriculture and services. I will also discuss other aspects of the built-in agenda as well as additional issues that may be included in the new round.<sup>2</sup>

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<sup>2</sup> In what follows, I have relied extensively on the discussion and analysis especially in Krueger (1999) and Panagariya (1999).

## **The Forthcoming WTO Negotiating Round: The Built-In Agenda**

### **Agricultural Trade Liberalization**

In considering the interests of developing countries in agricultural trade liberalization, Anderson (1999) suggests dividing them into four groups: (1) exporters of tropical products; (2) exporters of temperate-zone products; (3) net importing countries; and (4) exporters of labor-intensive manufactures (e.g., textiles and clothing). The exporters of tropical and temperate-zone products have a clear interest in improving market access in the developed countries for their exports of both unprocessed and processed agricultural products. While net agricultural importing countries might be adversely affected by higher world prices resulting from reduced barriers, these countries might actually benefit if the higher prices lead them to reduce their own domestic barriers that have distorted efficient resource allocation. Finally, exporters of labor-intensive manufactures obviously have an interest in reducing barriers affecting their goods. They may benefit indirectly from agricultural liberalization if it results in improved resource allocation in the agricultural exporting countries and reduces the likelihood that these countries would be inclined to expand their production of manufactures. The developing countries thus have a shared interest in promoting agricultural liberalization. The issue then is how to pursue greater market access for agricultural exports, reduce domestic support levels, and reduce export subsidies in the course of the multilateral negotiations. In addition, there are some other agriculture-related issues that need attention, in particular Sanitary and Phytosanitary (SPS) measures.

### **Market Access**

Anderson (1999) notes that actual agricultural tariffs in the year 2000 will be as high as they were a decade earlier. The reason is that for many countries these tariffs were bound at levels considerably in excess of the applied rates (i.e., tariff equivalents) at the conclusion of the UR. This can be seen in Table 3 for the European Union and the United States and for APEC members in Table 4. The challenge for the new round therefore is getting the bound tariffs down to the applied rates and effecting reductions in the applied rates in the major agricultural importing countries.

To add to the difficulties of improving market access, importing countries agreed in the UR to commit themselves by the year 2000 to provide “current” and “minimum” access opportunities. But this was to be done by means of a system of tariff-rate quotas (TRQ), with a lower tariff rate for in-quota imports and higher tariff rates for the remainder. Anderson (pp. 6-7)

and Panagariya (1999, p. 24) note many undesirable features of TRQs that arise from the manner in which the quotas are implemented and may therefore reduce the economic welfare of importing countries and lead to rent transfers to the holders of the quotas. It would be desirable if the system of TRQs could be eliminated, or at least steps taken to unify the applied and bound tariffs for the growth-constrained imports and then to reduce these tariffs.

### **Aggregate Measure of Support (AMS)**

The UR Agreement on Agriculture specified that the aggregate level of domestic support provided to agriculture should be reduced. This was to be carried out by capping the AMS and reducing it by a specified 20 per cent over a period of six years for the developed countries and 13 per cent over ten years for the developing countries. The problems here are that countries have been given latitude in selecting support levels for particular commodities, and that certain types of payments are excluded from the calculation of AMS, examples being compensation in the EU Common Agricultural Policy and in production-limiting programs in the United States.

### **Export Subsidies**

The Agreement on Agriculture specified that agricultural export subsidies were to be reduced, by 36 per cent for the developed countries and by 24 per cent for the developing countries by the year 2000. Also, the export volumes of individual subsidized products were to be reduced by 21 per cent for the developed countries by the year 2000 and by 14 per cent for the developing countries by 2004. Export subsidies for agriculture have been an exception to the original GATT Agreement since the 1950s, and it is now desirable that they be subjected to the same discipline as industrial products for which export subsidies are prohibited. The EU and the United States account for most of the export subsidies, and it is incumbent upon them therefore to take steps to reduce and remove these subsidies altogether.

### **Sanitary and Phytosanitary (SPS) Measures**

SPS measures are designed and intended to insure the maintenance of public health and the environment. The difficulty is that developing countries may lack the information, technical capabilities, and financial resources needed to bring these measure up to the same standards that exist in the developed countries. It is thus important to address these issues in the new negotiating round, and, in this context, to guard against using existing and new SPS measures for protectionist purposes.

### ***Services Trade Liberalization***

Liberalization of trade in services mandated to begin in the year 2000 offers many new and important challenges for the negotiators. As noted by Hoekman (1999, pp. 1-2):

“Given the novelty of the subject for trade officials, it was not surprising that most of the efforts expended during the Uruguay Round negotiations on services centered on conceptual and ‘architectural’ issues—how to define trade, what rules and principles should apply to measures affecting this trade, and devising mechanisms to determine the coverage of the agreement. No liberalization of trade in services occurred during the Uruguay Round. Instead, what emerged was a framework under which liberalization could be pursued in the future, with explicit commitments to engage in further negotiations to liberalize trade in services in five years after the entry into force of the GATS, and periodically thereafter.”

Sectoral negotiations covering basic telecommunications and financial services were completed subsequent to the conclusion of the UR. As indicated in Table 2 and the related discussion, the countries and potential magnitudes of transactions to be covered in these two agreements are quite substantial. The question now is how to proceed with the Services 2000 negotiations. Again, to quote Hoekman (p. 2):

“There is wide recognition among both the business community and government officials that the *status quo* is not an acceptable option, simply because the existing schedules of commitments in the GATS are not particularly useful. The correspondence between what is scheduled and the effective barriers to trade and investment that are in force is rather loose, to say the least. The question how to proceed on services is particularly acute for developing countries. Almost all governments increasingly recognize the vital role that an efficient and vibrant service industry plays in the process of economic and social development. That is, certain services are basic inputs or components of the economic infrastructure, whereas other services can be a provisional shelter for social stability.

In principle, the task confronting WTO members in the area of services appears straightforward to achieve a significant degree of liberalization and ‘lock-in’ through scheduling commitments in the GATS. Realization of this objective will require governments to identify where domestic liberalization and policy reform would be beneficial from an economic development and growth perspective.”

There are apparently a number of “architectural” issues that need to be discussed in connection with improving the GATS. We shall not treat these issues here since they are well covered especially in the papers by Feketekuty and by Low and Mattoo that are contained in Sauve and Stern (1999). What is needed is more attention directed to the economic issues

involved. According to Hoekman (1999, p. 17), this includes: “(i) increasing transparency; (ii) expanding the coverage of specific commitments; and (iii) improving multilateral rules.”

Suggestions for increasing transparency include: identification and dissemination of information on existing policies that discriminate against foreign service providers; expansion of the WTO Trade Policy Review Mechanism (TPRM) to survey and report regularly in its periodic reviews on services-related policies; and greater reliance on the private sector to provide information on barriers and to seek access to the WTO dispute settlement mechanisms.

Hoekman (p. 19) cites the well-known facts that the coverage of specific commitments is quite limited for many GATS member countries, and that the commitments are often more restrictive than what is actually applied. To achieve greater sectoral coverage of specific commitments, the options include: extending the GATS to cover *all* services and possibly working towards a formula approach and time commitments to attain full coverage; and give greater recognition to complementarities and interdependence for commitments across the different modes of providing services and to assure modal neutrality, for example, between cross-border movement of services (mode 1) and foreign direct investment in services (mode 3). An issue of great concern especially to labor-abundant developing countries is how to negotiate arrangements so that their workers will be permitted to move temporarily to other countries to provide low-cost services in construction and a variety of other services. This will no doubt be resisted by the developed countries, but there may be some opportunity for cross-issue linkages and tradeoffs in a new round that will enable some progress on worker mobility to be realized.

The rules of the GATS could be improved by moving away from a sector-mode to a horizontal or general approach, the point being to foster the pro-competitive contestability of markets while at the same time making provision for appropriate national measures designed to achieve social objectives. Stricter applicability of the Most-Favored-Nation (MFN) principle is needed to assure nondiscrimination across sectors and firms.

Besides the foregoing, there is a question of if and how the GATS should deal with issues of subsidies, government procurement, and safeguards. With regard to subsidies, Hoekman (1999, p. 24) notes how difficult it has been to devise rules for restricting subsidies in other institutional contexts, including the OECD and regional trading arrangements. It is difficult then to make a compelling case for the issue of subsidies to be addressed as such in the GATS negotiations. The same applies to government procurement. If the coverage of the GATS were to be expanded and national treatment applied generally to foreign direct investment (mode 3), there would be no need for a separate procurement regimen in the GATS. With respect to

safeguards, since a significant part of providing services involves commercial presence in the form of FDI, it is difficult to see how safeguards would be relevant. However, if progress is to be made on the movement of natural persons (mode 4), some sort of safeguard procedure might be warranted for the industrialized countries to deal with unforeseen difficulties that could arise if foreign workers were permitted temporary entry.

### ***Other Items on the Uruguay Round Agenda***

In addition to the mandated negotiations for agriculture and services, there are several other items on the UR agenda to be discussed. These include in particular: the Agreement on Textiles and Clothing (ATC); the TRIPS Agreement; dispute settlement; and antidumping.

### **Agreement on Textiles and Clothing (ATC)**

It was agreed in the UR to bring textiles and clothing under the same trade discipline as other goods. The ATC provided for a phase-out of the MFA quotas over ten years, in three stages. Importing countries agreed to liberalize their imports covered under the MFA by: 16 per cent as of January 1995; 17 per cent in 1998; 18 per cent in 2002; and the remaining 49 per cent by the end of the transition period on January 1, 2005. In phase I, the annual growth of imports was to be at least 16 per cent higher than under the MFA; in phase II, the growth rates were to be 25 per cent higher than in phase I; and in phase III, the growth rates were to be 27 per cent higher than in phase II. Non-MFA restrictions were also to be eliminated or phased out by 2005. A transitional safeguard mechanism was provided to deal with possible domestic disruptions due to increased imports in the MFA phase-out process.

It is evident that the liberalization of textile and clothing quotas is heavily back-loaded to the end of the phase-out period in 2005. While quota expansions were to occur beginning in 1995, it appears that not much actual liberalization has taken place since many importing countries have chosen to remove quotas that had not been fully utilized. The issue for consideration then in the forthcoming negotiations is whether it may be possible to accelerate the expansion of the growth rates of imports so that the major increases will not be so heavily bunched at the end of phase-out period. Furthermore, there may be legitimate concern on the part of the developing country exporters of textiles and clothing that their post-phase-out exports not be subjected to antidumping actions by the importing countries. It should be mentioned, finally, that, even after the phase-out has taken place, the developing country exporters will face relatively high tariffs in the importing countries.

### **The TRIPS Agreement**

According to Panagariya (1999, pp. 34-36), there is apparently some disagreement among WTO members as to whether, in the new round, the TRIPS Agreement is merely to be reviewed or whether the text of the Agreement can be opened to revision. In any case, issues such as extension of TRIPS to plant variety protection by developed countries and compliance of individual developing countries to the timing of the transitional period for adherence to the Agreement will be considered. If it turns out to be possible to open the Agreement to revision, developing countries may seek to introduce a number of changes that recognize their positions and rights as users of intellectual property. These may include: reduction of the duration of patent protection; greater flexibility especially regarding access to parallel imports; exemptions from patenting of particular products and knowledge indigenous to developing countries; and clarification of issues relating to the transfer of technology, biodiversity, the environment, etc.

### **Dispute Settlement**

Davey (1999, p. 225) has noted that: "The WTO dispute settlement system is critical to the operation of the World Trade Organization. It would make little sense to spend years negotiating the detailed rules of international trade agreements if those rules could be ignored." He goes on further to state that:

"Generally speaking the WTO dispute settlement system has operated well...since the founding of the WTO.... WTO members have made extensive use of the system. As of June 30, 1999, there had been 175 requests for consultations, involving over 130 distinct matters. Consultation requests have been running on the order of 40 to 50 a year. ...

The DSU provides that a mutually agreed solution is to be preferred. It appears that consultations frequently lead to settlements or at least the apparent abandonment of a case. Of the 138 consultation requests made prior to 30 June 1998..., slightly more than one-half (72) have not been brought before a panel. ...

To date, there have been panels established in respect of 54 matters (involving some 70 total consultation requests). ...Although the volume of cases submitted to the WTO has far exceeded the volume during comparable periods under GATT, the WTO dispute settlement system has coped reasonably well in meeting the tight time periods established by the DSU....

So far the record of implementation of panel results has been good. To date, all parties found not to be in compliance with their WTO obligations have indicated that they intend to comply with the DSB's recommendations within a reasonable period of time."

It was decided during the UR that the Dispute Settlement Understanding (DSU) should be reviewed by the end of 1998. The target date could not be met, however, and the review is still in progress. Several issues are up for review, including: (1) operation of the surveillance function; (2) adequacy of WTO resources for processing disputes; (3) professionalization of panels; (4) transparency and access issues; and (5) the problem of developing-country members participating in the system.

The issue of surveillance involves mainly the constraint of the amount of time that it takes to determine the outcome and to dispose of a case and whether it would be useful to make more time available. Given the increased number and complexity of dispute-settlement cases brought before the WTO since its inception, there is an evident need for additional resources. According to Davey (1999, p. 229), it may be only a matter of time before a permanent panel body of professionals is formed to deal with dispute-settlement cases. Such a permanent panel body... "would speed the process since the time now taken for panelist selection would be avoided and scheduling delays would be less common. ... Consistency of approach and results would be more easily achievable."

The issues of transparency and access to the WTO dispute-settlement system have been hotly debated in recent years and were front-page news during the organized protests at the Seattle Ministerial meeting. In this connection, Davey (p. 229-30) notes that:

"The United States has proposed that dispute settlement proceedings be open to the public, that submissions be made public and that non-parties be permitted to file 'friend-of-the-court' submissions to the panels. These matters are currently under discussion. ... Some Members view the WTO system as exclusively intergovernmental in nature and hesitate to open it to non-governments. In their view, if a non-governmental organization wants to make an argument to a panel, it should convince one of the parties to make it and if no party makes the argument, those Members would view that as evidence that the argument is not meritorious. Other members argue that the credibility of the system would be much enhanced if it were more open and that openness would have no significant disadvantages. Given popular fears of globalization and the WTO's connection therewith, such increased credibility is viewed as essential to ensure the future effectiveness of the WTO itself, as well as the dispute settlement system."

Once preparations for a new negotiating round get under way, it will be interesting to see how this issue plays out.

The developing countries have made frequent use of the WTO dispute settlement system since its inception. Davey (1999, p. 230) notes that:

“They have made some 40 consultation requests and they have become more frequent targets of complaints (by both developed and other developing countries). Their greater involvement is undoubtedly good for the system in the long run. The principal issue of interest to developing countries in the DSU review has concerned the resource difficulty that many developing countries face when they participate in the dispute settlement system. For the moment, the DSU addresses this problem by requiring the WTO Secretariat to provide legal assistance to such countries, which it does... The Secretariat also conducts a number of training courses that either include or are exclusively focussed on dispute settlement. ...”

It should be evident from the foregoing that a successfully functioning dispute settlement system is of paramount importance to the developing countries, as a means of protecting their own interests when they are the object of disputes and being able to bring dispute actions against trading partners when warranted. Developing countries need to take measures on their own to increase their capacity and capabilities for dealing with disputes in the WTO. But it is also incumbent upon the international institutions and the developed countries to provide them with funding and technical assistance to the extent feasible.

### **Antidumping**

It is permissible under WTO rules to use antidumping (AD) measures to impose special AD duties in case imports are found to be “unfairly” priced in comparison to prices or costs in exporting countries and if there is actual or potential material injury to firms and workers in the importing country. The presumed rationale for AD measures is to prevent predatory pricing by foreign exporters, even though in actuality there is little likelihood that foreign exporters have sufficient market power to drive out competitors or to limit entry in importing countries. In any event, AD has become the trade policy of choice by firms and workers seeking protection in the developed countries as tariffs have been progressively reduced in the periodic GATT negotiations and as voluntary export restraints (VERs) and other quota arrangements such as the MFA have been eliminated or are being phased out.

Krueger (1999, p. 6) has noted that developing countries appear to be especially vulnerable to AD actions. This is because their exports tend to be labor intensive and thus are perceived to threaten domestic firms and workers in the developed countries. Krueger also notes that it may be easier to establish the basis for AD actions since the marginal costs relative to fixed costs of developing country exports often constitute a large fraction of price. Further, because it can be costly for many developing countries to defend themselves against AD allegations, they may find it difficult to resist these actions. An indication of developing country

vulnerability is noted by Panagariya (1999, pp. 50-51) insofar as it appears that these countries bear a disproportionate burden of the AD actions that have been taken.

Until around the mid-1990s, the United States, European Union, Canada, Australia, and New Zealand accounted for 70-80 per cent of the AD actions. But since the end of the UR, Panagariya notes that developing countries have turned increasingly to using AD actions, accounting for nearly two-thirds of these actions after 1995. Thus, while 143 out of the total of 239 cases reported to the WTO in 1997 were directed at developing countries, this includes actions taken by developing countries against one another.

The resort to AD actions by both developed and developing countries reflects the domestic pressures in these countries to protect firms and workers, even when the facts of the situation may well not support such protection. The concern therefore is that the benefits of both multilateral and unilateral trade liberalization will be diluted by AD measures. What then are the options and how might they be addressed in the forthcoming round?

One option would be to eliminate AD actions altogether and to deal with the issues and threats of predatory pricing by means of competition or antitrust policy measures. This option is analyzed in several of the papers in Bhagwati (1999, esp.103-68). As will be noted below, there has been some support for including issues of competition policy in the new round, but, if that turns out to be impractical, what then? Presumably, there could be a call for a standstill in the use of AD actions in the course of the new round, until the issues are more fully aired in the negotiating process. Among the issues to be discussed, Panagariya (1999, pp. 51-52) has suggested that: (1) the 5-year sunset clause of the WTO AD code be clarified to prevent unwarranted continuance of AD protection; (2) technical and financial assistance be provided to assist firms and governments in developing countries to prepare the materials and documents needed in AD cases; and (3) the use of so-called anti-circumvention measures should be reviewed insofar as these measures may adversely affect the outsourcing of inputs and product assembly.

It has long been recognized that the pervasive use of AD measures is inimical to efficient resource use and thus detrimental to national and global economic welfare. At the same time, it has to be acknowledged that the pressures for protection of firms and workers are continually being brought to bear on policymakers in both developed and developing countries. A challenge in the new negotiating round will therefore be to seek means of effecting tradeoffs on cross-linkage issues in ways that may reduce the use of AD measures. We shall have more to say on this below.

## **The Forthcoming Negotiating Round: Completing the Agenda**

I now turn to consider some of the new issues that may be included on the agenda for the round. In my judgment, by far the most important of these issues is to pursue further liberalization of trade in manufactures. While it is the case that developed country tariffs on manufactures have been reduced considerably in previous multilateral negotiations, the fact remains that there are some products on which sizable tariffs remain in place. This is especially the case for clothing and textiles and other labor-intensive manufactures. As shown in Chadha, Brown, Deardorff, and Stern (1999) and in Hertel and Martin (1999), computational general equilibrium (CGE) analysis of potential tariff reductions on manufactures in the new round suggests clearly that the developing countries would benefit significantly. Thus, what is important is to seek liberalization in the trinity of trade in agricultural products, manufactures, and services. There are other issues that have been suggested for inclusion in the agenda for a new round, and that I will discuss. These include: electronic commerce; investment; competition policy; trade and the environment; and trade and labor standards.

### **Trade Liberalization in Manufactures**

Hertel and Martin (1999) document the fact that exports of manufactures from the developing countries have increased greatly since the beginning of the 1980s, and they project that these exports will increase still more in the next several years. It can be seen in Tables 5-7 for the United States, European Union, and Japan that developing countries face relatively high, post-Uruguay Round tariffs on exports of interest to them in these major markets. This is the case especially for such labor-intensive manufactures as textiles and clothing, leather products, rubber products, footwear, and fish and fish products. Tariff rates on these products are similarly relatively high in other industrialized countries. It is evident therefore that the developing countries have much at stake in requesting that trade liberalization in manufactures be high on the agenda for a new trade round. In this connection, Hertel and Martin (1999) estimate, using the GTAP computable general equilibrium model, that developing countries can potentially capture as much as 75 per cent of the benefits of manufacturing liberalization in a new negotiating round. This is in contrast to smaller benefits to the developing countries from trade liberalization in agriculture and services, which are estimated at 25 and 33 per cent of the total benefits, respectively.

### **Electronic Commerce**

The information revolution has been accelerating for several years now, bringing with it a sustained rise in the use of electronic means for carrying out both domestic and international transactions. We noted earlier that there have been discussions concerning electronic

commerce in the past few years in the WTO, and electronic commerce will almost certainly be an item on the agenda for a new negotiating round. Panagariya (1999, p. 31) notes that there are two key issues: (1) whether GATT or GATS discipline should be applied; and (2) if GATS discipline applies, whether this trade should be classified under cross-border transactions (mode 1) or consumption abroad (mode 2). He also mentions that there are issues relating to Intellectual Property Rights (IPRs) and mutual recognition of standards.

The United States in particular has been pushing for free trade, i.e., no customs duties, on transactions carried out over the Internet. This has been opposed by the European Union, which has been reluctant to provide unrestricted audio-visual imports. In any case, it will have to be decided in the new round whether GATT or GATS discipline is to be applied, and what obligations and exceptions are to be allowed. Since commitments in the GATS were made according to the four modes of supply, it may now be awkward to work out the arrangements for electronic commerce. The simplest thing would be to institute a system of inter-modal neutrality for electronic commerce so that there would be no incentive to substitute between modes. Finally, as mentioned, issues of IPR protection on the Internet (e.g., copyrights, trademarks, access to technology, etc.) and mutual recognition of standards to be applied to electronic commerce need to be addressed in a new round.

## **Investment**

In 1995, the member countries of the Organization for Economic Cooperation and Development (OECD) launched an effort to negotiate a Multilateral Agreement on Investment (MAI) that would apply to OECD members only. The non-OECD developing countries were thus not parties to the MAI negotiations. In any case, as Panagariya (1999, p. 43) has noted, it was not possible to reach agreement on the details of the MAI, and it was abandoned in late 1998. It turned out that several countries had serious reservations that the MAI was too far reaching and could potentially be at odds with domestic policies and institutions that were a matter of national sovereignty and could expose governments to costly suits if the agreement was violated.

The issue now is whether investment will be placed on the agenda for a new round. As we noted earlier, a Working Group was created at the 1996 Singapore Ministerial Conference to study the relationships between trade and investment. Krueger (1999, p. 21) suggests that a code that included explicit rights for investors would lower the cost of capital, which could be beneficial to developing countries. If an investment agreement is included on the agenda for a new trade round, Panagariya (1999, pp. 44-46) suggests that: (1) it be confined to foreign direct investment (FDI) and exclude portfolio investment; (2) negotiations should be delayed until

China is officially admitted to the WTO, given China's importance as a recipient of FDI; (3) the obligations of multinational corporations operating in developing countries should be carefully articulated; and (4) arrangements should be made to place labor mobility on the negotiating agenda to provide symmetry between international movement of capital and labor and especially since labor abundant countries have a great deal to gain if their workers could be granted the right of temporary employment abroad.

In the final analysis, it may not matter a great deal to many developing countries whether or not negotiations on investment are included in the agenda for a new round. That is, as Hoekman and Saggi (1999) argue, developing countries can themselves unilaterally establish the policies and conditions for a liberal regime to encourage FDI inflows. They need not wait for or be dependent on an international investment agreement.

### **Competition Policy**

As noted earlier, a Working Group on Trade and Competition Policy was established at the December 1996 Singapore Ministerial Conference, and in the interim efforts have been under way to gather and process information that is relevant to the terms of reference of the Working Group. In a broad sense, competition policy is primarily an issue of domestic concern insofar as governments have the responsibility of designing a legal system and rules of behavior that will maintain conditions of competition and thus promote economic efficiency and welfare. There are of course important interactions between trade and competition policy, but it is an open question as to whether it is feasible and desirable to seek an international agreement on competition policy that would be centered in the WTO. That is, trade involves in large part issues of market access, national treatment, and nondiscrimination. These are already the focal points of the GATT and GATS that are embodied within the WTO. It may be preferable therefore to improve the workings of the WTO rather than seek to draft a separate WTO agreement on competition policy.

As just mentioned, from the standpoint of developing country governments, being a matter of mostly domestic concern, what is needed are domestic policies and institutions that are designed to promote conditions of competition domestically. This includes both anti-monopoly policies and liberal trade policies that will work to keep markets contestable. So long as this is a feasible option, there is no pressing need for developing countries to expend negotiating capital in trying to formulate an international agreement on competition policy. This is what Hoekman and Holmes (1999) have stressed, but they also recognize that developing countries may require technical and financial assistance to enable them to improve the design and implementation of their competition policy regimes.

## **Trade and the Environment**

It was noted earlier that a Committee on Trade and Environment (CTE) was established in the UR negotiations. Thus far, the CTE has mainly been trying to gather information and to sort out the variety of ways in which trade and the environment interact, including how the various multilateral environmental agreements that contain provisions for trade sanctions relate to the provisions of the WTO.

It is of course well known that views on these issues vary widely. The United States and the European Union have been actively promoting a trade and environmental agenda for inclusion in the WTO, and they have been supported in this effort by environmental non-government organizations (NGOs) that are desirous of playing an active role especially in WTO panels involving environmental issues. By the same token, many economists have argued that the WTO is not the appropriate organization to address international environmental externalities, which in large measure are generated by production activities and therefore are better dealt with by domestic tax/subsidy policies rather than trade policies. When there are international environmental externalities, it is argued that these should be the province of international organizations that are designed specifically for environmental purposes. This view has been articulated with great clarity, especially by Bhagwati (1999, pp. 33-43). It is also the view held by most developing country governments. It was the position that they expressed forcefully in the Seattle Ministerial Meeting, and they are certain to oppose inclusion of environmental issues in the agenda for a new negotiating round.

## **Trade and Labor Standards**

As is the case with trade and environment, the United States and EU have made a concerted effort to place issues of trade and labor standards on the WTO agenda. As noted earlier, this was strongly resisted by the developing countries, especially those from South and Southeast Asia, in the December 1996 Singapore Ministerial Conference. While adherence to core labor standards was recognized as a matter of importance and concern, it was essentially decided in Singapore that issues of labor standards should not be incorporated into the WTO. Rather, the International Labor Organization (ILO), which was designed long ago to deal with these issues, and should have the primary responsibility for them.

There is a sizable academic literature that deals with issues of trade and labor standards, much of which has been reviewed in writings by Stern (1997), Brown, Deardorff, and Stern (1996, 1998), and in Bhagwati (1999, esp. Part II). The consensus of these writings accords with the recommendation of the Singapore Ministerial Conference that the ILO is the appropriate international forum to deal with issues of international labor standards. Again, it can

be said that this reflects the views of the developing countries, who view efforts to include labor standards in the WTO mainly as a form of disguised protectionism on the part of the United States and other industrialized countries.

The United States especially and the EU apparently did not feel bound by the decision of the Singapore Ministerial Meeting. Indeed the U.S. Government, including President Clinton, took the position at the Seattle Ministerial Meeting that labor standards should be incorporated into the WTO and backed up by the imposition of trade sanctions in cases of non-compliance. As was the case in Singapore, the developing countries were united in opposition and are virtually certain to remain opposed to including labor standards on the agenda for a new trade round.

### **Negotiating Modalities**

In the discussions that have taken place among WTO members concerning the agenda for a new round, there have been different positions expressed about how comprehensive the agenda should be. The United States, for example, has favored a narrow agenda concentrating especially on negotiations for liberalization in agriculture and services and with a limited time of three years as the target date for completion. The European Union and Japan, in contrast, have favored a broader agenda that would encompass not only the built-in agenda from the Uruguay Round but many of the new issues as well, including investment, competition policy, and the environment. Given the impasse reached in the Seattle Ministerial Meeting, it is not yet clear how these different positions regarding the scope of the new negotiating agenda will be resolved. In any event, the built-in items mandated from the UR will certainly have to be addressed, especially the liberalization of trade in agricultural products and services. In addition, I would urge that the agenda include negotiations for trade liberalization in manufactures, since the developing countries have a major stake here in terms of the potential benefits that may accrue to them. As for investment and competition policy, I see no immediate benefits in expanding the agenda to include these items from the standpoint of the developing countries. Further, for the reasons discussed earlier, efforts to include issues of the environment and labor standards on the negotiating agenda should be vigorously opposed.

Given the choice of the items for inclusion in the agenda for a new negotiating round, the question arises as to how the negotiations should be organized. In this connection, I would favor a horizontal, across-the-board approach that will permit cross-sectoral negotiations rather than sector-by-sector negotiations. The reasons for favoring a broad approach to the negotiations have been well articulated by Krueger (1999, pp. 11-12):

“The success of the GATT, and the tremendous expansion of world trade, was made possible in significant part because of the gains achieved through multilateral negotiations for reduction of trade barriers. While economic theory tells, correctly, that countries that liberalize their trade unilaterally will gain, political theory tells us that resistance to trade liberalization in import competing sectors will not be offset unless there are groups of identifiable gainers. While those gainers exist even under unilateral liberalization, it is often not evident to those parties who they are. With multilateral trade negotiations, many exporting interests correctly recognized their potential gains from trade liberalization. Many analysts attribute the success of the GATT with trade liberalization to the tying together of export interests with evident interest in trade liberalization in other countries to trade liberalization domestically.

In recent years, developed countries have begun to negotiate sector-by-sector agreements on issues such as telecoms and information technology [and financial services]. There are several difficulties with this approach: 1) once these sectors are liberalized, producers in these areas have a reduced incentive to support import liberalization in protected sectors; and 2) developed countries are selecting the sectors for negotiation in which they believe (probably correctly in most instances) that they have a comparative advantage. The sectors of interest to most developing countries will be much more difficult to negotiate on a sector-by-sector basis because they are largely import competing, and the political economy of trade liberalization is such that political resistance will be strong unless offset by exporting interests in developed countries.”

### **Dovetailing Multilateral and Regional Negotiations**

Many developing countries are presently members of regional or preferential trading arrangements (PTAs), and the issue that arises is how to coordinate their involvement and interests in these arrangements with the forthcoming WTO multilateral negotiations. That is, do individual countries perceive that they stand to gain more from membership in a PTA or from a new round of multilateral trade negotiations? It should be noted that PTAs, whether in the form of a customs union with a common external tariff or a free trade area with differential external tariffs for nonmembers, are inherently discriminatory and may also be protectionist in design. That is, to the extent that trade barriers are removed among members of a PTA and remain in place against nonmembers, the resulting discrimination may favor the PTA members but be trade diverting for nonmembers and therefore may reduce global economic welfare.

The question then is the extent to which the strengthening of the multilateral trading system through further liberalization in a new negotiating round will enhance national and global

economic welfare in comparison to the situation in which PTAs are present. Economic theory suggests that multilateralism and freer trade will bring about larger gains in economic welfare from a global standpoint as compared to a situation in which PTAs are present. This conclusion has been borne out in a number of simulation studies using computable general equilibrium models in which comparisons have been made between multilateral liberalization and partial liberalization in the form of customs unions or free trade areas. Of course, there is no guarantee that each individual country will gain more from multilateralism. If this is the case, it should be possible to find some means of compensation in the multilateral negotiations to mitigate or offset possible negative welfare effects.

### **Interest Group Alignments**

It should be evident from the preceding discussion that, in my view, the developing countries in Asia and elsewhere have a great deal to gain from participating in a new round of multilateral trade negotiations. In designing negotiating strategies and to optimize their benefits from the negotiations, it would be desirable to identify and form interest groups that can make their presence known in the conduct of the negotiations. The question is how to proceed. Krueger (1999, p. 31) offers the following suggestions, which I endorse:

“While the developing countries could, as a group, achieve a considerable amount of bargaining strength, their interests are sufficiently divergent that it is more likely that they can join and should support the formation of coalitions on issues of concern to them. The Cairns group was remarkably successful despite representing the divergent interests of tropical and temperate agriculture. To the extent that those with different interests are willing to align, the developing countries will be able to achieve more in any future round. But the practical difficulties of bringing too many issues into a coalition probably would imply that it is desirable to identify key groups of issues (agriculture, financial services, construction services, etc.) and to join several groups.”

### **III. Conclusion**

In the preceding discussion, I first reviewed the main results of the Uruguay Round negotiations and then considered the series of related events that occurred subsequently, leading up to the Seattle Ministerial Conference that was held from November 30 to December 3, 1999. It was widely expected that the Seattle Ministerial Conference would bring forth consensus on the agenda for a Millennium Round of WTO negotiations. This did not happen because the WTO member countries were unable to agree on their priorities in terms of the issues on which they were prepared to negotiate and those that they were unwilling at the time to put on the table. In any event, WTO negotiations will occur. The only question is when. It

should be stressed that there are important items on the UR built-in agenda, in particular negotiations on agricultural and services liberalization, which have been mandated to begin in the year 2000. Several of the other UR Agreements are also to be reviewed as part of the built-in agenda. There is much then that requires the immediate attention of the WTO members. Besides the items on the built-in agenda, there are other important issues that need to be included in the overall agenda of a new trade round. Liberalization of trade in manufactures is surely the most important of these other issues, particularly from the standpoint of the developing countries in Asia and elsewhere.

I have emphasized that it is imperative that WTO member countries continue to meet to plan for a new round, and it is obvious that individual countries and groups of countries need carefully to design their negotiating strategies and options. I have indicated in my discussion what I consider to be the major issues of concern especially for the developing countries in these regards.

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### **Table 1: Overview of Results of the Uruguay Round Negotiations**

- “The agricultural agreement was important for developing a set of rules as a basis for future liberalization, but actual liberalization was limited by the way that nontariff barriers were converted into tariffs. This slippage, however, reduces the risk of adverse effects on net food importing countries.
- Substantial liberalization was achieved in manufactures trade, both in the area of tariffs and through the phaseout of nontariff barriers such as VERs and the quotas imposed under the MFA.
- Cuts in protection on merchandise trade are estimated to increase real incomes in developing countries by between US \$60 and 100 billion at 1992 prices despite the cautious commitments made by many developing countries.
- GATS is a landmark in terms of creating trade disciplines in virgin territory, but achieved little in terms of immediate liberalization.
- The TRIPS agreement will increase the protection of IPRs worldwide—but may entail short-term costs for developing countries.
- The establishment of the WTO, with its responsibilities for goods, services and intellectual property, stronger dispute settlement procedures, permanent policy review mechanism, and greater ministerial involvement, is necessary for the successful implementation of the Round, and seems likely to contribute to a much-needed strengthening of the trading system.
- In terms of policy implications for developing countries we find that the countries that liberalize their own trade policies are predicted to be the greatest gainers.
- The WTO agreement provides legally binding minimum standards for reform and liberalization, not economically optimal ones. Weak disciplines on antidumping, and the high tariff bindings chosen by many countries, allow very costly protection measures to be maintained or introduced.
- There remain substantial gains from liberalization beyond that undertaken in the Round—particularly in areas such as agriculture and services, where multilateral disciplines are new.
- Over the next few years, developing country members of the WTO need to participate in critical decisions on the future of the trading system, including whether or not to include labor and environmental standards, and investment and competition policies.”

**Source:** *Adapted from Martin and Winters (1996, pp. 1-2).*

**Table 2: Summary Agenda and Results of the December 1996  
Singapore Ministerial Conference**

**Uruguay Round implementation**

- Numerous reporting requirements for far-reaching and technically complex disciplines have made it difficult for many countries to comply both administratively as well as substantively with the up to 22 agreements that comprise the Uruguay Round Agreements (URA). The ministers' foremost priority at Singapore was to review the considerable backlog of notifications and consider what improvements could be made to help existing URA mechanisms work better to ensure full compliance with current obligations.

**Built in agenda**

- Services negotiations continued after the Dec. 1993 Uruguay Round conclusion in the areas of financial services, movement of natural persons, basic telecommunications, and maritime transport, and were scheduled to conclude respectively by June 1995, April 1996, and June 1996. These sectoral negotiations have been extended for the most part due to inadequate concessions in the never-before-negotiated area of services. Ministers hoped that the SMC would reinvigorate these talks, especially those on basic telecommunications rescheduled to conclude in February 1997.
- In addition, the current URA contain provisions that already call for either new negotiations at specified future dates (agriculture, services by 2000) or for periodic reviews at various times of virtually every major agreement (e.g. textiles, subsidies, antidumping, intellectual property, dispute settlement, the U.S. "Jones" Act) that set in motion implementation discussions that in effect amount to much the same thing.
- The Committee on Trade and Environment, established by the April 1994 Marrakesh Ministerial Conference, presented its initial findings to the SMC.

**Tariff initiatives**

- Australia and Canada proposed that the SMC act as catalyst to liberalize market access over and above that in the existing URA and "built-in" agenda negotiations, both calling formally for tariff cuts on industrial products to be put on the WTO agenda.
- The EU and the United States advanced sectoral tariff elimination in pharmaceuticals and information technology--the latter leading to the Information Technology Agreement (ITA) presently set to enter into force on July 1, 1997 for completion by 2000.

**Least developed countries**

- Least developed countries (LLDCs) have not integrated themselves into the world economy over the past decade to the degree that developing countries have. Studies by the World Bank and others have concluded that some reforms in the URA could result in a worsening of the terms of trade for LLDCs. The WTO Director-General and several key developed country participants urged that the SMC highlight the plight of such countries and adopt measures to address this problem .

**New issues**

- Proposals for launching additional WTO work on "new" issues were put forward by various participants, with intense discussions of possible new issues for WTO consideration held before the SMC. Mentions of labor standards, regionalism, competition policy, investment, and government procurement reached the final declaration, whereas other issues were also discussed such as a review of WTO rules in light of the spread of regional trading blocs and the increased "globalization" of the world economy.

**Source:** *USITC (1997, p. 16).*

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**Table 3: Uruguay Round Tariff Bindings and Actual Tariff Equivalents of Agricultural Protection, 1986-2000**

Product	Actual Tariff Equivalent (percent) 1989-1993	Tariff Binding (percent) Final Period 2000	Proportional Reduction by 2000	Dirty Tariffication <sup>a</sup> 1986-88	Binding 2000/ Actual Tariff Equivalent 1989-1993
<b>European Union</b>					
Wheat	68	109	36	1.60	1.60
Coarse Grains	89	121	36	1.42	1.36
Rice	103	231	36	2.36	2.24
Beef and Veal	97	87	10	1.00	0.90
Other Meat	27	34	36	1.32	1.26
Dairy Products	147	205	29	1.63	1.39
Sugar	144	279	6	1.27	1.94
<b>All Agriculture</b>					
Unweighted Average	45	73		1.61	1.63
Standard Deviation	57	96		1.58	1.68
<b>United States</b>					
Wheat	20	4	36	0.30	0.20
Coarse Grains	2	2	74	2.00	1.00
Rice	2	3	36	5.00	1.50
Beef and Veal	2	26	15	10.33	13.00
Other Meat	1	3	36	0.67	3.00
Dairy Products	46	93	15	1.09	2.02
Sugar	67	91	15	1.50	1.36
<b>All Agriculture</b>					
Unweighted Average	13	23		1.44	1.77
Standard Deviation	22	35		1.20	1.59

a: Announced base tariff rate as a ratio of actual tariff equivalent in the base period.

**Source:** *Ingco (1995)*

**Table 4: Unweighted Average Percentage Post-UR Tariffs in Agriculture: APEC Members**

Country	Australia	Canada	Indonesia	Japan	Korea	Mexico	Malaysia	New Zealand	Philippines	Singapore
<b>Product</b>										
Paddy rice	1.0	0.0	9.0	444.0	49.0	8.0	49.0	1.0	49.0	2.2
Wheat	0.0	26.0	0.0	193.0	13.0	0.0	13.0	0.0	13.0	2.7
Grains	0.0	24.0	6.0	180.0	95.0	0.0	95.0	0.0	95.0	5.3
Non-grain crops	3.3	3.0	38.3	38.7	47.7	3.0	47.7	3.3	47.7	7.5
Processed rice	0.0	7.0	0.0	36.5	41.0	0.0	41.0	0.0	41.0	3.9
Meat	0.5	26.0	10.7	193.0	32.5	19.5	13.0	0.5	13.0	3.1
Milk	7.0	157.0	0.0	207.0	111.0	4.0	111.0	7.0	111.0	4.2
Other food	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1

**Source:** *The Pacific Economic Cooperation Council for APEC, 1995, Survey of Impediments to Trade and Investment in the APEC Region.*

**Table 5: Post-UR Tariff Rates: United States**

Product	Average Tariff	Duty Free	Proportion of Imports Subject to Tariff Rates				
			0.1 - 5.0	5.1 - 10.0	10.1 - 15.0	15.1 - 35.0	Over 35
Total	3.50	39.50	42.90	10.20	1.30	6.00	0.10
Fish and Fish Products	1.20	87.50	1.90	4.00	6.40	0.20	0.00
Wood Products	0.50	89.50	5.60	4.80	0.10	0.00	0.00
Textiles and Clothing	14.60	4.90	9.20	25.90	8.00	52.00	0.00
Leather, Rubber, Footwear	7.10	12.70	33.20	47.30	2.90	1.50	2.40
Metals	1.50	59.70	30.80	8.90	0.60	0.00	0.00
Chemicals and Photographic Supplies	2.80	31.50	49.10	19.40	0.00	0.00	0.00
Transport Equipment	3.50	8.70	85.20	0.30	0.70	5.10	0.00
Non-electric Machinery	1.00	62.80	35.00	2.20	0.00	0.00	0.00
Electric Machinery	2.00	35.90	61.10	2.80	0.20	0.00	0.00
Minerals and Precious Stones	2.50	59.80	14.30	23.50	1.30	1.10	0.00
Other Manufactured Articles	1.50	59.40	31.30	8.80	0.40	0.10	0.00

**Source:** UNCTAD (1996)

**Table 6: Post-UR Tariff Rates: European Union**

Product	Average Tariff	Duty Free	Proportion of Imports subject to Tariff Rates				
			0.1 - 5.0	5.1 - 10.0	10.1 - 15.0	15.1 - 35.0	Over 35
Total	3.60	37.70	34.20	19.00	8.20	0.90	0.00
Fish and Fish Products	10.20	6.90	14.50	29.60	31.20	17.80	0.00
Wood Products	0.70	88.50	3.00	8.50	0.00	0.00	0.00
Textiles and Clothing	9.10	1.30	19.10	25.50	54.10	0.00	0.00
Leather, Rubber, Footwear	5.1	24.50	40.70	23.00	0.00	11.80	0.00
Metals	1.10	73.70	19.60	6.70	0.00	0.00	0.00
Chemicals and Photographic Supplies	4.50	27.20	4.00	68.80	0.00	0.00	0.00
Transport Equipment	6.50	23.40	15.70	59.90	0.80	0.20	0.00
Non-electric Machinery	1.40	33.90	63.10	3.00	0.00	0.00	0.00
Electric Machinery	5.20	3.90	69.90	8.30	17.90	0.00	10
Minerals and Precious Stones	0.60	85.20	10.40	3.30	1.10	0.00	0.00
Other Manufactured Articles	3.50	24.20	58.90	12.00	4.30	0.60	0.00

**Source:** UNCTAD (1996)

**Table 7: Post-UR Tariff Rates: Japan**

Product	Average Tariff	Duty Free	Proportion of Imports subject to Tariff Rates				
			0.1 - 5.0	5.1 - 10.0	10.1 - 15.0	15.1 - 35.0	Over 35
Total	1.70	71.00	16.60	9.70	2.00	0.70	0.00
Fish and Fish Products	4.00	1.90	70.70	25.70	1.70	0.00	0.00
Wood Products	0.70	89.20	4.30	6.50	0.00	0.00	0.00
Textiles and Clothing	7.60	4.50	19.10	54.70	21.50	0.20	0.00
Leather, Rubber, Footwear	8.30	40.60	0.90	34.00	2.90	21.5	0.10
Metals	0.50	84.20	14.00	1.80	0.00	0.00	0.00
Chemicals and Photographic Supplies	1.90	47.20	49.70	3.10	0.00	0.00	0.00
Transport Equipment	0.00	100.00	0.00	0.00	0.00	0.00	0.00
Non-electric Machinery	0.00	100.00	0.00	0.00	0.00	0.00	0.00
Electric Machinery	0.10	97.30	2.70	0.00	0.00	0.00	0.00
Minerals and Precious Stones	0.20	94.50	3.10	2.40	0.00	0.00	0.00
Other Manufactured Articles	0.60	86.90	9.10	4.00	0.00	0.00	0.00

**Source:** UNCTAD (1996)