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**Research Report**

## So alike and yet so different: A comparison of the Uruguay Round and the Doha Round

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# SO ALIKE AND YET SO DIFFERENT: A comparison of the Uruguay Round and the Doha Round

By Peter Kleen

Number 02/2008



**About Jan Tumlr:** The late Jan Tumlr was a leading scholar of trade policy, with a distinctive constitutional, classical-liberal defence of free trade drawn from his reading of law and economics. A Czech by origin, Jan Tumlr emigrated to the West in the 1940s and in 1967 became the Director of Economic Research and Analysis at the General Agreement on Tariffs and Trade (GATT). He supervised the economic research of the GATT for almost two decades, and was known as the GATT's "resident philosopher". Tumlr emphasised the structural nature of protectionism as the outgrowth of overactive government at home. He strongly advocated a rule-based international economic order pillared on free trade and constitutional democracy.

- Read more about Jan Tumlr at [www.ecipe.org/tumlr](http://www.ecipe.org/tumlr)

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## Executive Summary

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- This paper provides a substantive comparison of the Uruguay Round and the Doha Round, discussing how the similarities and differences have affected the two rounds, and what insights and lessons could be drawn for future efforts to liberalize trade within the World Trade Organization (WTO).
- There are many similarities between the Uruguay Round and the Doha Round. Both have been long and arduous and gone through several crises. The negotiating agendas have been broad, covering both traditional and non-traditional issues—at least at the start. The differences, though, are more striking. The two rounds had different driving forces, negotiation content, and actors, but the handling of new issues is the factor that most distinguishes the Doha Round from the Uruguay Round. The Uruguay Round introduced into the world trading rules comprehensive frameworks in trade in services and intellectual property. In the Doha Round, however, the only truly new issues were eventually dropped.
- By scaling down the Doha agenda, the focus on the market access issues in the goods area has increased. A success depends on breaking the “iron triangle”—getting the European Union (EU) to move on agricultural tariffs, the United States (US) on domestic agricultural support and the major developing countries on industrial tariffs. The complicating factors are that further reductions of support and tariffs are politically highly sensitive for many developed and developing countries and there are extremely limited possible trade-offs with concessions in other negotiating areas. Hence the present stalemate.
- In contrast to the Uruguay Round, the Doha Round has made special and differential treatment of developing countries a main component in its agenda. The high-flown rhetoric and the far-reaching pledges in the Doha Declaration will be difficult to back up with concrete and substantial concessions.
- Two other important differences are the emergence in the Doha Round of several different, often defensive and fluid, coalitions of developing countries and the disappearance or reduced influence of the mixed groups of outward looking developed and developing countries, which played bridge-building roles in the Uruguay Round. In addition the tables have been turned in terms of the roles of the business and the non-business parts of civil society.
- All of the above have complicated the main business of the WTO, i.e. negotiating trade agreements. However, conducting negotiations remains the *raison d’être* for the WTO. There are still many problems and issues in the world trading system that negotiations, and not trade dispute litigation, should solve. Such negotiations, however, need not be in the form of big rounds like the Uruguay Round and the Doha Rounds. Instead, they could be less ambitious and more incremental and yet be successful.
- Whatever form they take, future trade negotiations must muster support from the business community as well as from other parts of the civil society. The issues at stake must seem relevant and urgent, for if the world economy keeps growing at more or less the present pace, it is hard to imagine that WTO issues would figure highly on the business agenda.

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## Acronyms and Abbreviations

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ACP	African, Caribbean and Pacific
ASEAN	Association of Southeast Asian Nations
ATC	Agreement on Textiles and Clothing
Café au Lait group	Forerunner to the de la Paix group in the Uruguay Round
Cairns Group	19 agricultural exporting developed and developing countries
CARICOM	Caribbean Community and Common Market
Cotton-4	Coalition of Benin, Burkina Faso, Chad and Mali, demanding the complete phase-out of subsidies on cotton in the Doha Round
DDA	Doha Development Agenda
De la Paix group	Developed and developing country coalition in the Uruguay Round
EBA	Everything But Arms (EU tariff preferences for LDCs)
EC	European Communities
EFTA	European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland)
EU	European Union
G90	Alliance of the ACP countries, the LDCs, the North African countries and South Africa
G33	Coalition of 47 developing countries, focused on defending their interests in subsistence agriculture, food security and rural livelihoods
G20	Coalition of developing country agricultural exporters: Argentina, Bolivia, Brazil, Chile, China, Cuba, Ecuador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Tanzania, Thailand, Uruguay, Venezuela and Zimbabwe
G10	Coalition of members in the agricultural and fish sectors: Chinese Taipei, Iceland, Israel, Japan, Liechtenstein, Mauritius, Norway, Republic of Korea and Switzerland
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
ICC	International Chamber of Commerce
ITCB	International Textiles and Clothing Bureau, acted as a coordinator for 20 textile and clothing exporting developing countries in the Uruguay Round
LDCs	Least-developed countries
MFA	Multifibre Arrangement (replaced by ATC)
MNE	Multinational enterprise
NAMA	Non-agricultural market access (in the Doha Round)
NGO	Non-governmental organization
OECD	Organization for Economic Co-operation and Development
PSI	Pre-shipment inspection
PTA	Preferential trading arrangement (bilateral or regional)
SDT	Special and differential treatment
TPRM	Trade Policy Review Mechanism
TRIMs	Trade-Related Investment Measures
TRIPS	Trade-Related Aspects of Intellectual Property Rights
US	United States of America
WTO	World Trade Organization

## I. Introduction<sup>1</sup>

THE DOHA ROUND<sup>2</sup> is the first multilateral trade round within the World Trade Organization (WTO). Originally, the round was planned to finish in January 2005, but it has been successively prolonged, suspended and prolonged again. A successful outcome of the negotiations now all depends on participating countries agreeing as to how far to reduce industrial and agricultural tariffs and subsidies, but the political sensitivities of both the developed and developing members are strong on this issue. It is highly doubtful whether the US Congress would enact a new Trade Promotion Authority,<sup>3</sup> at least before the US presidential election. With that factor and a new EU<sup>4</sup> Commission in 2009, the prospects for finishing the round in 2008 are bleak. Either it will fizzle out or it will simmer slowly until 2009–2011. If the latter, the round will have lasted four to six years more than was originally planned, at least as long as the Uruguay Round (1986–1993), the last trade round held under the auspices of General Agreement on Tariffs and Trade (GATT).

This paper compares the Uruguay Round to the Doha Round in order to get a better understanding of current problems as well as future strategies. Global trade negotiations of the kind that these rounds represent are extremely complex and multi-faceted political processes. Therefore, I will not go into the subject matter and the different negotiation phases of each round. Instead, I will focus on some general characteristics: the driving forces behind the two rounds, the evolution of the respective agendas in terms of both new and old issues and the main actors. Although holistic in its ambition, this paper confines itself to the substantive matters of the negotiations. It does not give a detailed account of the politics of the two rounds and does not try to be a comprehensive assessment of other relevant policy developments.

This type of comparison has of course its obvious risks. As the fate of the Doha Round is still uncertain, I cannot compare the exact results of the two rounds. The experience of earlier trade rounds, not least the Uruguay Round, shows that much can happen in the last phases of the negotiations. However, I take the risk since the aim of this paper is not to describe the various phases of the negotiations and the possible outcome of the negotiations on the different subject areas but rather to identify general aspects that would make it easier to see the wood for the trees, irrespective of whether the Doha exercise ultimately succeeds.

The paper is structured as follows. Chapter 2 describes the background and road to the initiation of the Uruguay Round and the Doha Round. Chapter 3 contains a comparison of the evolving frameworks for both rounds, both the original terms of reference and the supplementing declarations and decisions at various high level meetings. I examine three factors in this context: the treatment of new issues, the market access negotiations and special and differential treatment. Chapter 4 describes the main actors—governmental as well as non-governmental. Chapter 5 discusses what insights and lessons for the future could be drawn from this comparative analysis.

1. I am grateful to Roderick Abbott, Lars Anell, Geza Feketekuty, David Hartridge, Mats Hellström, Bernard M. Hoekman, Alejandro Jara, Åke Lindén, Patrick Low, Sheila Page, Razeen Sally and Lucy Davis and Fredrik Erixon for useful comments received on an earlier draft of this paper.
2. This paper refers to the Doha Round instead of the Doha Development Agenda (DDA). This is logical since the DDA also includes issues that do not involve negotiations.
3. Under this authority future international trade agreements will be subject to an up-or-down vote, but not amendment in Congress. This gives other countries confidence that the agreements they negotiate with the US will not be subject to subsequent renegotiation.
4. Throughout the paper the acronym EU is used despite the fact that it is still the EC (European Communities), not the EU, which is a member of the WTO (as well as all the individual member countries).



## 2. Background and setting

### *The road to the Uruguay Round*

WHEN THE TOKYO Round in GATT finally concluded in 1979 after nearly six years of negotiations, the feeling among many exhausted negotiators was “never again”. In less than three years, though, the US raised the idea of a new round. Following its traditional role, the US was the driving force behind the round and sought liberalization of world agricultural trade (where the Tokyo Round and earlier GATT-rounds had failed) and multilateral rules for investment and trade in services. Moreover, American multinational enterprises (MNEs), especially the pharmaceutical industry, were demanding stronger measures against the infringement of various intellectual property rights. The US administration also saw a new round as a way to counter protectionist pressures that were being fed by the large US trade deficit and mounting job losses. There were even plans in the US Congress to impose an import surcharge on all imports.<sup>5</sup>

The other big actors held conflicting views as to the desirability and necessity of starting a new multilateral trade round. The EU was not particularly interested in supporting new initiatives in the GATT. Its stance was primarily defensive because of its interests in agriculture. Japan hid behind the EU and hoped that nothing would happen.<sup>6</sup> The other active developed contracting parties in the GATT—Australia, Canada, Sweden and Switzerland—leaned towards the US position.

The developing countries were deeply split. A group of 10 hardliners<sup>7</sup>, under the leadership of India and Brazil, fiercely opposed a new round, especially the inclusion of services, intellectual property and investments, which was central to the US’s agenda. However, most of the developing countries were prepared to enter into negotiations under certain conditions. Among the factors behind the less negative attitudes of these countries were a growing realization of the limitations of their

earlier import substitution policies and, perhaps more importantly, the threat of unilateral actions against their exports in the US market.<sup>8</sup>

AT THE END of 1983 the Director General of GATT, Arthur Dunkel, invited an independent group of businessmen, academicians and civil servants to study and report on problems facing the international trading system. Fritz Leutwiler, then head of the Swiss National Bank, chaired the group. Its report, *Trade policies for a better future*<sup>9</sup>, was published in 1985 and gave a strong push for a new round of multilateral trade negotiations. The Leutwiler report was remarkably prophetic and included recommendations that were fulfilled in the final settlement of the Uruguay Round: clearer and fairer rules for agriculture, dismantlement of grey zone measures, the return of textile and clothing to normal GATT rules, surveillance of individual countries’ trade policy, multilateral rules for trade in services and reinforcement of the dispute settlement procedures.

After an inconclusive ministerial meeting in GATT 1982 and a lot of infighting between the proponents and opponents of a new round, the contracting parties of the GATT in 1985 at least managed to set a date for a ministerial meeting in Punta Del Este, Uruguay, in September 1986, with the intention of launching the round. However, with regard to the substantive issues, the deadlock was almost total between US and EU on the one hand and the hardliners on the other. This deadlock induced several outward-looking developed and developing countries to join together in early summer 1986—just a few months before the Punta Del Este meeting—and hammer out their own proposal for a Ministerial Declaration giving a mandate for the new round.

The group of initially more than 40 developed and developing countries got the nickname “Café au Lait”<sup>10</sup> because it was chaired by the Colombian and Swiss ambassadors. In time, the US and the EU unofficially joined the discussions without formally associating themselves with the coalition. It is worth noting that the discussions

5. Schott (1994), Croome (1999) op cit.

6. Hellström (1999) op cit.

7. Argentina, Brazil, Cuba, Egypt, India, Nicaragua, Nigeria, Peru, Tanzania and Yugoslavia. Six of these countries are today members of the G20 group, which was born just before the Cancún ministerial in 2003.

8. WTO (2007).

9. GATT (1985).

10. Narlikar (2006), Hellström (1999). The group grew from 48 to 60 members.

of the group were conducted in the EFTA building without any involvement or administrative assistance from the GATT secretariat and in parallel with Director General Arthur Dunkel's fruitless efforts in the GATT building to get India, Brazil and other hardliners on board.

The Café au Lait group also comprised most members of the 14 agriculture exporting developed and developing countries who, just before the meeting in Punta Del Este, formed the Cairns Group at a meeting in Cairns, Australia, in August 1986. The formation of this group increased pressure for prioritizing the agricultural issue in the agenda for the new round.

Before the ministerial meeting, the chairman for the ministerial received two comprehensive papers—one from India and Brazil and the other from the Café au Lait group.<sup>11</sup> After a couple of days of acrimonious discussions, the Chairman decided to base the negotiations on the Café au Lait paper, which after only minor—mostly editorial—changes emerged as the Ministerial Declaration on the Uruguay Round. Without the efforts of the Café au Lait coalition, the meeting would likely have ended in failure.

### *The road to the Doha Round*

THE OUTCOME AND effects of the Uruguay Round very much influenced the conditions for the launch of the Doha Round. The Uruguay Round had extended considerably the realm of world trade rules with agreements on intellectual property and trade in services in exchange for finally tackling agricultural protectionism on a broader scale and getting rid of the textile and clothing quotas. However, no substantial liberalization had been accomplished in either services or agriculture. For this reason, further liberalization negotiations at the beginning of the new millennium would start on these two issues, the “built-in agenda”.

This Uruguay Round package has sometimes been characterized as the “North-South grand bargain”. However, the bargain turned out to be a “bum deal” in the eyes of some developing countries.<sup>12</sup> These countries came to see the balance of the Uruguay Round's outcome as tipped against their interests.

On top of that, the formation of WTO had led to the decision to collectively associate all countries to all new (and previous) agreements<sup>13</sup>—irrespective of whether the countries in question had participated in the negotiations or shown any interest in these agreements. This led to dramatically increased obligations and implementation costs for most developing countries.<sup>14</sup> Furthermore, not only non-governmental organizations (NGOs), but also academic circles considered the results to be balanced in favour of the developed countries. Especially the agreement on intellectual property (TRIPS) was characterized as alien to the world trading system.

IN THE EYES of the EU Commission, the built-in agenda from the Uruguay Round had no chance of being concluded successfully. Only an all-encompassing round, i.e., one that also took on broader issues to strengthen the world trading rules, could provide the framework within which concessions in agriculture could be balanced against other subject areas.<sup>15</sup> Old negotiating cards like the Multifibre Arrangement (MFA) were no longer available.

Thus, the EU favoured negotiations also on various issues in the regular work programme of the WTO—trade and environment and the so-called “Singapore issues”<sup>16</sup> (trade and investment, trade and competition, transparency in government procurement and trade facilitation). Many regarded the EU motives as mostly tactical. According to one researcher, the EU position can be understood as a desire to promote rule-making in

11. GATT (1986).

12. Ostry (2006), Narlikar (2006).

13. This is nowadays—wrongly in my view—referred to as “a single undertaking”. Both the Punta Del Este Declaration and the Doha Declaration contain a special paragraph on the principle of “a single undertaking”, meaning that no deal could be made separately on any subject (read: agriculture) except within a “single undertaking”. Since this original meaning of the concept still is valid, its new “interpretation” undeniably creates some confusion.

14. National Board of Trade (2004).

15. Carl (1999).

16. The term Singapore issues stems from the decision at the WTO Ministerial meeting in Singapore in 1996 to study these four issues within the regular work program of the WTO.

the WTO in order to provide a regulatory framework for liberal markets on the one hand and the interests of exporters and investors in reduced costs and a predictable environment for investment on the other.<sup>17</sup> The relatively uncommitted lobbying from the EU business community in regard to investment and competition in particular contrasted with the determined opposition of some of NGOs, according to which investment rules in the WTO would undermine national policy autonomy in both developed and developing countries.<sup>18</sup>

On the US side, businesses and other groups seemed less interested in grand multilateral initiatives and liberalization efforts than on earlier occasions. This was quite logical since the US had achieved its main objectives in the Uruguay Round. The US therefore wanted to restrict a new round to market access issues (agriculture, industrial products and services) and was skeptical/negative to the idea of including the Singapore issues as well as trade and environment.

THE DEVELOPING COUNTRIES generally were not prepared to initiate a new round before they had digested the results of the previous round. On the Singapore issues, especially competition and investment, the developing countries were deeply split. The developing countries' resistance towards a new round subsided with a separate decision to handle the problems and concerns of the implementation of some of the Uruguay Round agreements and with commitments by the EU Commission and some EU members to provide technical assistance to increase the capacity of developing countries to participate in trade negotiations. The slowing down of the international economy and the political situation after the terror attacks in the US on September 11 facilitated the decision to start the Doha Round. To this can be added the leadership of and good working relationship between Pascal Lamy, the EU's trade commissioner, and the new US trade representative Robert Zoellick despite the substantial differences in the positions between these major players. Intense lobbying by Mike Moore, then Director General of the WTO, and consultations with key countries and stakeholders were also contributing factors behind the launch of the Doha Round.<sup>19</sup>

The environment into which the round was initiated was different in another way from the environment at the launch of the Uruguay Round. The parties for the Uruguay Round could concentrate on hammering out an ambitious agenda without being too much disturbed by protests from the "civil society". The public didn't know much about the GATT and didn't care. This changed dramatically in the 1990s. From the middle of 1990s and onwards, the critique against globalization and international bodies like the WTO, IMF and the World Bank gained considerable strength. The first "scalp" was the demise in 1998 of the planned multilateral agreement on investment in OECD, when France, under pressure from some NGOs, unilaterally withdrew from the negotiations. With the help of Internet, NGOs had no difficulties in rallying support all over the world for their cause. The stillborn and disastrous ministerial meeting in Seattle 1999 was a watershed in attracting the attendance by NGOs beyond the traditional fields of business, environment, development and labour groups<sup>20</sup>.

Thus, the driving forces behind the launching of the last GATT-round and the first WTO-round were very different. The Uruguay Round came into being because a critical mass of outward looking developed and developing countries—putting the recalcitrant countries "offside"—considered it necessary to expand and "repair" the world trading system, making it more up to date. In contrast, the Doha Round became necessary in order to achieve substantial liberalization in the built in agenda within a fixed timeframe. At the same time a new round offered the opportunity to address the problems that the outcome of the previous round had created for the developing countries.

### 3. The negotiation framework

THE PUNTA DEL Este Declaration of 1986 and the Doha Declaration of 2001 laid out the basic terms of reference for the Uruguay Round and the Doha Round respectively. In both cases, the timetable for concluding the negotiations turned out to be unrealistically optimistic (see

17. Woolcock (2005), op cit.

18. Ibid.

19. Moore (2003).

20. WTO (2007), op cit.

Table 1). The Uruguay Round was supposed to last four years. The Doha Round was supposed to be even shorter—just slightly more than three years. These deadlines were broken as a result of various crises that led to frequent interruptions and even temporary suspension of the negotiations. It is highly probable, though, that without these deadlines both rounds would have gone on for even longer. Considering the politically sensitive issues at stake and with the participation of more than 100 countries with vastly different development levels, interests and priorities, it is not a surprise that negotiations are protracted and come to a standstill from time to time.

**TABLE 1: DURATION OF TRADE ROUNDS SINCE 1960S**

Dillon Round	1961-62	2 years
Kennedy Round	1964-67	3 years
Tokyo Round	1973-79	6 years
Uruguay Round	1986-94	8 years
Doha Round	2001-	? (initially planned for 3 years)

More important than the actual length of the negotiations is whether the negotiating parties have managed to stay on track or have deviated from what the original terms of reference laid out. As is shown in Table 2, the basic declarations for both rounds were supplemented during the course of the negotiations.

**TABLE 2: THE EVOLVING FRAMEWORKS**

<b>URUGUAY ROUND:</b> -Ministerial Declaration on the Uruguay Round, September 21, 1986, in Punta Del Este ("Punta Del Este Declaration")  -Decisions of the Trade Negotiations Committee in Montreal, December 1988, and Geneva, April 1989 ("Mid-term review")	<b>DOHA ROUND:</b> -Ministerial Declaration, November 14, 2001, in Doha ("Doha Declaration")  -General Council Decision, August 1, 2004, in Geneva ("July 2004 package")  -Ministerial Declaration, December 18, 2005, in Hong Kong ("Hong Kong Declaration")  -...?
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-Compared with the previous trade rounds, the agendas for both the Uruguay Round and the Doha Round have been extremely broad and diverse, including both traditional and non-traditional issues. Between the two, contrary to what has been stated<sup>21</sup>, the Uruguay Round's agenda was somewhat broader, covering 15 subject areas against 12 in the Doha Round (after 2004 reduced to 9). Furthermore, after the mid-term review, the Uruguay Round was expanded in crucial areas such as intellectual property and, later, with the decision to create a brand new institution, the World Trade Organization.

It would be impossible—and a disservice to the reader—to try to cover all of the rounds' negotiation subjects in a paper like this. I have therefore concentrated on three aspects that I consider to be of particular importance: treatment of new issues, the market access negotiations<sup>22</sup> and special and differential treatment of developing countries.

### 3.1 Treatment of new issues

A GOOD YARDSTICK for how bold and ambitious the respective trade rounds have been is the way in which the parties have approached and dealt with new issues. With "new" issues I mean subject areas that at any given time are not covered by the existing set of rules in GATT/WTO and that imply new substantial commitments or obligations for the contracting parties/members.

From the start of the GATT in 1948 and up to the end of 1960s, multilateral trade rounds consisted of tariff negotiations on essentially industrial products, with the added exception of the anti-dumping code in the Kennedy Round. The Tokyo Round broke new ground with side agreements (codes) for a number of non-tariff measures, but these were strictly within the area of trade in goods and for measures that, except for government procurement, the GATT already covered. The big breakthrough came with the Uruguay Round and the Doha Round in the sense that their agendas—at least initially—also covered areas that previously had been unregulated in GATT/WTO. However, the way in which these new issues have been treated in these two rounds differs considerably.

21. Lamy (2006).

22. By "market access negotiations" I mean concessions and commitments for specific goods (industrial and agricultural) and services.

## Uruguay Round: at the core

In the Uruguay Round, the desire to create new frameworks and rules for services, and eventually for intellectual property as well, formed the core of the negotiations. Agriculture was of course one of the main subjects, but it could hardly be characterized as a new issue since several provisions in the GATT formally covered it.

The issue of trade in services was the most innovative part of the agenda. The negotiations were mostly about creating a whole new framework with rules and instruments for liberalizing activities and regulations, which since the beginning of the GATT in 1948 had been kept totally outside the multilateral trade framework. Considering the great importance of services in most economies—both developed and developing—and the strong linkages between trade in goods and trade in services, this was of course an anomaly. In view of the political difficulties and sensitivities in almost all countries, the negotiators chose to devise a rather loose skeleton-type agreement (GATS), wherein the participating countries had the freedom to choose how much and in what sectors they were willing to liberalize in negotiations with other countries, i.e., a bottom-up instead of a top-down approach. This was probably wise at the time but led to hardly any real market openings.

In contrast, the negotiations on intellectual property dealt with very concrete and detailed issues and rules, which in the final end with the TRIPS agreement entailed substantial obligations for most of the participating members. As mentioned, the TRIPS platform was even expanded during the course of the negotiations. According to the Punta Del Este Declaration, negotiations were primarily aimed at developing a framework to deal with international trade in counterfeit goods, a subject already covered by article XX of GATT, which entitled the contracting parties to take necessary measures to protect patents, trademarks etc. With the mid-term review in 1988–89, the mandate was extended to include also “the provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights”.<sup>23</sup>

The creation of the WTO and the decision to associate all countries to the TRIPS and in principle all other agreements were not even considered in Punta Del Este or in the mid-term review session. The consequences of these decisions were far-reaching. First of all, they auto-

matically meant a dramatic increase in the obligations of most developing countries although in many cases with longer implementation periods. The so-called “single undertaking” also had the effect that poorer and smaller member countries, which in previous rounds had been “on the sideline”, now became more engaged and aware of their power to influence issues through the consensus rule.

The agreements on trade related investment measures (TRIMs) and pre-shipment inspection (PSI) included some new elements for the GATT system when they first were introduced. However, the final agreements could hardly be characterized as new as they mainly amounted to clarifying already existing obligations in the GATT.

**TABLE 3: NEW ISSUES AND ELEMENTS**

<b>URUGUAY ROUND:</b>	<b>DOHA ROUND:</b>
- Framework for trade in services	- Trade and investment (dropped)
- TRIPS	- Trade and competition (dropped)
- Creation of the WTO	- Transparency in government procurement (dropped)
- (TRIMs)	- (Trade facilitation)
- (PSI)	- (Trade and environment)
	- Aid for Trade

## Doha Round: a hot potato

IN THE DOHA Round, the question of introducing new subject areas in the negotiations was much more of a “hot potato”. According to the Doha Declaration, negotiation on the four Singapore issues would start at the next ministerial meeting in 2003, on the basis of “explicit consensus” as to the negotiation modalities. The EU interpreted this as a green light to at least start the negotiations. However, this was contested by India, which managed to get a clarification from the chairman in Doha, that negotiations on the Singapore issues would not be allowed to even start without an explicit consensus among the WTO members.

The showdown came at the following WTO ministerial meeting in Cancún 2003 when there was supposed to be a mid-term check of the negotiations. In the final

23. GATT (1989).

day before the breakdown of the ministerial and the following temporary suspension of the round, and in face of fierce opposition from not only India but also from other developing country members, the EU indicated that they were ready to drop two of the Singapore issues, namely investment and competition, for which no other member was apparently prepared to fight. This move seriously undermined the credibility of the EU. For many countries and observers, the EU's decision to drop the issues proved that the EU had used these issues primarily as pawns in the negotiating game.

With the July 2004 package, the backtracking of the EU continued. Besides investment and competition, it also dropped transparency in government procurement, leaving trade facilitation as the only Singapore issue saved. This "sacrifice" was a Pyrrhic victory for the Doha Round. Throwing out the three Singapore issues eliminated a very controversial lump so the round could continue, but in cutting away 25 percent of the negotiating agenda (three out of 12 subject areas), it reduced the number of negotiation areas with which countries could trade off concessions.

The remaining Singapore issue, trade facilitation, is hardly new since the negotiations mainly aim to clarify and improve relevant aspects of already existing GATT provisions on freedom of transit, fees and formalities connected with imports and exports, as well as on publication and administration of trade regulations.<sup>24</sup>

The same is true for trade and environment. First of all, the issue is by no means extraneous to the world trading system since the objective of sustainable development is explicitly mentioned in the preamble of the agreement establishing the WTO. Furthermore, the only areas where the parties envision specific commitments—the reduction or elimination of tariffs and non-tariff barriers to environmental goods and services, in particular fisheries subsidies—belong in the traditional market access part of the negotiations. The text in the Doha Declaration concerning the negotiations on the relationship between WTO and the multilateral environmental agreements is extremely cautious and will hardly produce any substantial results or any new commitments.

Even though it will not result in a self-contained

agreement within the WTO, Aid for Trade could be considered a new issue as it made its first appearance in the July 2004 package.<sup>25</sup> The mandate for the issue, however, derives from the Hong Kong Declaration, where it is stated that Aid for Trade should aim to help the developing countries, particularly the least developed among them (LDCs), build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements. The acceptance by all developed and most developing countries of any role for the WTO in aid and of the limitations of trade measures alone has been described by one researcher as revolutionary.<sup>26</sup> However, the way things stand now shows that Aid for Trade will work mainly through existing multilateral and bilateral funds. Thus, the control of the issue has effectively shifted back to the financial institutions.

The handling of new issues is the factor that most distinguishes the Doha Round from the Uruguay Round. The Uruguay Round introduced comprehensive frameworks in trade in services and intellectual property into the world trading rules. In the Doha Round, the only truly new issues were eventually dropped. Why this difference? The main explanation is that the TRIPS and service agreements were strongly driven by a few MNEs and could muster support from a critical mass of the more important countries. In contrast, the "constituency" for the three Singapore issues was either lacking or not strong enough. The lesson that can be drawn from this is that it seems unlikely that new vertical agreements will be introduced into the world trading system in the near future. This conclusion is strengthened by the fact that the developing countries now, through the consensus rule and the principle of "single undertaking", have the power to block progress in areas that run counter to their interests and priorities.

### 3.2 Market access

THE ISSUE OF increased market access has been a central component in all GATT rounds up to 1979. As can be seen from Table 4, the approach to this issue has, however, been much broader in both the Uruguay Round

24. Articles V, VIII and X.

25. For a comprehensive account of the background of the Aid for Trade-initiative and its potential impact, see Page (2007) and Phillips et al. (2005).

26. Page (2007), op cit.

and the Doha Round. This is due partly to the desire to tackle all forms of trade distorting measures (border protection, export subsidies and domestic support) in the agricultural sector and partly to the inclusion of trade in services.

*Agriculture* has been the central market access issue in both rounds with the ministers committing themselves to substantial reductions of both border protection and agricultural support. In the Uruguay Round, the main accomplishment was the creation of a new comprehensive framework and setting a ceiling against further increases in trade distorting measures. However, very little was achieved in terms of real market openings. In the Doha Round, the participating countries have adopted a tiered formula for reducing both domestic support and tariffs. Higher tariffs will be cut more than lower tariffs, and the percentage cuts for developed members will be greater than those for developing members. (The exact size of these cuts has not been settled yet.) The Hong Kong declaration explicitly mentions the possibility to deviate from these formulas for a limited number of “sensitive” products (open for all members) and “special” products (only for developing members) based on criteria of food security, livelihood security and rural development. On top of that, the developing countries could use a special safeguard mechanism on conditions to be negotiated. At this stage, it is impossible to know how these loopholes will be used.

On export subsidies, the Doha platform is more specific and ambitious than the corresponding one in the Uruguay Round. The Doha Declaration talks about reducing, with a view to phasing out, all forms of export subsidies. In the “July 2004 package” and at the Hong Kong ministerial in 2005, these commitments were further specified and extended. The date for eliminating export subsidies was set for the end of 2013. The commitment is not unconditional. Negotiators also have to agree on the modalities for a parallel phasing out of all forms of export subsidies, including those applied in connection with export credits and food aid.

On *cotton* specifically, the developed countries in Hong Kong committed themselves to eliminating export subsidies by 2006 and domestic subsidies earlier than for agricultural products generally. This result was very much due to the efforts of four LDCs—Benin, Burkina Faso, Chad and Mali—which together form the

“Cotton-4” coalition. The developed country members also committed themselves to give duty and quota free access for cotton from the LDCs “from the commencement of the implementation period”.<sup>27</sup>

**TABLE 4: THE MARKET ACCESS COMPONENTS**

URUGUAY ROUND:	DOHA ROUND
- Tariffs for agricultural and industrial products with special arrangements for tropical and natural resource-based products	- Tariffs for agricultural and industrial products with special arrangements for environmental products, tropical products and cotton
- Export and other subsidies for agricultural products	- Export subsidies for agricultural products with special arrangements for cotton
- Quotas: phasing out of the MFA and prohibition against all “grey zone measures”; replacing agricultural quotas and variable levies with tariffs and tariff rate quotas	- Other subsidies (domestic support) for agricultural products with special arrangements for fish
- Other product specific non-tariff measures for industrial products, including tropical and natural resource-based products	- Other product specific non-tariff measures for industrial products with special arrangements for environmental products
- Liberalization of trade in services	- Liberalization of trade in services with special arrangements for environmental services

Both rounds formulated the terms of reference for the liberalization of tariffs and non-tariff measures for *industrial products* in more or less similar terms, namely the elimination or reduction of these types of barriers. In the Uruguay Round, negotiators chose a pragmatic approach to accomplish this in the tariff field, with average formula cuts for some products and item by item negotiations for other areas. For some sectors (pharmaceuticals, paper, certain machinery, steel, medical equipment etc.) the tariffs were eliminated or harmonized after a transitional period. In the non-tariff area, the agreement (ATC) to abolish the system of the textile and clothing quotas, which for over 30 years had hampered exports from the developing countries, was without doubt the main achievement on market access.

In the Doha Round, it was not until the Hong Kong meeting in 2005 that an agreement was reached to use

27. At the time, this was expected to be at latest 2007.

the so-called “Swiss formula” for reducing and harmonizing tariff levels for industrial products.<sup>28</sup> The formula should in principle apply to each and every product. In this respect, the goal of the Doha Round is considerably more ambitious than that of the Uruguay Round where the participating countries could make “average” reductions and so shield the most protected products from tariff cuts. However, to this day, negotiators have failed to agree on the coefficients to be applied to developed and developing members. For this reason, it is impossible to judge how deep the tariff cuts ultimately will be. In light of the agreement that developing members may deviate from the formula cuts for a limited number of products, it is even more difficult to predict the outcome. It is a fair guess, though, that the higher the general formula cuts will be, the higher the number of deviations or exceptions.

The narrowing of the original terms of reference of the Doha Round has changed the playing field. One result is that the developed member countries—at least the EU and the US with the backing of lobby groups like Business Europe and the US National Association of Manufacturers—are desperately trying to get as much as possible out of the negotiations on industrial products since there are no other issue areas that can balance the commitments they have already made and are being pressed to make in the agricultural area. The narrowing of the negotiation agenda has thus had the unintentional effect of distributing the interests of key beneficiaries in the round to this area.

In the Uruguay Round, the developing countries bound all their agricultural tariff lines and increased their binding coverage of industrial products from 21 to 73 percent. In many cases the bindings are set at levels far above the applied rates as Table 5 illustrates.

In the Doha Round, the developed countries, particularly the EU and the US, are requesting sufficiently large tariff cuts from the developing countries so as to reduce substantially the actually applied rates. The developing countries are generally reluctant to meet these demands. There are various reasons for this. One theory is that this is due to the China factor, i.e., the fear of increased competition from China in labour intensive manufactured products. A connected explanation is

the wish of several developing countries to retain some “policy space”, a concept in vogue in the last few years, and which in this area would give them the freedom to raise tariffs up to the bound, higher level.

**TABLE 5: BOUND AND APPLIED TARIFFS, SELECTED DEVELOPING COUNTRIES (SIMPLE AVERAGES)**

Country	Agricultural products		Non-agricultural products	
	Bound:	Applied:	Bound:	Applied:
Brazil	35.5 %	12.6 %	30.8 %	14.9 %
Colombia	91.9 %	14.2 %	35.4 %	11.2 %
India	114.5 %	38.0 %	34.3 %	38.8 %
Indonesia	47.0 %	8.8 %	35.6 %	9.6 %
Philippines	34.7 %	19.5 %	23.4 %	13.5 %
Venezuela	55.7 %	14.6 %	33.9 %	11.6 %

Source: WTO (2007). The percentages for India on non-agricultural products can be explained by the fact that many tariff lines with very high tariffs have not been bound.

THE SAME PATTERN exists in reverse in the agricultural negotiations. The developing countries are accusing the EU and the US of dragging their feet when it comes to reductions of subsidies beyond the actually applied support levels or the levels that the EU envisages within the process of reforming its common agricultural policy.<sup>29</sup> (The Hong Kong declaration specifically instructs the negotiators to ensure that there is a comparably high level of ambition in market access for both agriculture and non agricultural products.)

In the Uruguay Round, the market access negotiations on industrial and agricultural products could be conducted without being too much linked to each other, since there were other major negotiating areas where trade-offs and balancing concessions could be sought—services, intellectual property, textiles etc. With the scaling down of the Doha agenda, the focus has been almost exclusively on the market access issues in the goods area, where success depends on breaking the “iron triangle”—getting the EU to move on agricultural tariffs, the US on domestic agricultural support and the major developing countries on industrial tariffs.<sup>30</sup>

As to the third element in the market access agenda—trade in services—the Uruguay Round was inno-

28. The Swiss formula was also used in the Tokyo Round 1973-79.

29. See Messerlin (2007) about the “subsidy water” in the domestic support of both the EU and the US.

30. Wolfe (2007).



vative with the creation of a framework (GATS). However, in terms of increased market access very little was accomplished in the round itself. The services negotiations in the Doha Round are idling, awaiting results in the negotiations on agriculture and industrial tariffs. Given the extremely complicated bottom-up approach of exchanging requests and offers in the services negotiations, there is little hope of any breakthroughs leading to substantial market openings. In this respect the Doha Round does not seem to differ too much from the Uruguay Round, at least not at the time of the publication of this paper.

### 3.3 Special and differential treatment

SPECIAL AND DIFFERENTIAL treatment (SDT) of developing countries has manifested itself in different ways in the Uruguay Round and in the Doha Round. I will limit myself to highlighting some aspects.

SDT was mentioned in the Punta Del Este Declaration but did not figure high on the agenda. In fact, there was in the Uruguay Round no conscious ambition to move ahead in that area. On the contrary, the outcome of the round led to a considerable narrowing of the kind of differential treatment to which the developing countries had been subjected earlier in the GATT. Bringing agriculture, textiles and clothing under normal GATT rules put an end to the permanent *de facto* differentiation that for decades had worked *against* the developing countries.<sup>31</sup> The decision to affiliate all countries to all agreements as a result of the creation of the WTO was in a sense also a move to end another kind of differential treatment but in a way that hardly was anticipated by the “beneficiaries”.

There are other examples of the same kind of retreat from the special position to which the developing countries had been subjected in the GATT. Before the Uruguay Round, developing countries had some *de facto* SDT by not being required to bind as high share of their tariffs as the developed countries. As already mentioned, the round reduced this “policy space” as the developing countries increased their binding coverage quite considerably. In the TRIPS agreement there was, despite

demands from the developing countries, no permanent differentiation between developed and developing countries. Both the Subsidies and the TRIMs agreements reduced the degree of “informal SDT” that countries felt they had in order to carry out their industrial policies.

IN CONTRAST, THE Doha agenda emphasizes the importance of SDT. The strong pressure for this from the developing members should be seen against the background of the decision in the Uruguay Round to “multilateralize” all existing and future agreements in the WTO. The rhetoric surrounding the Doha Ministerial meeting in 2001 was something distinctly new. The adopted work program, of which the round is a central element, also bears the name “The Doha Development Agenda”. According to the Doha Declaration, the ministers pledged to seek to place the needs and interests of the developing countries “at the heart of the Work Programme”. The ministers even promised to make positive efforts to “ensure that developing countries, and especially the least developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development”. Since the time COMECON<sup>32</sup> was scrapped, no trade system in the world could guarantee things like that, only create the possibilities.

Another pledge in the declaration is to review all SDT provisions “with a view to strengthening them and making them more precise, effective and operational”. All this has certainly raised expectations, in many cases to quite unrealistic levels. An unintended side-effect is that this may also have given a signal to the business community that the round was not so much an endeavour for them but for other stakeholders.

#### *Less than full reciprocity in market access negotiations, including exemptions of obligations*

THE PRINCIPLE OF less than full reciprocity has been practiced in the market access negotiations in both rounds in the sense that the developing countries are not expected to make as large tariff reductions as the developed countries. The LDCs are totally exempt from making any tariff cuts even though they are asked to

31. Many passages in this sub-section are drawn from Page & Kleen (2005).

32. COMECON (or CMEA), an economic organization of communist states 1949-1991, in which the economic relations between the members were implemented through a set of detailed, bilateral agreements.

bind a larger share of their tariff schedules. On top of this, in the Doha Round the developing countries have, as has been described above, the possibility to deviate from the formula cuts for a limited number of products and to use a special safeguard mechanism for agricultural products.

In the services negotiations, countries only notify what they are prepared to liberalize. Developing countries, and especially the LDCs, have notified fewer services and made fewer commitments. This applies to both rounds.

### *Special measures in favour of the LDCs*

IN BOTH ROUNDS there is a reference to the need for special measures in favour of LDCs. In the Uruguay Round this was mainly of an exhortatory nature.

Just before the Doha Round, in the first half of 2001, the EU decided to accord duty- and quota-free treatment for all imports except arms from the LDCs within its GSP-system, the so called EBA (everything but arms) initiative. In the Hong Kong Declaration, this was matched by a commitment by all developed country members (and developing countries declaring themselves in a position to do so) to provide duty and quota free market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, by 2008. On closer scrutiny this commitment amounts to window dressing. In practical terms, the 97 per cent limit could mean that many—if not most—of the export products for certain LDC countries will still meet tariffs in certain developed markets outside the EU. As mentioned above, there was also a commitment from developed countries to give duty and quota free access for cotton exports from the LDCs.

### *Implementation-related issue: technical assistance*

A BIG PART of the Doha Development Agenda deals with some of the problems that developing countries have experienced and are continuing to experience in implementing the Uruguay Round agreements. At Doha, the ministers attached utmost importance to all the implementation-related issues, and a separate declaration specifies the details for various agreements.

The focus of implementation issues is on technical assistance for helping the developing countries in the field of institutional and capacity building. In this context, the July 2004 package on the modalities for trade facilitation was an interesting innovation. In the agreement, the WTO members stated that “the extent and the timing of entering into commitments shall be related to the implementation capacities of developing and least developed members”. Furthermore, members stated that in cases where required support and assistance for infrastructure development is not forthcoming and where a developing or least developed member continues to lack the necessary capacity, “implementation will not be required”. This formulation puts pressure on the developed countries to come forward with assistance and support and reduces the risk that the developing countries enter into commitments the consequences of which they cannot foresee.

In sum, the question of SDT did not figure high on the agenda of the Uruguay Round, in sharp contrast to the Doha Round. The high-flown rhetoric and the far-reaching pledges in and surrounding the Doha Declaration will be difficult to back up with concrete and substantial concessions. The lesson to be drawn from this is that the developed countries in the future would be well advised to avoid a rhetoric that suggests reforms they are incapable of delivering.

## **4. The actors**

ONE OTHER WAY of comparing the Uruguay Round and the Doha Round is to examine how various actors—both governmental and non-governmental—have performed in and had influence on the negotiation processes.

### **4.1 Individual countries**

IN BOTH ROUNDS, the United States and the European Union<sup>33</sup> have been the main players. In the beginning of the Uruguay Round, the US was in the driver’s seat with the EU as a somewhat reluctant passenger. However, the EU became more and more engaged during the course of the negotiations. After the conclusion of the Uruguay

33. The EU is here treated as an individual player. It could also be considered as a kind of coalition consisting of (so far) 27 WTO members.

Round, the EU has been more proactive, both in the discussions leading up to the Doha meeting and in the actual negotiation phase, and sees itself as having taken over the leading role from the US. The question is whether this conception is shared by others. According to a recent study, the EU is perceived as a potential leader in the Doha Round only “sometimes” and in “certain areas” and is also thought of as an actor with obvious double standards, mainly because of the EU position on agriculture. The credibility of the EU in the WTO is therefore considered low.<sup>34</sup>

It would be logical also to find Japan among the leading actors, but the country has kept a relatively low profile in both rounds, in part due to its defensive position on agriculture and fishery subsidies. Japan’s interests would of course be well served by substantial industrial tariff cuts in some developing countries, as well as by reforms aiming at restricting the use of anti-dumping measures. Failing that and with the investment issue out of the picture, Japan may ultimately find it difficult to reach a satisfactory balanced package to present to the Diet for ratification.

THE COUNTERPART TO the US and the EU on the other side of the “fence” consists mainly of Brazil and India. One similarity between the Uruguay and Doha exercises is the extent to which the “big four”—Brazil, the EU, India and the US—still seem to dominate the scene in multilateral trade negotiations. The wheel has here come full circle. These four players were at loggerheads before at the start of the Uruguay Round in 1986. More than 20 years later they are again butting into each other as was clearly demonstrated at the abortive meeting in Potsdam, July 2007, when they were supposed to agree on the main elements for a final package in the Doha Round.

What then of China? Does the fact that China finally became a member of the WTO in 2001 mean any dramatic change for the power relationships or the conduct of the negotiations? Not really. China has kept a rather low profile in the Doha Round since the country considers that it has already made enough commitments in the accession negotiations. China’s influence is felt primarily by the size of its economy and growing competi-

tiveness in world markets rather than by its formal status in WTO. As an illustration, China’s share of world merchandise exports has multiplied in the last 20 years, from 1.4 percent in 1986 to 8.2 percent in 2006.

It is sometimes stated that it was not until the Doha Round that the developing countries became active participants in trade negotiations. This is not true. Many developing countries besides India and Brazil were active in the Uruguay Round: Argentina, Chile, Colombia, Egypt, Indonesia, Jamaica, Malaysia, Mexico, Morocco, Tanzania, Thailand, Uruguay and others. Several of them were always called to the informal meetings with the Director General of the WTO, the so-called “Green Room” meetings. There is, though, one important difference. With the move in the Uruguay Round to collectively associate all countries to all the agreements (the “single undertaking”), members now have to accept all the obligations, in principle if not in practice. Consensus now gives every member the ability to slow the process down, a form of institutional power of which the developing countries are increasingly aware.<sup>35</sup>

There is a perception that multilateral trade rounds have become much more difficult or unruly because of the alleged inflationary increase of new members in the WTO. I would argue that this is not the problem. In 1991, there were 101 contracting parties in the GATT in the middle of the Uruguay Round. Today, WTO has 151 members. Very small and/or poor countries as well as some European countries that are now members of the EU or are candidates for membership compose the difference of these 50 countries. The only members that deviate from this description are China, Chinese Taipei, Saudi Arabia and Vietnam. It could hardly be stated that any one of these has made things more complicated for the negotiators.

IN OTHER WORDS, it is not the ever-increasing membership that constitutes the “problem” but rather the fact that countries, which in earlier rounds have been relatively passive, now are more active, informed and appear in different and mostly rather loose country coalitions and alliances (see below). One of the big changes in the Doha Round is that there are virtually no “bystanders” compared to the situation in earlier rounds when many

34. Elgström (2006), *op cit*.

35. Wolfe (2007), *op cit*.

countries tended to be “followers”.<sup>36</sup> From a democratic point of view, this must be considered to be a good thing despite the fact that the positions of these countries have become less predictable.

## 4.2 Country coalitions

ONE STRIKING DIFFERENCE between the two rounds is the number of coalitions or alliances between different countries. As can be seen from Table 6, the coalitions were relatively few in the Uruguay Round but have proliferated in the Doha Round. More important, though, is their composition and role in setting the agenda for the negotiations.

**TABLE 6: COUNTRY COALITIONS AND ALLIANCES**

<b>Uruguay Round</b>	<p><u>Non-issue specific coalitions:</u> Café au Lait/De la Paix group, Nordic countries, ASEAN</p> <p><u>Issue-specific coalitions:</u> Cairns Group, Morges Group (agriculture), Pacific Group (safeguards), Victims Group (anti-dumping), Rolle Group (services), ITCB (textiles and clothing), etc.</p>
<b>Doha Round</b>	<p><u>Non-issue specific coalitions:</u> ASEAN, CARICOM, G90 (ACP Group, African Group, LDC Group), Small and Vulnerable Economies, Like Minded Group, Recently Acceded Members, non-G6 etc.</p> <p><u>Issue-specific coalitions:</u> Cairns Group, Cotton-4, G10, G11, G20, G33, NAMA11, Friends of Fish, Antidumping etc.</p>

Sources: Patel (2007), Wolfe (2007), WTO (2007). The list in the table is not exhaustive.

As described in the background section of this paper, the coalition of outward-looking developed and developing countries in the so called Café au Lait coalition played a crucial role in the formulation of the agenda for the Uruguay Round in 1986. After the launching of the round, the group was renamed the de la Paix group because of their regular meetings in Hotel de la Paix in Geneva. These countries did not necessarily share even broad objectives in different factual matters, but they were united in a strong desire to bring the round to an

eventual successful conclusion. During the course of the negotiations, the group came to play a strong and constructive role. The combined membership of developed and developing countries differed markedly from the north-south front lines that had characterized the big international negotiations during the previous 20 years. The de la Paix group played no role in the various negotiating groups. There, the individual members of the group acted either on their own or within mostly geographically delimited groups like the Nordic countries and ASEAN.

In the Doha Round, there is as yet no equivalent to the de la Paix group. The Nordic group is dissolved for natural reasons. Finland and Sweden are now members of the EU whereas Norway and Iceland either act on their own or in more defensive groups like the G10 in agriculture. There are some signs that an embryo of something similar to the de la Paix group is taking form. A group of six developed and developing country members (Canada, Chile, Indonesia, Kenya, New Zealand and Norway) under the nickname “non-G6” had some meetings in 2007 in order to discuss key issues that are blocking progress in the negotiations. It is, however, too early to tell what kind of influence, if any, this still relatively small group might have.<sup>37</sup>

The Cairns Group was another example of a group that played a crucial role in the Uruguay Round in one of the key areas, agriculture. The solidarity in the group was, however, often put to the test. In the mid-term ministerial meeting in Montreal in 1988, the group split when the Latin American members of the group walked out in protest against the lack of progress in agriculture. It seems that the Cairns Group has lost much of its clout and influence in the present round, mainly due to the fact that most developing country members have joined other groups with a more defensive outlook.

What has characterized the Doha Round is the emergence of various coalitions and alliances among the developing countries. Two groups or alliances stand out from the rest. Among the larger and mostly middle-income developing countries, the long-established leadership of Brazil and India was extended at Seattle and Doha to include Egypt, Nigeria and South Africa. All have a common interest in continuing liberalization although with different particular interests. In the weeks before

36. Ibid.

37. Wolfe (2007).

the WTO ministerial meeting in Cancún this evolved to a new group, the G20, later joined by China, and mainly concentrated on agricultural issues.<sup>38</sup>

THE OTHER AND larger alliance consists of the African Group (45 countries), the LDCs (34) and ACP Group (66) with overlapping memberships. The alliance became known as the G90 at the Cancún ministerial. By July 2004, it was the principal group for the smaller developing countries.<sup>39</sup> In contrast to the G20, which focuses on agriculture, G90 acts across all issues. The coordination within these countries has ensured that they play a more central role than at any previous time.<sup>40</sup>

As developing countries have become more organized, the informal pattern of consensus-building in the WTO has also changed. More recently, it has become customary for some developing countries to be included in the inner circle constellations in their *ex officio* capacity as co-coordinators of coalitions. Furthermore, the WTO secretariat and member states now deliberately incorporate developing country coalitions in key decision-making activities to manage the complexity of multilateral negotiations.<sup>41</sup>

One difference between the Uruguay Round and the Doha Round stands out clearly. The coalitions in the present round are looser and generally more defensive. The loyalty among members shifts depending on the issues. Some countries are members of several groups. For example, Indonesia is a member of not only ASEAN, but also of G33, G20 and the Cairns Group. The members of the G20 barely agree among themselves on agriculture and not at all on other issues. They have also failed to reach a common opposition on non-agricultural market access (NAMA) issues, where only a part of the group appears as NAMA 11. Thus, it is far too early to pinpoint the alliances that will drive the negotiations to a conclusion if they exist at all.

To conclude, the main difference between the Uruguay Round and the Doha Round is the emergence of different, often defensive, loose and fluid coalitions of

developing countries and the disappearance or reduced influence of mixed groups of outward looking developed and developing countries. This is very much due to the different agendas of these two rounds and the fact that through the consensus rule and the so called “single undertaking” the developing countries now have a bigger stake in the final outcome of the negotiations on all issues. The shift in and increased influence of various coalitions of developing country members will probably be a distinctive character of future multilateral exercises after the conclusion (or demise) of the Doha Round.

### 4.3 The civil society

IN ALL INTERGOVERNMENTAL negotiations, various interest and lobby groups influence the positions and priorities of the participating governments. A desire to make things easier for the economic operators in world trade—producers, consumers, exporters and importers—drove the liberalization efforts during the GATT regime (1948–1994). The big lobby groups were ICC, various business organizations and MNEs. The business sector and some NGOs have been able to influence negotiating positions at the domestic level, often even as members of developed country delegations.

The US position in the Uruguay Round was largely driven by the MNEs. These played a key role in driving the intellectual property and services issues. The MNEs not only “talked the talk” but also “walked the walk,” organizing business coalitions in support of services and intellectual property in Europe and Japan, as well as in some smaller OECD-countries.<sup>42</sup> The interest of the business community has been much less focused in the Doha Round. As one researcher has put it: “It was first midwifed, and then carried along essentially by governments rather than an enthused private sector”.<sup>43</sup>

To be fair, the business community today has a greater understanding of the world trading system and the consequences to which a failure of the Doha Round could

38. Page op cit (2004).

39. Ibid.

40. WTO (2007).

41. Ibid.

42. Ostry (2007), op cit.

43. Subramanian (2007), op cit.

lead—less confidence in the multilateral system, protectionism and various kinds of unwanted global chain reactions. Apart from this general understanding and strong official statements in support of the round from ICC, individual manufacturing or service companies have not aggressively pushed any specific issue the same way they did in the 1980–1990s.<sup>44</sup> For at least American MNEs, the Uruguay Round and the agreements a couple of years later on information technology, telecommunications and financial services settled many issues high on their priority lists. The thriving world economy together with trade problems that cannot be solved easily within the WTO are other reasons for the big MNEs' lukewarm interest in the Doha Round.

IN CONTRAST TO the business sector, the influence of most other NGOs during the GATT era was very sporadic. Since the start of the WTO in 1995, an increasing number of member countries, often as a result of a lack of resources, have turned to specialized NGOs<sup>45</sup> for assistance in undertaking research and preparing negotiating positions on specific issues. One example from the Doha Round that illustrates this is the situation in 2003 when the four LDC countries in Cotton-4 demanded the elimination of cotton subsidies. A number of NGOs had assisted these countries with technical expertise and policy advice, including drafting specific proposals.

According to the recently issued World Trade Report 2007 from WTO, the original hesitation and suspicion among most members with respect to the role of NGOs has been replaced by a more constructive relationship. Through closer bilateral cooperation with delegations, the NGOs have succeeded in influencing the Doha agenda more effectively than would have been possible through established institutional channels like the WTO Secretariat.<sup>46</sup> Two areas where input from the NGOs has been crucial are the negotiations on fisheries subsidies and the environment chapter.<sup>47</sup>

In sum, the tables have indeed been turned. The part of the civil society that traditionally has been a strong supporter of the multilateral trading system—the busi-

ness community—played a very active role behind the scenes in the Uruguay Round but has acted with a much less intensity of purpose in the Doha Round. The other part of the civil society that remains more critical to the system—the non-business NGOs—has successively opted for a much more active role. These NGOs have also in general been more successful in conveying their messages in different media than the business community, with the exception of agricultural producers.

## 5. Concluding remarks

THE COMPARATIVE STUDY in this paper has shown many similarities between the Uruguay Round and the Doha Round. Looking only superficially at the two processes, both have been long and arduous and gone through several crises, and their negotiating agendas have been broad, covering both traditional and non-traditional issues—at least at the start. Despite the fact that over 100 countries have participated in the negotiations, four players still dominate the scene: Brazil, the EU, India and the US.

Going beneath the surface, the differences are striking:

- The driving forces behind the launching of the two rounds were very different. The Uruguay Round came into being because a critical mass of outward looking developed and developing countries considered it necessary to expand and “repair” the world trading system, making it more up to date. In contrast, the Doha Round became necessary in order to deliver on the already decided “built-in agenda” for further liberalization negotiations in the agricultural and services area and also to address the problems and challenges that confront the developing countries.
- New issues were at the core of the Uruguay Round but a “hot potato” in the Doha Round. The creation

44. Financial Times (2007).

45. For a description of various types of NGOs, see Hoekman & Kostecki (2001), p 467-471.

46. WTO (2007), op cit.

47. Lamy (2007).

of the WTO and the so-called “single undertaking” (according to the new interpretation) had far-reaching consequences for the conduct of the Doha Round and possible future rounds or more limited negotiations. The chances for bringing new issues (like investment, competition etc.) into the WTO framework in the future, with the hope of creating new vertical agreements, have been strongly reduced.

- By scaling down the Doha agenda with the truly new issues (investment, competition, government procurement), the focus has more and more been on the market access issues in the goods area, where the success depends on breaking the “iron triangle”—getting the EU to move on agricultural tariffs, the US on domestic agricultural support and the major developing countries on industrial tariffs. The complicating factors are that further reductions of support and tariffs are politically highly sensitive for many developed and developing countries and there are extremely limited possible trade-offs with concessions in other negotiating areas. Hence the present stalemate.
- In contrast to the Uruguay Round, all the rhetoric surrounding the Doha Round has pledged a focus on the “developing” members of the WTO, along with grand promises of assistance from the developed members. Such rhetoric and pledges will be difficult to honor and put into practice.
- Two other important differences are the emergence in the Doha Round of several different, often defensive and fluid, coalitions of developing countries and the disappearance or reduced influence of the mixed groups of outward looking developed and developing countries, which played bridge-building roles in the Uruguay Round. In addition the tables have been turned in terms of the roles of the business and the non-business parts of civil society. Multinational enterprises in key areas were very active in the Uruguay Round but have much less intensity of purpose in the present round. The non-business NGOs were almost invisible in the Uruguay Round but have since then played a much more active role.
- On the whole, while the Uruguay Round could be viewed as an exercise in institution building and ex-

pansion of the GATT sphere, the Doha Round has “regressed” to the hard-core market access issues, mixed with a distinctive development dimension. The expansion of the negotiation agenda in the Uruguay Round and its scaling down in the Doha Round affect the psychology of the actors. Furthermore, they define the potential trade and welfare effects of the rounds and thus guide outside actors about the extent to which they should take an interest.

As for the lessons that can be drawn from such a comparison, after the conclusion of the Uruguay Round, there was some discussion as to whether the round was the last one of its kind or whether one in the future should opt for a more ad hoc approach, dealing with issues separately and consecutively when they are deemed ripe for negotiations. The same question is relevant today.

Pure logic and theory speak for big rounds. Today, more countries than ever have become engaged in the deliberations of the WTO and the Doha Round. There are fewer and fewer bystanders. More countries, among them Russia, will join the WTO and add to the complexity of interests and priorities. The prospects for dealing successfully with the trade policy problems of the future should be better through broad-based multilateral trade rounds where all existing and new members can find something that could appeal to them.

However, logic seldom coincides with political realities. The comparison in this paper shows that some conditions have to be fulfilled for bringing a future round to a successful outcome.

- First, some countries have to take the lead and initiative to start a round post-Doha. A critical mass of outward looking, both developed and developing, countries must create unity around the main points of the negotiating platform for a new round. The Uruguay Round can serve as a good example. Whether a coalition of the kind of “Café au Lait” in the Uruguay Round could emerge again is of course impossible to predict and depends greatly on the actions of the big players.
- A significant development in this light is the successive enlargement of the EU since the conclusion of the Uruguay Round. With 15 new member countries (more than a doubling of the membership), the EU is now a more heterogeneous union

with a strengthened protectionist wing.<sup>48</sup> So far, the EU Commission has been skillful in balancing the free trade and protectionist forces within the EU. Whether it will be able to do that in the coming 10–15 years, when the EU could increase to over 30 members, is more uncertain. Then there is the question of what will be the policy of a new administration in the US. Also, will Russia as a new WTO member, after tough negotiations and far-reaching commitments, follow the example of China and keep a low profile?

- Another condition is that the various stakeholders must be convinced that the multilateral route is the most effective way to reduce and eliminate trade barriers. Here, the proliferation of bilateral, as well as regional, preferential trading arrangements (PTAs) has considerably changed the incentives for large-scale multilateral rounds. Almost every WTO-member today has concluded or is planning to conclude a PTA, not only with neighbouring countries, but also with countries in other continents. For many countries, the bilateral/regional route looks attractive since it often delivers results in a much shorter time than drawn-out multilateral trade rounds.

These lessons from the last two rounds suggest that the future prospects for big all-encompassing trade rounds seem dim, at least in the short and medium-term. This is not necessarily entirely negative. The WTO continues to play a vital role by administering existing agreements and their proper implementation. The remarkably well functioning dispute settlement system plays a central role in this context. As a complement, much could be done to render the rather perfunctory TPRM-reviews more effective in order to put pressure on countries that act in conflict with or drag their feet in implementing the obligations they have assumed in the WTO.

However, this would not suffice. Conducting negotiations is the *raison d'être* for the WTO. There are still many

problems and issues in the world trading system that negotiations, and not trade dispute litigation, should solve. Given the difficulties that both have encountered however, such negotiations need not be in the form of big rounds like the Uruguay Round and the Doha Rounds. Instead, they could be less ambitious and more incremental and yet achieve new rules and increased market access.<sup>49</sup> The ministerial meetings in the WTO every second year could here serve as a catalyst.

A further question raised from this comparison is whether such deals must be in the form of multilateral agreements, i.e. involving all WTO members. As the WTO stands, the scope for striking so-called plurilateral deals among only interested (read “more developed”) members is probably very limited today, not least in view of the so called “single undertaking” and the more active engagement seen in the present round among previously rather passive members.<sup>50</sup> Different obligations for different groups of countries—the so called “variable geometry”—is nothing new in the WTO system,<sup>51</sup> but it will most probably have to be embedded in agreements (such as the GATS) which at least in a formal sense are multilateral.

What has also been made clear is that the critical factor for a reasonable success of trade negotiations—whatever form they might take—has been mustering enough support from the business community, as well as from other parts of civil society. The issues at stake must seem relevant and urgent, but if the world economy keeps growing more or less at the present pace, it is hard to imagine that WTO issues would figure highly on the business agenda. Therefore, if the issues raised in this paper are to be tackled effectively and decisions made about how the WTO can achieve future success, all parts of society – not just trade officials – must engage in a continual process of multilateral trade liberalization.

48. The restructuring that most of these countries have to make in their economies—not least as a result of their joining the EU—is of the magnitude that they often tend to support proposals for various forms of trade protective measures against imports from countries outside the union.

49. Sally (2006).

50. Wolfe (2007).

51. Page & Kleen (2005), see also Sutherland et al. (2004).



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