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Putting Doha on life support

Global trade negotiations can be revived if rich nations accept that, for developing countries, one size does not fit all

Though global trade talks collapsed in July for the third time in seven years, an elite group of seven influential countries has sent representatives to Geneva to try once again to revive negotiations. They shouldn't bother. They should leave the so-called Doha development round on life support until they can all remember why they agreed to dedicate the negotiations to improving the prospects of developing countries.

Such a respite is not a crisis. It's an opportunity to bring development back into the negotiations. Nor does the breakdown demonstrate the failure of the WTO. Just the opposite. In a system of one country, one vote, developing countries were, for the first time, able to defend their economic interests.

The elements of a deal have been in place for a while: modest cuts in agricultural tariffs and subsidies by developed countries in return for modest cuts in manufacturing and services barriers in the developing world. The developed world's refusal to grant poorer nations exceptions to such cuts so they can build competitive national industries and protect their economies from unfair or unequal competition has dragged the talks down.

The organising principle for revived global trade negotiations needs to be a recognition that the world economy consists of nations at widely differing levels of development. Developing countries need the policy space to retain, adapt and evolve the kinds of government measures that have been proven to work for development in the west and in other developing countries.

Any negotiation that claims to take development seriously must recognise these fundamental asymmetries and address them. One size does not fit all in an unequal world. To paraphrase Nobel economist Amartya Sen, equal rules with unequal partners constitute unequal rules. The Doha round has floundered over just this issue, as rich-country negotiators demand that India and other developing countries open their markets to more northern goods and services, failing to recognise that at India's stage of development its economy will not develop dynamically if its government cannot protect some markets.

To restart negotiations on a pro-development foundation, policy space should be guaranteed in four areas:

First, in agriculture, the US and Europe should agree to honour WTO rulings that have deemed their subsidies for cotton and sugar to be in violation of existing trade rules that forbid exporting products at subsidised prices. This would give a tangible boost to farmers in West Africa and Latin America and send a strong signal to developing countries that developed nations are willing to honour existing WTO rules.

What's more, the WTO should take seriously the proposals by many African nations to tame highly concentrated global commodities markets, dominated by agribusinesses that suck most of the value out of these value chains. Rich nations should also grant poorer countries extensive rights to exempt staples of their local economy such as corn, rice and wheat – so-called "special products" – from tariff cuts, and allow them to raise duties when imports surge – the "special safeguard mechanism" the US would not agree to in July.

Second, for manufacturing, the longstanding WTO principle of "special and differentiated treatment" should be re-enshrined for poorer nations. Developed nations should roll back patent laws that impede poorer nations from manufacturing cheaper generic drugs and allow selective industrial policy so governments can diversify their economies. What worked for the US, China and South Korea must not be prohibited by the WTO.

Third, the WTO needs to wake up to the climate crisis by leaving ample room for the transfer of clean technology to developing countries. Otherwise the diffusion of new technologies and mitigation strategies will get bogged down in global rules over intellectual property, investment and goods trade.

Finally, there should be a moratorium on north-south preferential trade agreements. These deals exploit the asymmetric nature of bargaining power between developed and developing nations, divert trade away from nations with true comparative advantages and curtail the ability of developing countries to deploy effective policies for development.

Such organising principles for reviving world trade talks would not solely be an act of charity. On the contrary, policy space, when seized by the countries that bargain for it, brings growth to developing countries, and such growth brings rising demand for northern products.

For now, though, keep the Doha round on life support. Its condition is critical but stable. And let's hope that elections in the US, Europe and elsewhere bring a new commitment to equitable development.