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What have the poorest countries to gain from the Doha Development Agenda?

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Very little!

- However, just how little is unclear
- Our aim is to pursue a more precise appreciation of just how poor the results of the DDA are likely to be for the poorest countries and reveal something of the consequences

Why is there a lack of clarity?

- Two bodies of literature concern themselves with the results of the DDA – one econometric, the other political economy
- Both have strengths – econometric, aggregate picture; political economy, relative balance of opportunities, structural consequences
- Both have weaknesses – econometric, too broad-based, questionable assumptions; political economy, vague about detailed specifics, lacks ‘measurables’.
- Neither literature talks to the other

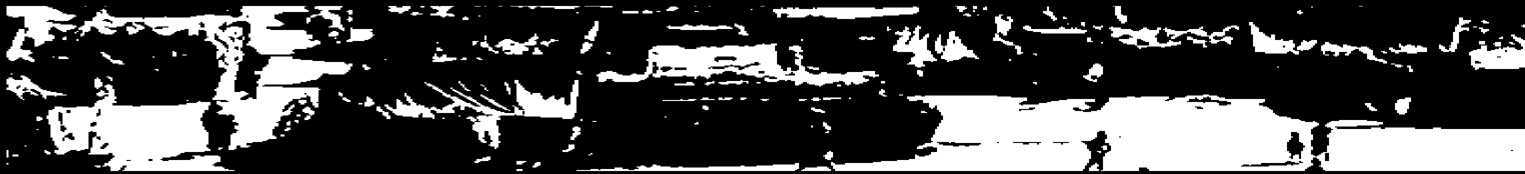
Our aim

To fuse together the insights of these two approaches in pursuit of a more pointed and satisfactory appreciation of just how poor the results of the DDA are likely to be for the least developed countries

Presentation plan

- Before we begin - two assumptions
- The big picture - what the CGEs say
- The DDA patter - what's in and what's not
- Conclusion - how poor is too poor?

Two assumptions

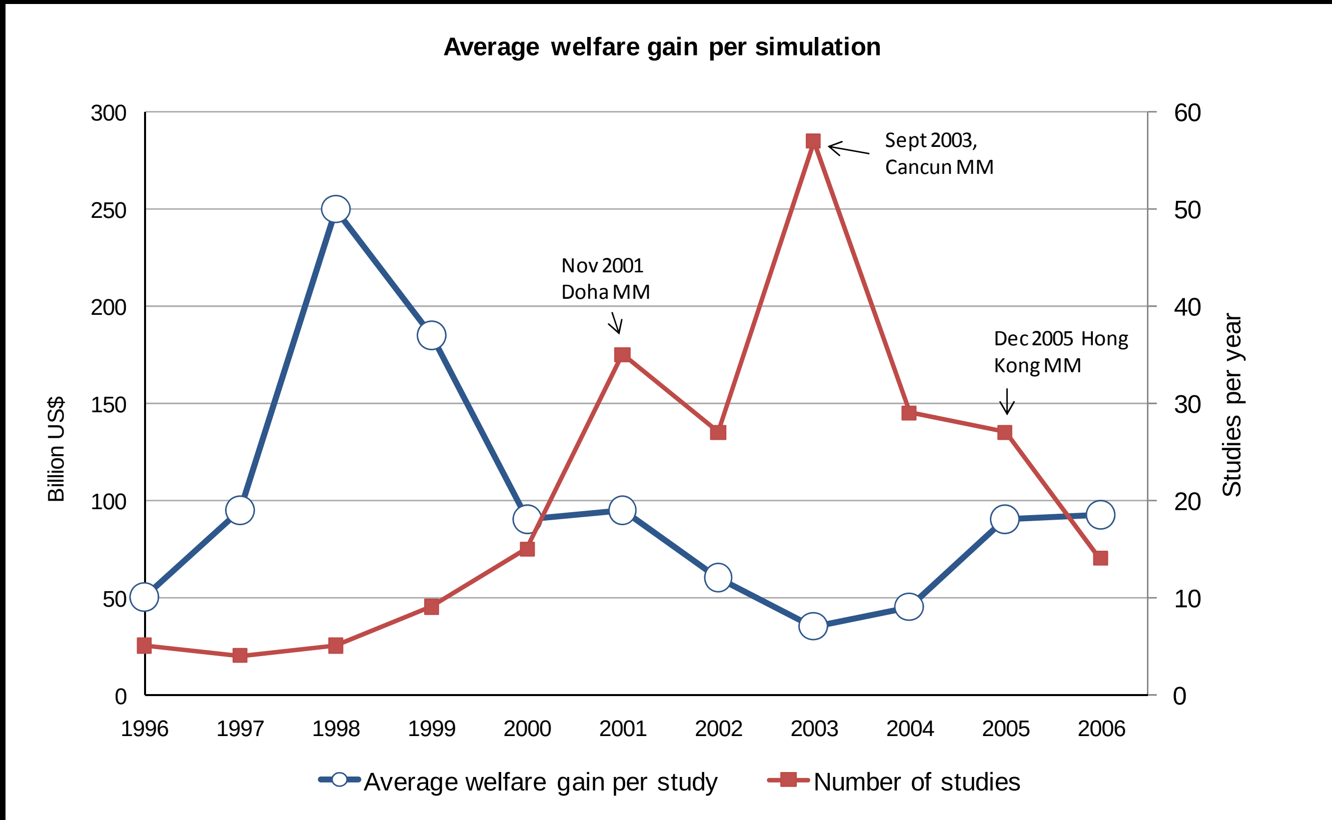


1. There is little doubt that the DDA will be concluded
2. The overall shape of the final bargain is already in place

The Big Picture

- Boom industry of CGE modelling
- Purpose – to attribute a ‘dollar value’ to a concluded round of negotiations
- CGE modelling has come to play an increasing role in WTO negotiations
- There has been a dramatic fall in the DDA’s predicted gains since the round was launched

The fall and fall of the DDA

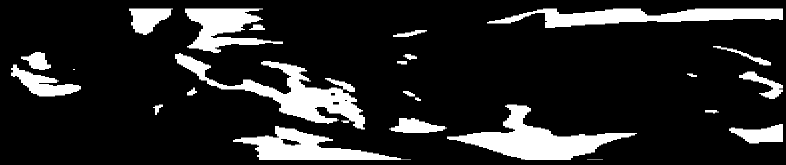


Source: Taken from Hess and von Cramon-Taubadel (2008), 'A Meta-Analysis of General and Partial Equilibrium Simulations of Trade Liberalisation under the Doha Development Agenda', *The World Economy* **31**(6): 812.

Diminishing returns

- There are wide variations:
  - Brown, Deardorff and Stern (2003) predict global welfare gains of US$ 2,080 bn, with US$ 431 bn going to developing countries
  - Ackerman (2005) predicts US$ 28 bn globally, and US$ 4 bn for developing countries
- There are also variations between developing regions. East Asia benefits most, sub-Saharan Africa often loses - typically around US$ 500 million (around 0.3% of GDP) (Achterbosch et al 2004), or around 1% of GDP (Polaski 2006).

One resulting prediction is that ...

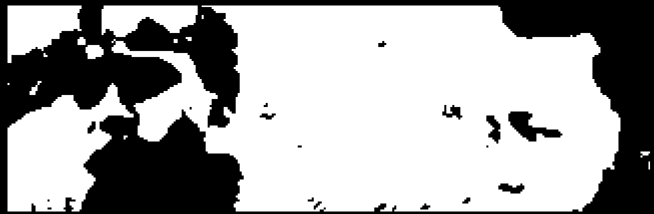


Doha is worth ‘less than $1 per person per year, or less than a quarter of a penny per person per day’ for each person in the developing world (Ackerman and Gallagher 2008: 60)

What accounts for the fall in predicted gains?

- The introduction of new data relating to:
- The substantial reduction in tariffs undertaken by some countries, particularly China as it acceded to the WTO
- The phasing out of quotas on textiles and clothing
- The completion of Uruguay round tariff liberalisation
- The expansion of the EU
- Move from modelling based on complete liberalisation to draft texts and negotiating positions

The DDA patter



Background to the DDA

- Uruguay Round had left sub-Saharan Africa an estimated $600 million a year worse off (UNDP 1997)
- Persistent lack of technical expertise and resources among developing countries, especially in new areas
- Developing countries as a group largely sanguine about the launch of the DDA
- Clear split between the least developed and the developing countries
- Even where clear support existed, most concerned with residual (Uruguay Round) implementation issues
- Large scale hostility to further obligations, especially environmental and labour standards as well as the 'Singapore issues'

How the DDA began

Round launched after

- labour standards dropped from the agenda
- a stated aim to address implementation issues and focus on the interests of developing countries
- some arm-twisting in the shadow of September 11th
- and an expectation of less than full reciprocity

How development was whittled away

- Less than full reciprocity edged out for all but the least developed
- Implementation issues dropped from the agenda through resistance, filibustering and procrastination
- Partial ‘victory’ on Singapore issues

Agriculture as development

- Agricultural key to the DDA deal
- Box shifting
- The cotton distraction?
- NAMA – deep cuts in bound and applied tariffs for limited movement in agriculture
- Duty free/quota free
- Import surges and the Special Safeguard Mechanism (SSM)

Conclusion

how poor is too poor?

- Fusing the econometric and political economy literatures gives a more nuanced insight into just how poor the results of the DDA are likely to be for the least developed

Declining projections + exclusion of implementation issues + lack of ambition in agriculture + box shifting + no discernable movement in cotton + big NAMA cuts + limited SSM + questionable DF/QF

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Poor (and potentially negative) aggregate 'dollar value' outcome + miniscule capacity for growth in agriculture + little industrial diversification + contribution to further relative impoverishment of the least developed

- A dramatic refocus is required, not 'variable geometry' or an agreement as is; or else, the DDA will be just another asymmetrical trade deal