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**Research Report**

## Life after Bali: Renewing the world trade negotiating agenda

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# LIFE AFTER BALI: RENEWING THE WORLD TRADE NEGOTIATING AGENDA

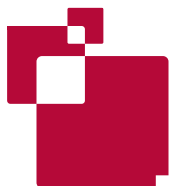
SUPARNA KARMAKAR

## Highlights

- The crisis has contributed to a slowdown in global trade volumes, with trade virtually stagnant in the twelve months to July 2013. In this context, fruitful negotiations in the World Trade Organisation's 9th Ministerial Conference in Bali are crucial to sustain the institution's credibility and prove that multilateral negotiations can still deliver success.
- WTO trade talks are the only ongoing trade liberalisation process that has development at its core. The Doha mini-package under consideration at Bali is a collection of watered-down but deliverable elements of a deal comprising agriculture, trade facilitation and special and differential treatment/less developed country concessions.
- Post-Bali, the WTO should aim to reverse the current disenchantment with multilateral trade negotiations. This means formulating a relevant trade negotiating agenda with an understanding of global value chains at its core.
- However, the transition to the new agenda requires a closure of the ongoing Round. The easiest way to conclude the Doha Round would be to select another discrete set of deliverables that fulfills the development commitment of the Doha Development Agenda, thus paving the way for a new Round.

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## LIFE AFTER BALI: RENEWING THE WORLD TRADE NEGOTIATING AGENDA

SUPARNA KARMAKAR, DECEMBER 2013

**BURIED AMID THE CONTINUOUS STREAM** of finance- and growth-related bad news in recent times was the fact that the global trade volume was virtually stagnant in the 12 months to mid-2013<sup>1</sup>. Even worse, World Trade Organisation (WTO) economists now predict global trade growth to be slower than previously forecast. The WTO now expects trade volumes to grow at rates lower than GDP in 2013 and only slightly faster in 2014, in sharp contrast to a world trade growth rate that was nearly double the real global GDP growth rate between 1980-2011<sup>2</sup>. The lingering effects of the 2008 financial crisis and consequent collapse in developed country growth, in particular in Europe, and the growth moderation in the large emerging markets, have contributed to this trade slowdown in a big way.

It is against this backdrop that the WTO's 160 members<sup>3</sup> are making another attempt to reap an 'early harvest' from the ongoing Doha Round negotiations, in the form of a limited agreement called the Bali mini-package, which would break the current deadlock and help revive global trade flows. The ongoing negotiation stasis at the WTO has been a key reason for the increasing turn to regionalism worldwide, in particular towards super-regional trade agreements (super-RTAs)<sup>4</sup> that can potentially threaten the supremacy of the WTO-led multilateral trading regime. The WTO has estimated the current costs of trading across borders at US\$2 trillion, and regulating border trade barriers plus cutting red-tape-related costs in the Bali package can provide a major stimulus to the world economy and boost trade flows as future trade costs decline<sup>5</sup>.

The Bali talks (formally the WTO's 9th Ministerial Conference, MC9)<sup>6</sup> mark 12 years since the Doha meeting that initiated an extremely ambitious agenda for multilateral trade liberalisation. Over the past decade, while realism has steadily replaced aspiration<sup>7</sup> as agreements on several

issues have proved very hard to reach, reaching some form of agreement has also become imperative if only to restore faith in the WTO's market-access negotiating prowess and its ability to forge new global trade rules. WTO Director-General Roberto Azevêdo has acknowledged that the WTO's credibility in its negotiation pillar depends on delivering a deal<sup>8</sup>, but *"the risk of failure is still present"* with little time left to deal with the remaining *"big icebergs"*<sup>9</sup>. This Policy Contribution reviews ongoing negotiations in Geneva and the national capitals on the proposals of the Bali package, and then discusses the imperatives of the WTO's post-Bali market-access negotiations.

### DOHA ROUND NEGOTIATIONS AND MC9

The current multilateral trade negotiation round was officially launched at the WTO's 4th Ministerial Conference in Doha in November 2001. The Doha Ministerial Declaration gave a mandate for negotiations, including on agriculture and services, and the Trade-Related Aspects of Intellectual Property Rights (TRIPS) and public health<sup>10</sup>, work on which had begun earlier. The work programme covers about 20 areas of trade. The Round is also semi-officially known as the Doha Development Agenda (DDA), because one of its fundamental objectives is to improve the trade-led growth prospects of developing countries. This feature differentiates the WTO-led trade negotiations from the clearly mercantilist motivations of the newly launched super-RTAs. In a scathing remark during the last weeks of his tenure, the then WTO Director-General Pascal Lamy had said *"those clever people who have declared Doha dead are missing the point of a process that is unique among trade negotiations in having development at its core"* (Donnan, 2013b).

Although hibernating since July-2008, the Doha Round was formally declared to be at an impasse in 2011 at the MC8. However, since early 2013,

**BOX 1: STATE OF PLAY – PRE-BALI NEGOTIATIONS AT GENEVA**

The Bali mini-package mainly comprises the three potential deliverable areas – agriculture, trade facilitation and special and differential treatment/least developed country (S&DT/LDC) issues. The possibility to include other elements, such as the dispute settlement review and the negotiations on Information Technology Agreement expansion (ITA-2), Government Procurement and Cotton have now receded given inadequate progress in these sectoral discussions.

Despite the significant progress in negotiations ahead of Bali, the Bali package is yet to be sealed, with trade facilitation having emerged as the surprise late-day deal blocker. The state of play as on 26 November 2013 is briefly outlined below:

**Agriculture:** the currently agreed upon package has been put forward as a down-payment on a bigger set of issues under negotiation as part of the Doha Round of trade talks. Two prominently contentious issues on 'export competition' and 'subsidies for food security' seem to have been largely resolved with the EU and India respectively having agreed to the compromises offered. The latest drafts on export subsidies would commit WTO members to ensure, to the maximum extent possible, that progress is maintained towards the elimination of all forms of export subsidies and other measures with equivalent effects, and commit members to keep these measures significantly below current commitments.

On the proposal concerning public stockholding for food security and domestic food aid, India's acceptance of the four-year term of the peace clause for breach of the WTO subsidy limit of 10 percent of the total farm output has helped to push the negotiations, albeit after the WTO membership agreed to a post-Bali discussion on a permanent solution on farm subsidies before 2017.

The US-China standoff on tighter disciplines for tariff rate quotas (TRQs) administration seems to also have been resolved with the creation of a special list that would allow developed countries to opt out from providing enhanced market access under the new rules after the WTO's 12th MC in 2019. Only the US is on the list as all other developed country members have assurance of not joining the US in opting out of the post-2019 requirements.

**Trade Facilitation** (WTO-speak for easing border barriers to trade): negotiations involve specific commitments countries will take to improve their customs procedures (Section I), and the special and differential treatment for developing and least developed countries (Section II). Despite substantial progress initially, the discussions are now stuck on how to balance the obligations of developing countries and the assistance granted to them. The trade facilitation mandate is notable in that it also includes language saying that developing countries will not be required to implement the commitments they take in Section I of the agreement unless they receive the technical assistance to do so.

Until recently, the customs cooperation issues were one of the hardest parts of negotiation; this was however resolved in October 2013. The remaining differences are primarily in Section I of the draft text, with around 50 or so items yet to be agreed upon. The discussions clearly require more signals of flexibility, but while meetings within smaller groups suggest existence of solutions on the horizon in most areas, lack of convergence has resulted in the uncertainty of the Bali outcome.

**Development issues:** negotiations on special and differential treatment (S&DT) have resulted in positive and steady advances on the Monitoring Mechanism and the 28 Cancún Agreement-specific proposals, with the current draft text indicating that the Monitoring Mechanism will serve as a focal point within the WTO to analyse and review all aspects of implementation of S&DT provisions. The priority LDC issues – duty free, quota free (DFQF) market access; rules of origin; cotton; and implementation of the LDCs services waiver – currently contain no brackets. However, the impasse announced on 26 November 2013 by Director-General Roberto Azevêdo has – as with the rest of the Bali package – left the future of these texts an open question.

Source: Reporting by the WTO Secretariat and weekly news reports by the Geneva-based think-tank ICTSD.

there have been signs of movement in the negotiations. At MC8 in Geneva in 2011, trade ministers formally directed the global trade body's members to explore new negotiating approaches in light of the stalemate in the trade talks; members since then have been realistic and pragmatic in order to avoid jeopardising the mini-Doha deliverables package for MC9. Work on preparing a Bali outcome of a 'mini-package' or an 'early harvest' of deliverables from the Doha Round began at a formal Trade Negotiation Committee meeting in December 2012. In contrast to analysts' wishful claims, however, WTO members have repeatedly stressed that any early package would not be the end of the line, but rather a milestone to gather momentum for the full conclusion of the Doha Round.

Talks in Geneva in the run-up to MC9 involved hectic negotiations on the three potential deliverable areas – agriculture, trade facilitation and special and differential treatment/least developed country (S&DT/LDC) issues (see Box 1 for a summary of the pre-Bali negotiation status in these areas). Overall, it appears that all the recent work at Geneva has generated the broad contours of convergence on the main sticking points of the deliverables of the Bali mini-package, including in the agriculture pillar that was the weakest part of the structure. Taking the last steps and overcoming unforeseen problems to sign the Ministerial agreement however calls for a continued show of strong political will and flexibility from the largest trading nations, in particular on the outstanding Trade Facilitation negotiating elements. As accepted by all, an MC9 declaration with some liberalisation commitments will go a long way to restoring confidence in the multilateral trading system's ability to deliver on its negotiation pillar, a much needed confidence boost in the present tough times of weak economic growth and subdued trade flows.

## THE WTO'S POST-BALI IMPERATIVES

The lack of progress in the Doha Round negotiations is often blamed on an outdated negotiating agenda, one that deals with the twentieth century trade issues like tariffs. Some analysts recommend that the Doha Round be abandoned in favour of a new round with a new agenda that addresses the present day economic and trade concerns. Notwithstanding the outcome at Bali, however, proper closure of the Doha Round is necessary before one can move onto a new round (Karmakar, 2009). Attaining this closure at the earliest should be the main item on the WTO's post-Bali agenda, to exploit the present negotiating momentum and hard-won zeal for cooperation and compromise between members. After the formal acknowledgement of the impasse in 2011, the Bali package was plucked from the wider Doha agenda as a watered-down but 'deliverable' set of elements for a deal. But as the members' experiences in the past year have shown, even agreeing on this watered-down version has involved tough choices by all the key stakeholders, including the toning down of entrenched rhetorical positions. The positive takeaway here is: multilateral negotiations can still deliver success, albeit at low levels of ambition. But the present euphoria of achievement should not be allowed to dissipate.

The Doha trade talks started at a time of great political vulnerability, having been launched just after the September 11 attacks in the US. The popular thinking of the time prompted WTO members to agree on an idealistic objective of promoting developing countries' interests and prioritising agriculture. Many of these developing economies are today performing much better than the crisis-ridden OECD countries in spite of the recent general growth nose-dive. Their better performance has skewed the balance of economic power and consequently revised the expectations of developing countries, in particular larger trading nations such as China, Brazil and India<sup>11</sup>. For developed countries, meanwhile, fear of losing past influence while negotiating in a democratic one-country-

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one-vote WTO system today, has in view of some analysts, led to the renewed zeal for super-RTAs<sup>12</sup>. Whether or not one accepts this reasoning for the strategic shift in the US and the EU's trade negotiating focus towards regional and bilateral agreements, it is certain that the perceived lack of worthwhile gains from the Doha Round has resulted in all major global trading nations redirecting their negotiating capital to presumably more viable bilateral and regional deals<sup>13</sup>. The feeling of irrelevance reigns supreme in the business disenchantment with the DDA<sup>14</sup>.

Many countries also seem satisfied with the status quo and appear to be in no particular hurry to introduce new global rules to regulate multilateral trade in present times of extreme uncertainty and weak growth<sup>15</sup>. The WTO's post-Bali imperative to regain its past credibility therefore needs to be based on crafting a time-relevant trade negotiating agenda to reverse the current disenchantment with multilateralism, which in turns calls for a conclusion to the Doha Round at the earliest. But quickly delivering on the development round as proposed under DDA in order to move onto a new trade agenda requires that members do not complicate the current negotiating process further by adding onto the existing Doha agenda in a misguided wish to provide gains for all under the single undertaking mandate. It may be recalled that one of the perceived reasons for the DDA negotiation stasis is an overloaded agenda.

Of the several identified causes for the intractability of the Doha Round, the western analysts largely underplay the fact that over time, developed countries tended to consider the DDA as yet another mercantilist trade round, ignoring the development aspect agreed upon at the time of the launch of the Round. However, it may be worth considering that a satisfactory agreement in the agriculture market access and farm-subsidy negotiations in favour of the developing and least-developed countries could well turn out to be the most effective means to get the Round completed, as it will best fulfil the DDA's development mandate.

From this perspective, the easiest way to conclude the Doha Round (assuming the Bali-package will be implemented immediately and reforms are not

backloaded) will be for the members to pick out another select set of development-focused deliverables from the expansive DDA agenda and quickly negotiate on them, with a clear objective of clearing the deck to enable the WTO membership to embark on the new trade agenda. Speed is of the essence in order to benefit from the current momentum of negotiations and the feeling of compromise in favour of multilateral trade negotiations.

Agriculture has remained the key stumbling block for conclusion of the Doha Round and one of the major bones of contention between the developed countries and the rest in the Doha Round agriculture negotiations (Matthews, 2013). A large part of the agriculture negotiations in DDA, it may be recalled, is basically housekeeping and legacy issues from the Uruguay Round. Notwithstanding their public posturing at the WTO, negotiators from developing and least-developed countries, and in particular those with significant market access interest, agree in private that it is difficult to get over the feeling of deception over developed countries' unfulfilled Uruguay Round agricultural commitments<sup>16</sup>. Thus, in order to assuage the feelings of this large group of stakeholders and make them more likely to be flexible in other areas, conceding in agricultural negotiations is necessary. For sure, developed countries will need to address this particular elephant in the room if they wish to lend serious support to the WTO beyond paying lip-service to the cause of trade multilateralism.

And this calls for political will and grit to step out of the comfort zone and habit of receiving concessions without making any major concessions, which was possible in the early GATT (General Agreement on Tariffs and Trade) days when developed countries had full control of the trade negotiating agenda and the pace of liberalisation to suit their own domestic openness. Throughout the history of GATT and early WTO, the developed countries have not had to make any difficult concessions even in tariff liberalisation commitments while negotiating the global trade agreement, unlike the developing country members. The former simply committed their domestic regime in the WTO in exchange for tough concessions from developing countries and the countries in accession.

An important bone of contention in the pre-Bali negotiations was the G-33 (Group of 33 developing countries with large populations of smallholder farmers) proposal concerning public stockholding for food security and domestic food aid<sup>17</sup>. An objective of the proposal is the need to correct the imbalance in the treatment of subsidies between developed and developing countries. This historical inequity can only be addressed under DDA, and the conditional Bali mini-package has an in-principle agreement from the WTO membership to negotiate on the agriculture subsidies and their classification issues by 2017. With the recent Common Agricultural Policy (CAP) reforms, however, the EU is better placed than the US to be proactive and to attempt a resolution in post-Bali agricultural negotiations<sup>18</sup>.

The same concession-making mindset is needed for negotiations on other domestic regulations and practices; the US approach to regulatory harmonisation under the WTO is to apply its domestic regulatory reforms on a global basis, while urging the rest to accept the US approach to regulating, most critically seen during the anti-dumping negotiations on zeroing<sup>19</sup> and the discussions at the WTO on Sanitary and Phyto-Sanitary and Technical Barriers to Trade measures.

However, a solution to the Doha Round impasse cannot be found within the agricultural negotiations alone. Also key from a developing country perspective is putting to rest the unfinished business of industrial goods liberalisation, especially the persistent protection in developed countries of key labour-intensive manufactured goods of export interest. Some researchers have proposed that a conditional offer of reduction in tariffs be made in return for opening negotiations in other areas, to be otherwise revoked by the countries concerned if sufficient progress is not seen. However drawbacks remain from the same unresolved special and differential reciprocity problem which has dogged the Doha Round negotiations.

But given the tortuous industrial goods tariffs

negotiations in the past ten years, it appears that an easy way could be for the major developing countries to unilaterally make the commitment to bind the applied industrial tariffs in exchange for elimination of tariff peaks and tariff escalation in developed countries in labour-intensive manufactured products such as apparel and footwear. Global trade liberalisation has progressed most satisfactorily when countries have made unconditional unilateral offers of liberalisation out of self-interest (including global public good) motivations, rather than through reciprocal market access negotiation. In the new areas of trade, forward momentum in negotiations cannot be generated without first trying to resolve the Doha Round conflicts, and the residual Uruguay Round misunderstandings.

Furthermore, the post-Doha agenda should not make the mistake of creating another Doha-style issue overload – which several North American trade policy researchers have recommended. Negotiations should be on a series of narrower and more focused agreements under WTO auspices as plurilaterals or any other variable geometry group, as was attempted during the Tokyo Round. But more importantly, the new trade liberalisation agenda should recognise the centrality of global value chain production and trade patterns when (re)designing global trade governance rules in order to reflect new business models and trade trends; the trade facilitation agreement under discussion for MC9 is only a part of this requirement, albeit an important first part.

Ongoing research on the effectiveness of use of trade defence mechanisms by the EU has identified that inter-sectoral contradictions and conflicts of interests within the solar industry value chain was a key reason for the muting of big-business support for the recent EU-China solar panel anti-dumping case (Karmakar, 2013b). This was a direct consequence of the business and investment interdependence and intra-sectoral trade in the solar industries of the disputing sovereigns, which had made the use of trade defence a costly

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way of redressing the anti-competitive behaviour of Chinese exporters. This brings to the fore the pitfalls of invoking trade defence instruments in the world of global value chain trade, which must be reflected in the future WTO round agenda. The centrality of value chain trade in setting the new trade agenda would also blur the traditional north-south divide in trade negotiations and thus help in mitigating somewhat the increasing concerns of free-riding by developing countries in their market access commitments, as allowed under the current WTO country classification system<sup>20</sup>.

Finally, the post-Doha new trade agenda should

carefully avoid bringing in non-trade issues, such as energy, currencies, sustainable development and the environment, notwithstanding the great attraction of the WTO as a desirable global trade rule monitoring system given its fully functional and widely respected dispute-settlement mechanism. There is no doubt these are issues for which global governance needs to be strengthened and implemented, but it is hard to see how adding them to the WTO agenda now would raise the probability of success in the trade negotiations. The WTO should stick to pure trade and market access issues, leaving the rest of the laudable concerns in the care of their respective global organisations.

## NOTES

- 1 The volume of world merchandise trade (ie goods trade adjusted to account for changes in prices, exchange rates and seasonal variation) was only up 1.2 percent in the first half of 2013 compared to the same period in 2012. Source: WTO PRESS/694, 19 September 2013.
- 2 However, Donnan (2013a) notes that many argue that, in a globalised world where competitiveness of multinational companies are dependent on international supply chains, trade growth can only pick up and head back towards previous norms once the economies stabilise.
- 3 Yemen's accession formalities were completed in late September and the country will formally join the WTO as its 160th member at the Bali Ministerial Conference.
- 4 The most high profile are the Trans-Pacific Partnership (TPP) negotiations spearheaded by the US and the recently launched Trans-Atlantic Trade and Investment Partnership (TTIP) negotiations between the EU and the US; a third RTA in the making that involve large trading partners is the Regional Comprehensive Economic Partnership agreement (RCEP or the ASEAN+6). These talks are seen as a way around the stalled WTO negotiations, in the hope that by completing ambitious deals with Europe and the Pacific nations, the US will set an example for the rest of the world to follow (Cernat, 2013). Since the formation of GATT, notable attempts in regionalism have been EU, ASEAN, NAFTA, APEC and Mercosur.
- 5 While it is difficult to accurately predict the exact pecuniary impact of trade facilitation agreement, since the gains are a function of ambition as well as the exact language of the text of the agreement, projected benefits of improved trade facilitation are often large. The OECD had calculated that each 1 percent saving in trade-related transaction costs saves US\$43 billion (OECD, 2003). Former DG Pascal Lamy noted in an early 2013 speech that *"removing barriers to trade and cutting red tape in half, which is what a multilateral Trade Facilitation Agreement could deliver, could stimulate the US\$22 trillion world economy by more than US\$1 trillion... the economic effect of removing all tariffs"*; [http://www.wto.org/english/news\\_e/sppl\\_e/sppl265\\_e.htm](http://www.wto.org/english/news_e/sppl_e/sppl265_e.htm). Anderson and van Wincoop (2004) estimated that reforming the information and language barrier (covered under the transparency concept of trade facilitation negotiations) would have an impact equivalent to a 13 percent tariff reduction while the administrative burden of trade procedures is equivalent to 8 percent of tariffs.
- 6 3-6 December 2013, <https://mc9.wto.org/>. The WTO is legally mandated to hold biennial Ministerial Conferences.
- 7 Some observers now believe that the priority of the multilateral framework now appears to be to preserve the gains achieved in the pre-Doha period, mitigating the risks of backsliding towards more and more protectionist actions by countries, of which there are visible signs and over which the G20 leaders themselves have expressed concern (Evenett, 2013).
- 8 Mr Azevêdo told members in his debut address to the WTO's General Council that *"the perception in the world is that we have forgotten how to negotiate. The perception is ineffectiveness. The perception is paralysis... We must send a clear and unequivocal message to the world that the WTO can deliver multilateral trade deals"*; [http://www.wto.org/english/news\\_e/news13\\_e/gc\\_09sep13\\_e.htm](http://www.wto.org/english/news_e/news13_e/gc_09sep13_e.htm).
- 9 Statement at the Informal Meeting of the Trade Negotiations Committee, 12 November 2013; [http://www.wto.org/english/news\\_e/news13\\_e/tnc\\_infstat\\_12nov13\\_e.htm](http://www.wto.org/english/news_e/news13_e/tnc_infstat_12nov13_e.htm).

- 10 The TRIPS and public health discussions address the concerns expressed by developing countries regarding the possible adverse implications of the TRIPS agreement on access to medicines for the poor, especially during times of health crisis. The decision adopted by the WTO allows countries that can make drugs to export drugs made under compulsory licence to countries that cannot manufacture them, a derogation from the TRIPS agreement since products made under compulsory license must normally be predominantly for the domestic market. This makes it easier for poorer countries to import cheaper generics made under compulsory licensing if they are unable to manufacture these themselves. See [http://www.wto.org/english/tratop\\_e/trips\\_e/wtl641\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/wtl641_e.htm).
- 11 Some developing country analysts however contend that the *"US is also portraying as though the emerging economies are very strong and that they can easily undertake the commitments demanded by the US"* and thus pushing them to adopt a leadership position at the WTO negotiations [Narayanan, 2013].
- 12 This is particularly relevant for the US, which has abandoned its traditional leadership in the WTO multilateral trade negotiations in favour of regionalism; US leadership has been conspicuously absent in the Doha Round [Lawrence, 2011], while the US has been aggressively negotiating multiple super-RTAs with like-minded trade partners. The latter are expected to generate a new momentum for ambitious liberalisation and provide a boost to economic growth, in particular in the participating developed member countries, as well as reinforce their global influence as international standard- and rule-setters. The EU has also generally taken a non-aggressive stance in the Doha Round, and despite supporting consensus building in service sector negotiations, has kept a low profile in most of the major DDA controversies other than in the agriculture negotiations.
- 13 A recent opinion poll in the Asia-Pacific clearly showed the low preference and even disinterest of regional opinion-leaders to push for Doha's conclusion; only 8.4 percent of respondents were convinced that a conclusion for the WTO DDA was likely by 2015, as opposed to 33 percent for TPP, 19.1 percent for TTIP and 18.8 percent for RCEP.
- 14 Chart 2.16, PECC (2013). The WTO DDA has steadily dropped as a priority for APEC leaders over the years from a high of 52.1 percent in 2007 to a low of 15.7 percent this year. Of even greater concern is the lack of interest from the business community, only 10.9 percent of whom thought APEC leaders should spend time discussing the Round, compared to 37.2 percent who thought time should be spent on regional economic integration and corruption. More importantly there are now serious systemic questions facing the multilateral trading system that outweigh estimates of economic benefits. It is clear at least from this survey that high level business support for negotiators to make concessions is going to be limited.
- 15 In fact, in the aftermath of the 2008 crisis, popular perception in the developed countries has turned decidedly anti-globalist. Even the developing countries, including the large emerging markets, seem to have concluded that there was not enough offered by the developed countries to further dismantle their own policy barriers.
- 16 Crucial to understanding the dynamic of the negotiations on agriculture in the Doha Round is the sense of grievance felt by developing countries about the outcome of the Uruguay Round, including in agriculture [Ostry, 2000]. The broad outline of the Uruguay Round bargain was that developing countries accepted disciplines in new areas such as services trade, intellectual property and investment in return for market access concessions by developed countries in the areas of agriculture and textiles and clothing which was not satisfactorily met. Resentment was felt for a number of reasons, including dirty tariffication and the flexibility offered by the modalities of liberalisation (such as selection of base year and backloading of commitments) which meant that developed countries offered little additional market access [Matthews, 2013].
- 17 JOB/AG/22, also endorsed by the UNCTAD and now the European Parliament (EP document B7-0493/2013, dated 13 November 2013). The proposal suggests that governments in developing countries would be allowed to purchase unlimited food at government-set prices (not market prices) with the objective of stocking it for food security purposes, without this being considered as trade-distorting domestic support. The existing WTO food subsidy rules are stricter than those governing the rich world's export subsidies for farmers. Research in the past decade has clearly shown that in the presence of high degree of dumping in agriculture (for example, the dumping margin of US agri-businesses exports between 1990-2003 was 10 percent below cost for corn and more than 50 percent for cotton), trade liberalisation/ free trade has unquestionably failed to improve food security. A summary of the key proposals can be found at: <http://ictsd.org/i/news/bridgesweekly/149960/>, and Bellmann *et al* (2013).
- 18 As a positive from the negotiation perspective, EU leaders have agreed to reduce overall CAP spending for 2014-20 by 13 percent compared to the 2007-13 period. This is a reversal of the earlier trend of increases in the overall farm domestic support in developed countries. For a detailed discussion, see, Karmakar (2013a). The cuts in the recently proposed US Farm Bill on the other hand come from slashing the food stamps programme rather than support for Big Agriculture.
- 19 Zeroing is a calculation device used by the US to establish this anti-dumping duty, in which the negative values in dumping difference calculations are counted as zero. WTO rulings have confirmed that this method increases, often

substantially, the exporter's margin of dumping and thus the amount of anti-dumping duty that the exporter has to pay.

- 20 The WTO classifies member countries into three (self-designated) categories – developed, developing and least-developed – and allows for lesser commitments from the latter two in negotiations for promoting development. In the Doha Round in particular this has led to major angst from the first group who feel that some of the developing countries are hiding behind their developing country status and not pulling their weight in the negotiations. Developing countries have also been accused by some as having gotten the earlier GATT-WTO Rounds for free. Part of this unjust criticism is due to the fact that countries are allowed to self-designate their development status, which has led to no country voluntarily moving up the ladder in the WTO, even when they have joined OECD ranks. The other part stems from the rising feeling in an increasingly anti-globalist west that the WTO rules disproportionately benefit the larger developing countries, a feeling that has intensified further in aftermath of the 2008 financial crisis and because of the ensuing weakened economic prospects in developed countries.

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