

Breakout session 3: Is there development in trade agreements? A look at the Doha Development Agenda and Free Trade Agreements

1. This session was moderated by Ambassador Lumbanga of the United Republic of Tanzania. It brought together a representative from the Argentinean mission, Third World Network, South Centre and 3D (Trade, Human Rights and Equitable Economy). The aim was to exchange views on whether the Doha Round and international trade agreements lead to effective development outcomes and to recommend strategies for the way forward. Participants focused on the Doha Development Round, in particular the areas of non-agricultural market access (NAMA), services, implementation issues and human rights. The panel concluded that it was difficult to find development in the Doha Development Round. Recommendations made by participants may realize the rather modest demand for a 'fair treatment in line with the mandate'.
2. On NAMA, it was argued that developing countries have higher tariff cuts than developed countries and that NAMA tariff cuts are higher than in agriculture. Some countries complicate the Round by putting more issues on the table, which were not originally in the Doha mandate. For instance, the European Union initiated a proposal on non-tariff barriers which essentially aims to modify the structure of the TBT Agreement. The speaker advised Members to stick with the mandate. Furthermore, developed countries should offer agricultural market access commitments commensurate with efforts in NAMA.
3. On services, the speaker recognized that GATS has some ingredients conducive for development. It recognizes LDC concerns and the positive list approach, which leaves the option to liberalize to the country. On the other hand, the Domestic Regulation negotiations which aim to prescribe the way to regulate do not conform to most developing country interests and will in fact negate the developmental content of GATS. He cautioned that liberalization will not work if domestic services capacity is limited. One of his recommendations was to monitor and operationalise article IV of GATS.
4. The speaker on implementation issues noted there are many outstanding issues from the former Round. She stressed the importance of local content requirements to create intra-industry linkages and/or domestic supplier networks. Furthermore, such requirements could in fact attract FDI as foreign manufacturers seek to 'jump the fence'. Other implementation issues highlighted were those related to TRIPS, antidumping, safeguards and implementation of the SPS and TBT Agreement. The speaker advised WTO Members to opt for an 'early harvest' of the implementation issues.
5. The speaker on human rights used cotton subsidies by developed countries as a pertinent example of human right violations. As a result, the cotton sector in West and Central Africa is slowly disappearing, threatening the livelihoods of almost 20 million cotton farmers and their families. WTO negotiations and litigation has not engendered the required policy change. The way forward is to continue promoting a human rights approach to trade. Furthermore, it should be highlighted that respect for human right is necessary for development. Applied to trade agreements, this includes assessing the distributional gains and losses of trade liberalization, the development of a normative framework to judge effect of trade rules and to ensure that policy space offered in the WTO is actually being used by WTO Members.
6. A discussion unfolded around the question whether free trade agreements are in fact more important than what happens at the WTO. A clear consensus was that FTAs pose a bigger threat to development, due to unequal bargaining power and the inclusion of Singapore issues which developing countries refused to negotiate at the WTO. One panel member stressed that binding market access commitments in services is not required by the WTO or, in the case of ACP countries, the Cotonou Agreement. Policy tools developing countries use are taken away while those used by developed countries (e.g. agricultural subsidies, antidumping, SPS and TBT requirements) are not or not sufficiently addressed in FTAs.