

THE COMMONWEALTH AND THE WTO: STRATEGIES FOR A SUCCESSFUL DOHA ROUND

RECOMMENDATIONS OF THE COMMONWEALTH BUSINESS COUNCIL (CBC)

SUMMARY

The CBC invites Commonwealth Governments to adopt the following positions on the WTO and its Doha Development Agenda (DDA):

1. to reaffirm the WTO's market access *raison d'être*: the progressive liberalisation of trade in goods and services according to transparent, non-discriminatory rules, in both developed and developing countries.
2. to reaffirm the development focus of the DDA and to honour the commitments made to developing countries when the Round was launched.
3. to give top priority to the market access negotiations in the DDA on agriculture, non-agricultural goods and services.
4. to deal expeditiously with implementation of Uruguay Round agreements by means of flexible transition periods, increased technical assistance and related capacity-building measures.
5. to amend the TRIPS agreement so that developing countries without domestic production capacity can have access to affordable essential medicines to deal with public health emergencies, subject to safeguards against abuse.
6. to recognise the importance of strengthening WTO rules, particularly disciplines on anti-dumping measures and fisheries subsidies, but also on regional trade agreements and in dispute settlement.
7. to adopt a cautious approach on the Singapore issues. Eventual agreements, if any, should be light and incremental, and should avoid regulatory overload and future implementation burdens.
8. to make progress on liberalising trade in environmental goods and services, but to avoid burdensome environmental, health and safety regulations that would further restrict developing country exports.
9. to encourage developing countries to play a more active role in the WTO, especially in like-minded coalitions involving developed and developing countries.
10. to promote Commonwealth participation in the WTO system at intergovernmental level and through business-government dialogue.

These recommendations will be discussed at the Commonwealth Trade Forum in London on 7/8th July before being circulated to governments ahead of the WTO's Fifth Ministerial Conference in Cancun, Mexico in September, and at the Commonwealth Heads of Government Meeting in Abuja in November.

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The Doha Development Agenda (DDA) presents WTO members with a golden opportunity to liberalise markets worldwide and strengthen multilateral rules. This promises to be of particular benefit to developing countries: multilateral liberalisation of trade, foreign direct investment (FDI) and the cross-border movement of workers forms an essential pillar to support national policies to promote better resource allocation, economic growth and development. However, the DDA has made very little progress to date. Key decisions have to be made at the WTO's Fifth Ministerial Conference in Cancun, but a Seattle-style disaster looms on the horizon. This would cripple the WTO for some time to come.

WTO members must ensure that Cancun succeeds and puts the DDA back on track towards a successful conclusion. Commonwealth governments have an important role to play. Business within the Commonwealth must also lobby governments to engage fully and constructively in the WTO. The CBC, as a valuable interlocutor between business and governments in the Commonwealth, lends its full support to an open, equitable and rules-based multilateral trading system through its comprehensive programme of government-business roundtables, symposia and policy papers on the DDA (see Annex).

This WTO report, prepared for the Commonwealth Trade Forum 2003 on the eve of Cancun, presents the CBC's key recommendations for a successful Doha Round.

PRINCIPLES OF POLICY

- International economic integration (or economic globalisation) is a positive-sum game, not an engine of marginalisation and exclusion. It delivers all-round material gain, for rich and poor countries alike. Removing restrictions on international transactions – cross-border trade, investment and the movement of workers – allocates resources more efficiently and over time reaps economies of scale, transfers technology and skills, and spurs competition through exposure to world-class practice. This feeds into productivity gains, a rise in real incomes and economic growth.
- The *moral* case for economic globalisation is equally important. The freedom to trade, invest and move across borders expands individual choices and life-chances. Economic liberty – beyond as well as behind the border – enables individuals to lead more varied and interesting lives. By bringing about widespread and peaceful commercial contact among nations, it also helps to reduce insecurity and instability in international politics. Globalisation, therefore, is intimately linked to freedom, prosperity and security for peoples in all corners of the world.
- Economic advancement in the developing world, over a broad historical sweep, has occurred in countries and regions that have had the most contact with the outside world, and particularly with the advanced centres of the world economy in the West. Indeed, no country on Earth has delivered a sustained rise in the living standards of its people without being open to the world.
- Historical and recent evidence shows clearly that open economies with liberal trade policies grow faster and have more success with poverty reduction than closed economies. According to World Bank figures, a basket of 24 developing countries, with a total population of 3bn, is increasingly integrating into the global economy. These countries have rising absolute and relative shares of manufactures in their total exports; their ratios of trade to national income have doubled since 1980; and the growth of income per head in this group has increased from 1 per cent a year in the 1960s to 5 per cent a year in the 1990s. The bad news, however, is that about 2bn people live in 75 countries with stagnating or declining aggregate growth. This includes

virtually all least-developed countries (LDCs). These happen to be countries that have liberalised less, although they suffer too from other intractable problems such as poor climate and geography, rampant disease, civil war and chronically corrupt, predatory governments and ruling elites.

- Globalisation, by promoting growth, indirectly promotes poverty reduction. Globalising, higher-growth countries register greater success in raising adult literacy and life expectancy. China is the emblematic example of the link between globalisation, growth and poverty reduction, with over 300 million people lifted out of poverty since 1978.
- The liberalisation of trade, investment, and even the movement of workers across borders, cannot be seen in isolation; rather it must be seen in the context of national institutional change. *In interaction with* political and macroeconomic stability, internal deregulation, pro-competitive regulatory reforms, and institutional upgrading (in enforcing property rights and contracts, and in improving health, education, transport, communications and public administration infrastructures), it promises substantial and replenishing development gains. External openness, therefore, goes hand-in-hand with the Rule of Law and improving governance.
- Much remains to be done. A fifth of the world's population (1.2bn people), largely concentrated in South Asia and sub-Saharan Africa, live in extreme poverty (on less than a dollar a day at purchasing power parity). Another fifth live on less than two dollars a day. They are bunched in countries or regions largely outside the world's trade and production networks. These countries desperately need to promote liberal trade policies at home, coupled with deep-seated institutional reforms, if they are to drag their most unfortunate and repressed citizens out of poverty and give them decent life-chances. But to do so they also need much freer access for their exports abroad, in developed and other developing countries. Hence the paramount importance of genuine and substantial *worldwide* trade liberalisation.

THE WTO IN TRADE POLICY

- In the first instance, trade liberalisation, as well as liberalisation of FDI and the movement of workers across borders, is a matter for national policy choice “from below”. Especially in functioning democracies, it is therefore imperative that the benefits of liberalisation become manifest and real to the broad mass of people. In addition, bilateral and regional free trade agreements (FTAs) “in between” can be of useful assistance.
- However, FTAs are no substitute for a strong, well-functioning WTO “from above”. Non-discriminatory multilateral rules strengthen the hands of governments against protectionist forces at home; guarantee export market access and defence against the arbitrary protection of more powerful players; and bolster domestic reforms. Above all, the WTO is a helpful auxiliary to good governance at home by reinforcing the transparency, coherence and credibility of national trade policy reforms.
- Progressive post-war trade liberalisation through the GATT/WTO has delivered growth in world trade, which has in turn stimulated FDI and contributed to economic growth. Since 1950 world trade has grown over twentyfold, about three times the growth of world output. Between 1950 and 2001, the ratio of world trade to world output has increased from 7 to 24 per cent.
- The Uruguay Round Agreements take the WTO wider (broader sectoral coverage) and deeper (into domestic trade-related regulation) than the old GATT, underpinned by much stronger dispute settlement. WTO membership has also expanded considerably with the accession of several developing and transitional countries, notably China.
- Alarm bells toll on four counts in the WTO: 1) regulatory overload and creeping standards harmonisation (artificially raising developing country standards to developed country norms); 2) excessive legalisation; 3) excessive politicisation, especially a tendency to ineffective UN-style decision-making; 4) bilateralism and regionalisation, which, without a strong WTO, threaten to splice up the world economy into discriminatory trading networks and trading blocks, especially harming poor and weak developing countries.

- The WTO needs to rediscover a sensible *raison d'être*. This demands a clear focus on *market access*: the progressive liberalisation of trade in goods and services according to non-discriminatory rules, in both developed and developing countries. At the same time, the WTO should avoid regulatory overload and intrusive standards harmonisation. Special and Differential Treatment (SDT), targeted at low-income and especially least-developed countries, should focus on flexible transition periods, increased technical assistance and associated capacity-building measures.
- The WTO needs to revive an effective diplomacy-based negotiating mechanism to get out of present drift and deadlock and advance. Political will and full engagement by key developed and developing country players are therefore vital.
- Progress depends on: a) effective co-operation between the majors, the US and the EU; b) the active participation of other developed and advanced developing countries; c) increased participation of other developing countries with weaker trade policy capacity, preferably in “common characteristic” coalitions; d) broad and issue-based coalitions between like-minded developed and developing countries. Commonwealth governments, supported by business, have an important role to play.

SCENARIOS FOR CANCUN

- The rosy scenario: Key political compromises are made ahead of Cancun, especially with EU concessions on agriculture and US concessions on TRIPS and public health. Cancun is a success and the round is completed by the target-date of end-2004.
- The nightmare scenario: Political compromise is elusive. Cancun is mired in disagreement and recrimination, with breakdown *à la* Seattle. The WTO is crippled and attention shifts quickly to bilateral and regional FTAs.
- The halfway-house scenario: WTO members treat Cancun as a stocktaking exercise and a holding operation. There is an “early harvest”: agreement on some implementation issues; on access to generic medicines for countries without domestic production capacity; and on dispute settlement. The round is

extended by two years to allow time for key political decisions, especially on agriculture. The Sixth Ministerial Conference in late 2005 will be crucial in driving the round to a successful conclusion.

THE DOHA DEVELOPMENT AGENDA: THE ISSUES FOR CANCUN AND BEYOND

A: Market access

- Market access – the reduction and removal of trade barriers in agriculture, non-agricultural goods and services – is the bread and butter of the DDA. Direct border barriers to trade remain high in both developed and developing countries. Although the EU and the US have low average tariffs, they retain high-to-very high tariffs in agriculture, textiles and clothing, and other labour-intensive goods – the sectors of major export potential for developing countries. Indeed, levels of developed country protection in these two sectors are more than ten times the average on other merchandise. Developed country tariffs on imports from developing countries are four times as high as tariffs on imports from other OECD countries. Similarly, high agricultural subsidies in the OECD continue to massively distort trade. Other non-tariff barriers are also not insignificant, especially in the form of widespread and unreasonably onerous food safety, technical and other standards that have a chilling effect on developing country exports.
- Developing countries have noticeably higher tariffs and non-tariff barriers than developed countries, not to mention proliferating anti-dumping actions. Much of this developing country protection is aimed at imports from other developing countries. Rich country protection is psychologically damaging precisely because it provides developing countries with a pretext not to reduce their own trade barriers; it seriously undermines political efforts to accelerate pro-market reforms in the developing world.
- The World Bank estimates an annual gain of \$2.8 trillion by 2015 from the elimination of trade barriers and trade-related reforms on all goods and services. Developing countries would gain to the tune of \$1.5 trillion, which would lift 320m people out of poverty. Two-thirds of the gain from cutting tariffs on industrial goods (about \$300bn) would go to developing countries; and they would gain a roughly equivalent amount from the abolition of trade-distorting agricultural subsidies in the OECD. However, the biggest gains by far for developing countries (estimated at about \$900bn, two-to-three times the

gain from liberalising goods trade), would come from radical services liberalisation in both developed and developing countries.

- Hence negotiations on these items are more important for development than other aspects of the DDA. They should, therefore, have top, overriding priority.

Agriculture

- Agricultural protection in high-income countries remains almost as high as it was at the end of the Uruguay Round, despite long-standing promises to reduce trade barriers. High to sky-high tariffs, and vast trade-distorting domestic subsidies and export subsidies (especially in the EU and Japan), continue to wreak havoc in developing country markets and condemn millions of people to destitution. This is scandalous and unacceptable. Substantial agricultural liberalisation must result from the Doha Round. Otherwise it will fail.
- The Doha Ministerial Declaration commits WTO members to “substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support”. This requires a formula approach for substantial tariff cuts, especially of peak tariffs; tighter controls on the administration of tariff quotas; substantial cuts in trade-distorting domestic subsidies; and the phased elimination of export subsidies. There should also be disciplines on export credits, food aid, disaster relief and state trading enterprises. Subsidies for rural development, animal welfare and food security, providing they are not coupled to production, should be permitted in the “green box”. In low-income and least-developed food-importing countries, a limited list of sensitive products, especially of concern to poor rural farmers, should be exempted from reduction commitments, though on a time-limited basis. However, this should not be a pretext for developing countries to be exempted from liberalising their agricultural markets through common rules and obligations.
- Food safety measures, product labelling requirements and geographical indications of origin (covered in the SPS, TBT and TRIPS agreements

respectively) should not be used to impose trade-restricting regulations. This would be tantamount to intrusive, backdoor protectionism.

- Agriculture is the centrepiece of the round and the major “round-stopper”. Negotiations are presently deadlocked. The EU and Japan are the main stumbling blocks. External pressure (from the US, the Cairns Group and other developing countries) and internal pressure (from EU members disposed towards agricultural liberalisation) should be brought to bear on the EU to perform major surgery on its Common Agricultural Policy, especially by decoupling subsidies from production. That would help to unblock the WTO agricultural negotiations and allow for rapid progress in other parts of the DDA.

Services

- The GATS negotiations have made solid, low-key progress, with a better understanding of issues and more participation by some developing countries. However, further progress is unlikely without movement elsewhere, particularly in the agricultural negotiations.
- More commitments are needed on national treatment and market access (GATS Articles XVI and XVII), with fewer exemptions. Developing countries need to make stronger commitments in mode three of supply (“commercial presence”). Developed countries need to reciprocate with meaningful commitments in mode four (“movement of natural persons”, i.e. the cross-border movement of workers on temporary contracts). Real progress must be made on the cross-border movement of skilled personnel. The transparency of domestic regulation needs to be improved (covered by GATS Articles III and VI). Priority should be given to “big-ticket” sectors that provide essential domestic infrastructure and are drivers of economy-wide growth: financial services, telecommunications services, transport and energy.
- Zero duties on cross-border e-commerce transactions should be locked in permanently. Otherwise a light regulatory approach is advisable, filling in commitments in GATS, GATT and TRIPS. Stronger GATS commitments in

financial and telecom services, and in the Information Technology Agreement (ITA), would enhance e-commerce prospects in developing countries.

- WTO members may find it difficult to forge consensus on mutual recognition of standards and qualifications, emergency safeguards, subsidies and public procurement. Substantive agreement on these issues could be left to future negotiations.

Non-agricultural goods

- Developed countries – the US in particular – must complete the phase-out of bilateral quotas on textiles and clothing by the beginning of 2005, as stipulated in the Uruguay Round Agreement on Textiles and Clothing (ATC). This must not be followed by a cascade of anti-dumping and safeguard actions to shut out developing country exports.
- A formula approach is needed to make substantial reductions in peak tariffs and tariffs on processed goods, which hinder developing country exports to developed countries and to other developing countries. Tariffs should be abolished in a range of selected sectors, including those of interest to developing countries. Target dates should be set for the elimination of “nuisance” tariffs, and to bring maximum tariffs down to 10 per cent or less in developed countries. There could be a target date for the abolition of all tariffs worldwide, albeit with longer transition periods for developing countries, and particularly for LDCs.

B: Rules

- Market access negotiations are not enough: they need to be buttressed by improvements to the WTO rule base. This is the essential machinery that greases the wheels of multilateral market access on a day-to-day basis. WTO rules need repair and renovation to be kept in trim and to prevent the multilateral trading system from breaking down.
- The Doha Ministerial Declaration commits WTO members to “clarify and improve” disciplines on anti-dumping measures (covered by the presently weak GATT Article VI). Disciplines on proliferating anti-dumping measures need to be strengthened, as they are the protectionist’s weapon of choice and have a chilling effect particularly on developing country exports. Pressure needs to be exerted particularly on the US, which is the main stumbling block to stronger Article VI disciplines.
- Given political realities, particularly in the US Congress, reforms on anti-dumping should be modest, incremental and restricted to procedural disciplines so that national administrative measures comply with WTO obligations. This should apply particularly to sunset clauses, repeat actions, “lesser duty” provisions and *de minimis* dumping margins.
- Stronger disciplines on and drastic reductions of fishing subsidies are required, as they lead to overfishing and depletion of stocks, not to mention the damage done to the environment.
- Reasonable “clarifications and improvements” to the Dispute Settlement Understanding should be made.
- Disciplines on regional trade agreements (RTAs) (covered by GATT Article XXIV and GATS Article V) need to be strengthened. This will prove difficult, as nearly all WTO members are involved in one or several RTAs. However, modest procedural reforms to improve transparency and surveillance may be possible. This would enhance the positive effects of RTAs, limit their negative effects, and better align them with a non-discriminatory multilateral trading system.

C: Developing country issues

- The Preamble to the Doha Ministerial Declaration places “the needs and interests (of developing countries) at the heart of the Work Programme In this context, enhanced market access, balanced rules, and well-targeted, sustainably financed technical assistance and capacity-building programmes have important roles to play. ... We are committed to addressing the marginalisation of least developed countries in international trade and to improving their effective participation in the multilateral trading system”.

Implementation issues and Special and Differential Treatment (SDT)

- LDCs in particular face severe constraints in implementing Uruguay Round agreements. Over twenty implementation issues are outstanding, and key negotiating deadlines have been missed. Fresh implementation issues are bound to arise in the course of negotiations on market access, rules and new issues. Above all, the Uruguay Round folly of rushing developing countries into agreements with blithe disregard to implementation costs and effects must not be repeated.
- Implementation issues – and indeed new commitments – should be dealt with expeditiously in order to fulfil commitments made to developing countries in the DDA. This is essential if confidence in the WTO process is to be restored and built up.
- “Old-style” SDT -- non-reciprocity, dependence on uncertain developed country tariff preferences, and sweeping carve-outs from GATT rules and obligations – has outlived its relevance for developing countries with progressively outward-oriented trade policies. It needs to be reviewed and replaced by a more targeted approach.
- “New-style” SDT should be used to address implementation issues. This should involve flexible transition periods and greater technical assistance on a targeted, needs-must basis. A “graduation” principle could be introduced. The central focus should be on LDCs and some low-income developing countries with acute implementation problems.

- The WTO needs to set up an appropriate mechanism to assess individual countries' implementation problems, appropriate transition periods and resource needs, as well as to monitor and review subsequent progress.

TRIPS

- Developing countries have secured greater flexibility to override patents and issue compulsory licenses for essential medicines in public health emergencies (covered by TRIPS Articles 7&8). However, most developing countries lack domestic production capacity and face TRIPS restrictions preventing imports of generic medicines. WTO members must overcome US opposition and agree to amend TRIPS so that developing countries without production capacity can import generic medicines when faced with pandemics such as HIV/AIDS, tuberculosis and malaria. This should be subject to safeguards against abuse. Agreement should be reached ahead of or at Cancun.
- The Doha Ministerial Declaration agrees to new negotiations to establish a system of notification and registration of geographical indications (GI) for wines and spirits, and to consider extending GI protection to other products. GIs – granting exclusive rights to names of products in regions where the products are originally made – can potentially restrict trade. WTO members should therefore make sure that GI registers are not too broad and too strict. This would result in cumbersome bureaucracy and trade restrictions.

D: Singapore issues

- All four Singapore issues – investment, competition, transparency in government procurement, and trade facilitation – are built in to the DDA in a two-step procedure: preparatory work was to commence at the beginning of the round; actual negotiations will only start after Cancun “on the basis of a decision to be taken, by explicit consensus, at that Session on the modalities of the negotiations”.
- Negotiations on the Singapore issues should not be launched unless the present deadlock on agriculture, TRIPS and public health, implementation and SDT is overcome. These are critical issues that should be dealt with first.
- The four Singapore issues should be unbundled and treated on their individual merits. This would prevent investment – the most politically sensitive issue – and competition from holding up progress on the other two issues; and would allow trade facilitation in particular to proceed faster.
- WTO members should agree at Cancun, by “explicit consensus”, to launch negotiations on trade facilitation and transparency in government procurement, with a view to concluding light, incremental agreements by 2005. Investment and competition should be placed outside the Single Undertaking and proceed on a slower negotiating track. This cautious, differentiated approach would prevent the Singapore issues from overloading the DDA agenda; there would be less risk of distracting political attention and negotiating resources from the more important market access issues. The latter promise far greater welfare gains for developing countries in particular.
- Modalities should be issue-specific, limited and well-defined on the scope of negotiations. Dispute settlement should be differentiated and not over-ambitious. It should apply to a GATS-style (positive listing) investment agreement and to hard-core cartels in a competition agreement. Specific commitments in competition, transparency in government procurement, and trade facilitation agreements could also follow a GATS-style positive listing approach, and be subject to dispute settlement, perhaps with longer transition periods for low-income developing countries and LDCs. However, the presumption should be to rely less on sanctions and more on stepped-up

technical assistance, voluntary co-operation, transparency and information-sharing (through notification, surveillance and peer review).

- Careful assessment of implementation costs and technical assistance requirements in developing countries should figure prominently in each set of negotiations.

Investment rules

- A standing committee on investment rules should be set up and have its own negotiating track, open to interested WTO members but without forcing any to participate. It could report to the Ministerial Conference following the conclusion of the DDA on the possible outline of an investment rules agreement in the WTO.
- Scope should be restricted to FDI and perhaps to large-scale portfolio investments. There should be clarity on national treatment on pre- and post-establishment activities, with GATS-type, positive listing for specific commitments. An agreement should not dilute existing investment provisions in the GATS, TRIMS and Subsidies agreements in the WTO, and in Bilateral Investment Treaties (BITS) and RTAs.

Competition

- A standing committee on competition rules should be set up. It could present an outline agreement on competition rules for decision at the Ministerial Conference following the conclusion of the DDA.
- An agreement should cover hard-core cartels, including international cartels which restrict competition in developing countries. Otherwise it should have core principles on minimum good practice and encourage intergovernmental co-operation on *de jure* competition provisions. It should not venture into complicated *de facto* competition law and policy practices that could be better dealt with in bilateral and regional arrangements.

Trade facilitation

- Improved customs and related trade procedures promise by far the biggest gains for developing countries of all the Singapore issues. Many estimates suggest that corruption and red tape at border points do much more harm than tariffs to trade in goods and services, especially in developing countries. Small and medium-sized enterprises are particularly hard hit. Hence trade facilitation should be accorded top priority in this issue-cluster.
- An agreement should focus on customs administration and be restricted to legal practices. Dealing with applied practices should be left to voluntary co-operation and capacity-building efforts. GATT Articles VIII (on trade formalities) and X (on transparency) should be clarified and deepened.

Transparency in government procurement

- An agreement should be restricted to transparency measures and not deal with substantive market access (covered presently by the plurilateral Government Purchasing Agreement [GPA], which has few developing country signatories). Future reviews would decide whether to extend coverage to market access. The focus should be on realistic good practices for publicising rules and procedures on public tenders and bid awards.

E: Trade and standards: labour and environment

Trade and labour

- Developing countries clearly recognise that bringing labour standards into the WTO agenda would be the thin end of the wedge. Developed countries would in due course press for obligations to comply with “core” labour standards, which could easily be abused (much like anti-dumping actions) in order to shut the door on cheap, labour-intensive developing country exports. Therefore, it is welcome that the Preamble to the Ministerial Declaration confirms that labour standards are not part of the Doha agenda.

Trade and environment

- Trade-and-environment is already built into existing WTO agreements, and into the DDA. Developing countries in particular must ensure that the environmental aspects of the DDA do not turn out to be the Trojan Horse that stealthily inserts new, complex and dubious regulations into the WTO.
- The Doha Ministerial Declaration gave the green light to new negotiations on: 1) “the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs)”; 2) “procedures for regular information exchange between MEA Secretariats and the relevant WTO committees, and the criteria for granting observer status”; and 3) “the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services”.
- WTO members should forge ahead with liberalising trade in environmental goods and services. “Specific trade obligations” should be interpreted narrowly and apply only to existing MEAs. To be avoided are general or specific waivers for badly-designed and administratively unwieldy MEAs that take little account of developing country concerns. Trade sanctions would then be used to enforce compliance with dubious MEAs.
- The Doha Ministerial Declaration also mandates work (not negotiations) on the following: 1) “the effect of environmental measures on market access”; 2)

“the relevant provisions of the Agreement on Trade-Related Intellectual Property Rights”; and 3) “labelling requirements for environmental purposes”. The possibility of post-Cancun negotiations on one or more of these aspects is left open. WTO members should think twice before proceeding with negotiations on any of these issues.

- WTO members should be watchful on two fronts. First, they must ensure that costly and burdensome developed country environmental, health and safety regulations are not exported or imposed on developing countries through the DDA work programme and possible future negotiations, e.g. through onerous labelling requirements. The second danger zone concerns the “precautionary principle”. Precautionary measures, including temporary import bans, to protect human, animal or plant life or health (covered especially by the SPS agreement) should be based on scientific evidence and should not constitute disguised restrictions on trade. To be avoided is an open-ended interpretation of precaution that would downgrade science-based judgements. This would be an open invitation to restrict imports on all sorts of spurious grounds.

CONCLUSION

The CBC invites Commonwealth Governments to adopt the following positions on the WTO and its Doha Development Agenda (DDA):

1. to reaffirm the WTO's market access *raison d'être*: the progressive liberalisation of trade in goods and services according to transparent, non-discriminatory rules, in both developed and developing countries. This is of vital assistance to national economic policies to promote economic growth and development.
2. to reaffirm the development focus of the DDA and to honour the commitments made to developing countries when the Round was launched.
3. to give top priority to the market access negotiations in the DDA on agriculture, non-agricultural goods and services. Substantial liberalisation in these three areas would deliver the biggest gains by far for trade-related development.
4. to deal expeditiously with implementation of Uruguay Round agreements by means of flexible transition periods and increased technical assistance and related capacity-building measures.
5. to amend the TRIPS agreement so that developing countries without domestic production capacity can have access to affordable essential medicines to deal with public health emergencies, subject to safeguards against abuse.
6. to recognise the importance of strengthening WTO rules, particularly disciplines on anti-dumping measures and fisheries subsidies, but also on regional trade agreements and in dispute settlement.
7. to adopt a cautious approach on the Singapore issues. Eventual agreements, if any, should be light and incremental, and should avoid regulatory overload and future implementation burdens.
8. to make progress on liberalising trade in environmental goods and services, but to avoid burdensome environmental, health and safety regulations that would further restrict developing country exports.
9. to encourage developing countries to play a more active role in the WTO, especially in like-minded coalitions involving developed and developing countries.

10. to promote Commonwealth participation in the WTO system at intergovernmental level and through business-government dialogue.

These recommendations will be discussed at the Commonwealth Trade Forum in London on 7/8th July before being circulated to governments ahead of the WTO's Fifth Ministerial Conference in Cancun, Mexico in September, and at the Commonwealth Heads of Government Meeting in Abuja in November.

ANNEX
THE CBC TRADE POLICY PROGRAMME 2003

The CBC, in collaboration with the Global Dimensions Programme of the London School of Economics and Political Science, has a full trade policy programme in the run-up to the WTO's Fifth Ministerial Conference in Cancun. The programme is directed by Dr. Razeen Sally, CBC Director of Trade Policy and Senior Lecturer in International Political Economy at the LSE. The programme comprises: 1) WTO symposia with public policy addresses by leading policy-makers; 2) government-business roundtable dialogues under Chatham House rules; 3) a series of policy papers. The following events have taken place and are scheduled:

- 20th January (LSE): An EU-Commonwealth Dialogue Roundtable on the DDA with leading officials, negotiators, business representatives and academic experts, chaired by CBC Co-Chair Hugh Morgan. This was followed by a major public address by Pascal Lamy, the EU Trade Commissioner.
- 20th February (Singapore): A WTO symposium, starting with a policy address by Minister of State Raymond Lim and followed by a panel discussion on the DDA. Then followed an afternoon business-government roundtable on the GATS negotiations. This event was organised in collaboration with the Wee Kim Wee Centre of Singapore Management University.
- 25th March (LSE): A one-day roundtable on the Singapore issues, organised in collaboration with the Federal Trust.
- 19/20th June (Johannesburg): A roundtable on trade facilitation in the WTO, organised in collaboration with SITPRO.
- 23rd June (Johannesburg): A policy address by Hon. Alec Erwin, Minister for Trade and Industry, followed by a roundtable on the development issues in the DDA. This was followed by a separate roundtable on the Singapore issues. This event was organised in collaboration with the Institute of Global Dialogue.
- 7/8th July (London): The Commonwealth Trade Forum.
- 29th July (Kuala Lumpur): A WTO symposium followed by a roundtable on trade-and-development. This event is organised in collaboration with the Malaysian Institute of Economic Research.
- 31st July (Singapore): A Singapore issues roundtable, organised in collaboration with the Institute of Southeast Asian Studies.
- 1st August (Singapore): A trade facilitation roundtable, organised in collaboration with the Institute of Southeast Asian Studies and SITPRO.
- 10-14th September (Cancun): An event to coincide with the WTO's Fifth Ministerial Conference (TBA).
- Specially commissioned policy papers on services, investment, trade facilitation and competition to inform roundtable dialogues.
- A comprehensive WTO report stating and elaborating the CBC's positions on the DDA for the Commonwealth Trade Forum, the Cancun Ministerial Conference and CHOGM.

The CBC, in collaboration with the LSE Global Dimensions Programme, intends to undertake an ambitious trade policy programme in 2003/4, which will be launched soon after Cancun.

