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The Need for a Development Round

Developing countries and world trade

The current multilateral trade liberalization round, the Doha Round, is the ninth in a series of such negotiations which began in Geneva in 1947. The first eight of these were conducted under the auspices of the WTO's predecessor, the GATT (General Agreement on Tariffs and Trade), which was established on a provisional basis after the Second World War as a draft charter for the proposed International Trade Organization (ITO). The ITO was stillborn—it was never ratified by the US Congress and other national legislatures—but the GATT continued to govern international trade in the form of a multilateral treaty from 1948 to the creation of the WTO in 1995.

The GATT set forth the principles under which the signatories, on a basis of reciprocity and mutual advantage, would negotiate a substantial reduction in customs tariffs and other impediments to trade, and the elimination of discriminatory practices in international trade. As more countries joined, the GATT became a charter governing almost all world trade except for that of the communist countries. Despite its inauspicious beginnings and its provisional nature, the GATT was successful in promoting the liberalization of a considerable proportion of trade and contributed to the substantial

Table 3.1. **The nine trade negotiation rounds under the GATT and WTO**

Year	Place/Name	Subjects covered	Number of countries
1947–8	Geneva	Tariffs	23
1949	Annecy	Tariffs	13
1950–1	Torquay	Tariffs	38
1956	Geneva	Tariffs	26
1960–2	Dillon Round	Tariffs	26
1963–7	Kennedy Round	Tariffs and anti-dumping measures	62
1973–9	Tokyo Round	Tariffs, non-tariff barriers (NTBs), 'framework' agreements	102
1986–3	Uruguay Round	Tariffs, NTBs, rules, services, intellectual property, dispute settlement, textiles, agriculture, creation of WTO	123
2001–	Doha Round	(Under negotiation)	142+

growth of world trade throughout the post-war era.1 Through its principles of transparency, non-discrimination, and reciprocity, the GATT gave predictability to world trade and provided a reasonably open forum for the mutual exchange of liberalization concessions and the settlement of disputes.[2] See table 3.1.

Developing countries played only a small role in the seven rounds of trade negotiations in the first 20 years of the GATT.[3] To the extent that they participated at all, they campaigned for special treatment. This took the form of preferential access to the rich countries' markets at tariff rates below those applied to other countries (eventually enshrined in the Generalized System of Preferences) and exemptions from GATT rules. Article XVIII in the GATT rules provided developing countries with differential treatment. Among other exceptions, it allowed economies 'which can only support low standards of living and are in the early stages of development' to 'implement

[1] Trade growth was consistently larger than production growth throughout the GATT era.

[2] For a history of the political economy of the GATT see Hoekman and Kostecki (1997).

[3] Developing countries hardly participated at all in the substantive agreements of the Kennedy Round. More than 70 developing countries participated in the Tokyo Round, where the enabling clause was adopted which introduced the concept of special and differential treatment (S&D), but their participation in broader negotiations was limited.

programmes and policies of economic development designed to raise the general standard of living of their people, to take protective or other measures affecting imports'. This recognized the right of developing countries to impose quantitative and other restrictions to protect their infant industries. Because of Article XVIII, developing countries could simultaneously be members of the GATT and evade the obligations imposed on developed countries.

This special status gave developing countries more freedom in determining their own development policies, but it simultaneously allowed them to be marginalized within the substantive negotiations. Even in the absence of their special status, tariff negotiations do not offer many incentives for smaller economies to participate actively, because they have little to offer large markets in reciprocal negotiations. But when exemptions freed developing countries from the requirement of reciprocity, their 'commitments' became almost meaningless because they were at liberty under the special arrangements to raise tariffs or introduce other protection at their own discretion. They therefore had relatively little bargaining power within the GATT rounds because their concessions were of doubtful value.

A passive strategy within the GATT negotiations actually suited some of the largest developing countries (especially China, India, and Brazil) which, until the 1980s, did not see international trade as their primary engine of growth. Instead they pursued policies of 'import substitution' which isolated their economies from the rest of the world. These countries sought economic development from internal sources and they had only a small incentive to pursue progress on multilateral liberalization within the GATT regime.

The developed countries were far more interested in each others' markets than in those of developing countries. Bergsten (1998) describes the history of the post-war multilateral trading system in terms of the power relationships between the rich countries, particularly the EU and US. He argues that the initial creation of the European Common Market in the late 1950s was one of the key motivations for the American initiative to launch the Kennedy Round in the early 1960s. The US wanted to reduce the newly created discrimination against American exports, and also to build the 'new Atlantic partnership' enunciated by President Kennedy.[4] Similarly, the expansion of the European Community to include the United Kingdom and others, with the extension of its discrimination to important new markets, was an important factor in the American decision to insist on the Tokyo Round in the 1970s.[5] Thus the primary concern of developed countries was to gain access to other developed markets and the reform agenda focused on efforts to liberalize those goods traded intensively between developed countries.

Together these factors explain the peripheral role of the developing countries in most of the GATT negotiations. As a consequence, over several rounds of agreements, the world trading system was tailored to the interests of the developed countries, who had, participated intensively in the negotiations. Protection was progressively reduced on the goods of export interest to developed countries, but remained on goods exported intensively by developing countries. It was no surprise that the GATT came to cover trade in all goods except agriculture and textiles—both of interest to developing countries—which were the subject of separate agreements whose provisions were far less liberal than those of the GATT. Textiles were covered by the Multifiber Arrangement (MFA), through which developing countries bargained bilaterally to establish quotas on the quantities of exports that they could export to developed countries. Only developing countries were discriminated against: developed countries did not impose any restrictions on textile imports from other developed countries. Similarly agricultural trade was excluded from the GATT and developed countries still continue to pursue protectionist agricultural policies which distort trade and harm producers in developing countries. As early as the mid-1960s, the world trade system was recognized as being unfair: 'In an important sense the trade policies of the developed countries may be said to discriminate against the less developed countries. While they generally do

[4] The Kennedy Round also originated partially in a monetary crisis (see Bergsten 1998). President Kennedy reportedly worried about the balance-of-payments problem and saw access to foreign markets for American exports as a potential solution.

[5] Similarly, the EU decision to launch the 'single market' in 1985, with the implied broadening of discrimination to many new types of economic activity, also added to the US desire to begin the Uruguay Round.

not discriminate against those countries in the form proscribed by the most-favored-nation principle, . . . their policies are in effect discriminatory in that the most serious barriers are erected in goods which the less developed countries typically have a comparative advantage in producing—agricultural commodities in raw or processed form, and labor-intensive, technologically unsophisticated consumer goods' (Johnson 1967: 79).

In the 1980s developing countries came to play a larger role in international trade policy. Each of the obstacles to their participation had been reduced. First, the increased importance of developing countries' trade—especially the newly industrialized countries in East Asia—increased the developed countries' interest in their markets and led to calls for them to stop 'free riding' and enter the system. At the same time developing countries placed more stock on the development potential of trade as many of them turned away from import substitution policies. As they did so, policy-makers in newly opened developing countries recognized the importance of participating in trade negotiations. As a result, in contrast to the Kennedy and Tokyo Rounds, developing countries were actively involved in the discussions that led to the Uruguay Round: the large number of accessions or requests for accession to the GATT from such countries at that time (including Mexico and China) indicated that the issues on the table were being taken seriously by a growing number of developing countries.

The Uruguay Round marked a shift in the history of trade negotiations. The largest industrial countries, led by the US, attempted to extend the GATT system to cover services as well as new areas of domestic policy which were deemed to be 'trade-related'. Despite initial resistance from some developing countries, an agenda was agreed at the Uruguayan resort city of Punta del Este in September 1986. The agreement was that developing countries would negotiate on the new issues of services, Trade-Related Aspects of Intellectual Property Rights (TRIPS), and Trade-Related Investment Measures (TRIMS). In return, they would get better market access for their exports of goods. The Uruguay Round, for all its faults and imbalances, was the most ambitious set of trade negotiations ever. It covered reductions in tariff and non-tariff barriers in industrial and agricultural goods, as well as textiles and clothing, and it attempted to extend multilateral rules to new areas, notably services and intellectual property.

Redressing past imbalances

In 1993 the Uruguay Round was finally being brought to a close. Part of the impetus for members to conclude the round was the promise of large welfare gains that had been projected by many researchers (See table 3.2). In 1992/3, the World Bank, the US Organization for Economic Cooperation and Development, and various other institutions made projections of welfare gains on the order of US $200 billion a year.[6] A large share of the gains was predicted to accrue to developing countries.[7]

In hindsight these estimates—particularly in relation to developing countries—were somewhat over-optimistic. It has since been estimated that the vast majority of the gains from the Uruguay Round to developed countries, with most of the rest going to a relatively few large export-oriented developing countries. Indeed many of the

Table 3.2. **Early estimates of income gains from the Uruguay Round agreement ($bn)**

Study	World	Developing countries
Harrison, Rutherford, and Tarr (1995)	52.5–188.1	4.8–61.7
Francois, McDonald & Nordstrom (1995)	51.4–251.1	9.0–91.9
GATT Secretariat (1993)	230	65
World Bank (1993)	213	78
Nguyen, Perroni, and Wigle (1993)	212.1	36
OECD (1993)	274.1	89.1
Deardorff (1994)	140–260	–

Source: Epstein (1995).

6 Indeed after Marrakech, the GATT Secretariat put forward a larger estimate of the minimum gain—$500 billion per year. For a discussion of the projections see Safadi and Laird (1996). For a survey of the various estimates see Rodrik (1994). See also Martin and Winters eds (1996) and Srinivasan 1998.

7 In one study the gain to developing countries was estimated at $90bn, or roughly one third of the $270bn total gain predicted at the time (OECD 1993).

poorest countries in the world will actually worse off as a result of the round. Some estimates report that the 48 least developed countries are actually losing a total of $600 million a year as a result of the Uruguay Round.[8] While some least developed countries will receive net gains, most will be net losers from the round when all of the agreements are fully implemented. A large share of the net losers, are among the poorest countries in the world, in particular sub-Saharan Africa, which has been estimated have lost $1.2 billion as a result of the round (UNDP 1997:82).

One reason for this was that the modelled scenarios were not fully reflected in actual agreements and the subsequent events.[9] Several reforms which were significant sources of predicted gains did not proceed as had been hoped early in the negotiations. For example, the Agreement on Textiles and Clothing (ATC) was structured to back-load liberalization, significantly,[10] the ability of tariff-rate quotas (TRQs) to liberalize agricultural market access was overestimated, and the costs of implementation were almost completely ignored.

In addition the Uruguay Round agenda reflected, in large part, the priorities of developed countries. Market access gains for example were concentrated in areas of interest to developed countries and there was only marginal progress on the priorities of developing countries (particularly in agriculture and textiles). The result of this regressive asymmetry was that *after the implementation of Uruguay Round commitments, the average OECD tariff on imports from developing countries is four times higher than on imports originating in the OECD* (Laird 2002). Domestic protection (particularly agricultural subsidies) is also much higher in developed countries, amounting to more than $300 billion in 2002. The impact of this protection is particularly regressive since producers in the poorest developing countries are those most affected by OECD policies.

[8] That is, $600m in net losses. Some of the least developed countries gained from the round, but the losers lost $600m more than the sum of the gains.

[9] The models themselves also make assumptions that may not be fully appropriate for less developed countries. See Charlton and Stiglitz (2004).

[10] As we noted, the developed countries were given a decade to remove their textiles quotas; the argument was that the extra time would allow them a smoother adjustment process. In practice, since little if any adjustment has occurred, only the day of reckoning has been postponed. In the United States, the legislation implementing the Uruguay Round, by not adopting a steady phase-out of the quotas, made clear that this postponement was the real motivation.

Only 4 per cent of the exports of developed countries are subsidized by another WTO member, but 6.4 per cent of the exports of middle-income countries are subsidized. By contrast, a much larger share (29.4 per cent) of the exports of the poorest countries (not including China and India) are subsidized by another WTO member.[11]

As well as receiving only a small share of the gains from the Uruguay Round, developing countries accepted a remarkable range of obligations and responsibilities. New trade rules and domestic disciplines were introduced, but they too reflected the priorities and needs of developed countries more than developing countries (e.g. subsidies were permitted for agriculture, but not industrial products). Many of the rules acted to constrain the policy options (such as industrial policies) of developing countries, in some cases prohibiting the use of instruments that had been used by developed countries at comparable stages of their development. Many of the new obligations imposed significant burdens on developing countries. In return the least developed countries were promised financial assistance with implementation costs and extensions of preferential market access schemes. The common feature of these commitments is that they were non-binding on developed countries. As a consequence developing countries found themselves at the mercy of the goodwill of developed countries. As Finger and Schuler (2000) aptly note: 'the developing countries took bound commitments to implement in exchange for unbound commitments of assistance'. Insufficient attention has subsequently been paid to the enormous demands upon developing countries in implementing the outcome from the Uruguay Round. Agreements related to intellectual property, customs valuation, technical barriers to trade, and agricultural food safety have been particular targets of criticism in this regard.[12]

[11] These figures may underestimate the relative effects of subsidies if developing countries' exports are more concentrated in those agricultural products which attract subsidies.

[12] Many developing countries have been unable to meet their Uruguay Round obligations because of these high costs. By January 2000, up to 90 of the WTO's 109 developing country members were in violation of the SPS, customs valuation, and TRIPs agreements. Estimates of the cost of compliance to the Uruguay agreements vary widely depending on the quality of the existing systems and the strength of institutions in each country. Hungary spent more than $40 million to upgrade the level of sanitation of its slaughterhouses alone. Mexico spent more than $30 million to upgrade intellectual property laws. Finger (2000) suggests that for many of the least developed countries in the WTO compliance with these agreements is a less attractive investment than expenditure on basic development goals such as education.

Thus in the years after the Uruguay Round was completed, developing countries became increasingly disillusioned with its results. There were continued tariff and non-tariff barriers by the rich countries on developing-country exports and developing countries had to implement their own obligations under the new agreements, such as those on TRIPS, TRIMs, and agriculture. The promised benefits from liberalization had not materialized. In 1999, in response to concerns expressed by many developing countries that the Uruguay Round agreements had produced an unbalanced result, the acting EC Trade Commissioner, Sir Leon Brittan, said: 'the only way to address the issue is through a new round of negotiations. Indeed, I would ask all WTO members, including developing countries, whether they are entirely happy with the present trading system. If the answer is no, it is clear that the only way of improving upon that system is in a new round.'[13]

As with previous rounds, the establishment of the Doha Round was rooted in the experience of the past.

Unfinished business from Uruguay

The Uruguay Round left many loose ends. The 1994 Agreement on Agriculture defined a framework in which agricultural protection could be negotiated in the WTO, but it did not deliver significant benefits to developing countries. Martin and Winters (1995) note that the Agreement on Agriculture achieved 'little in terms of immediate market opening'. The most significant element of the agreement was the requirement that non-tariff barriers be converted into tariffs that provide an equivalent level of protection. Since negotiations over tariff reductions are easier than other forms of protection, this 'tariffication' process was supposed to provide a simpler framework for the long-term reform of agricultural trade in the future. However, the Uruguay Round itself actually achieved very little in

[13] Statement at the World Trade Organization High Level Symposium on Trade and Development, 17–18 Mar. 1999, reported in *Sustainable Development* 12: 2 (22 Mar. 1999). See also Raghavan (1999).

the way of liberalization. Although some reductions in tariff rates were agreed, countries were able to use the tariffication process to set very high initial tariffs, such that even after the agreed reform, the new binding tariff rates were higher than the prevailing tariff rates that had been in place for some years.

There was similarly little progress in the reduction of subsidies. Indeed the overall level of OECD farm protection was not noticeably reduced. In 1986–8 farm subsidies were equivalent to 51 per cent of all OECD farm production, and fourteen years later, after the implementation of Uruguay commitments, at more than $300 billion, they still accounted for 48 per cent of all farm production (OECD 2003). Trade-distorting measures of industrialized nations displace the agricultural exports of developing countries. By suppressing world prices, these policies have a direct effect on farm incomes.[14] Moreover there may be long-term effects, as investment is also suppressed in countries whose trade is adversely affected by OECD support.[15]

In non-agricultural goods, there is also scope for further liberalization. The significant liberalization of manufacturing tariffs in developed countries over the last two decades might suggest that there is little to gain from further negotiations on industrial products. However, if this is true to some extent for developed countries, it is certainly not the case for developing countries. While average developed country tariff rates are low, these notions maintain high barriers to many of the goods exported most intensively by developing countries. When weighted by import volumes, developing countries face average manufacturing tariffs of 3.4 per cent on their exports to developed countries, more than four times as high as the average rate faced by goods from developed countries, 0.8 per cent (Hertel and Martin 2000). Moreover aggregate data hides the existence of tariff peaks. In the United States, post-Uruguay-Round tariff rates on more than half

[14] Estimates of the downward impact on world prices caused by OECD domestic support are between 3.5 and 5% for many agricultural commodities including wheat and other coarse grains and oilseeds (Dimaranan, Hertel, and Keeney 2003).

[15] Diao, Diaz-Bonilla, and Robinson (2003) report that protectionism and subsidies by industrialized nations cost developing countries about US$24bn annually in lost agricultural and agro-industrial income. Latin America and the Caribbean lose about $8.3bn in annual income from agriculture, Asia loses some $6.6bn, and sub-Saharan Africa close to US$2bn. These estimates do not include dynamic effects.

of textile and clothing imports are between 15 and 35 per cent, while in Japan 22 per cent of textile imports face tariffs of 10–15 per cent (UNCTAD 1996).

Similarly in the processed food sector, Canadian, Japanese, and EU tariffs on fully processed food are 42, 65, and 24 per cent respectively. By contrast, the least processed products face tariffs of 3, 35, and 15 per cent in these countries (World Bank 2002). Such tariff escalation serves to discourage the development of food processing in least developed countries since the *effective* tariff rate on 'value added' in food processing is very high. Tariff escalation and tariff peaks are manifestly unfair and have a particularly pernicious effect on development by restricting industrial diversification in the poorest countries.

After the Uruguay Round, there was also a widely held view that the TRIPS Agreement needed to be reviewed, particularly in its application to public health and bio-piracy. Article 71.1 provided for a review of the implementation of the TRIPS Agreement after year 2000, and for possible reviews 'in the light of any relevant new developments which might warrant modification or amendment'. Many developing countries felt that the Agreement as it stood primarily reflected intellectual property rights protection suitable for developed countries, but largely disregarded important factors in developing countries.

International rules for intellectual property rights have potentially huge public health effects and global distributional consequences. Unbalanced rules—and there is a concern that present rules are unbalanced—can impede efforts to close the North–South 'knowledge gap'. Additionally the WTO also has the responsibility to protect indigenous knowledge. While there have been a few dramatic bio-piracy cases,[16] the full impact of expanded patentability remains uncertain. Patent laws need to be changed so that the onus of proof is reversed and companies should give an undertaking that the patent they are seeking is not based on traditional wisdom.

Finally, the Uruguay Round imposed strong restrictions on developing countries' use of industrial policies—policies that had arguably

[16] In May 1995 the US Patent and Trademark Office (USPTO) granted to the University of Mississippi Medical Center a patent (no. 5,401,504) for 'Use of Turmeric in Wound Healing'. The revoked the patent after dozens of references to the procedure were found in texts from India.

played an important role both in the development of Western economies in an earlier century[17] and more recently in the East Asian Miracle[18]. But they allowed developed countries to continue to use non-tariff barriers to exclude goods from the developing countries. Developing countries needed more freedom to use industrial policies, and more protection from abuses by developed countries of dumping duties, countervailing duties, safeguard measures, and phytosanitary conditions.

New areas of importance

Services represent an increasingly large share of GDP and trade in both developed and developing countries. With manufacturing dwindling to 14 per cent of US GDP, it was natural for the US to shift the focus of trade liberalization to services.[19] Indeed, the irony was that increasingly, it seemed as if the trade agreements of the past, centered as they were around manufacturing, would, in the future, be of greater benefit to China than to any other country.

But the Uruguay Round focused on the liberalization of those service industries of primary interest to firms in OECD countries (like financial services). There was significantly less attention given to low-skilled labor-intensive services in which developing countries have a comparative advantage.[20] Developing countries have increased their exports of services more than fourfold since 1990, despite the large trade barriers facing many of their most promising industries, such as construction, shipping services, and health services (OECD 2002). In these industries developing countries have legitimate and substantial interest in the outcome of a new round of liberalization.[21]

[17] For a discussion, see e.g. Chang (2002). [18] See e.g. Stiglitz (1996).

[19] Additionally, given the apparent barriers to service trade, there might be large gains from liberalization. (See Brown, Deardorff and Stern 2002. They estimate that the global gains from service liberalization are as high as $400bn. However, these estimates may overstate the benefits from liberalization if many of these barriers are exogenous and not related to economic policy.)

[20] Developing countries are capturing a growing share of trade in services. More than one quarter of the world's top 40 service exporters in 2002 were in developing countries.

[21] As we discuss in the next section, these labor-intensive services are not the ones that have been given priority in the Doha Round so far.

Some of the areas of service sector liberalization that were advanced in the Uruguay Round may well have disadvantaged the developing countries. Financial market liberalization, for instance, may have weakened domestic financial firms, reducing the already scant supply of credit available to domestic small and medium-sized enterprises.

This agenda of 'new issues' and 'unfinished business' is markedly different from the agenda of the Doha Round. The new issues which had been put on the agenda at the Singapore Ministerial Meeting, the so-called 'Singapore Issues',[22] all centered around concerns of the developed countries. There was one issue, competition policy, which in principle could have been of benefit to the developing countries—had dumping duties been brought into the discussion. But the developed countries were adamantly opposed to this.

A new sense of global responsibility for development

On 30, November 1999, the World Trade Organization convened in Seattle, for what was to be the launch of a new round of trade negotiations. The negotiations were unsuccessful, but they were quickly overshadowed by massive and controversial street protests. From 5 a.m. on the morning of the first day of the conference, several hundred activists arrived in the empty streets near the convention center and began to take control of intersections. As the day began, a number of marches began to converge on the convention center from different directions. A group of students marched from the north and

[22] As noted earlier, these centered around (1) government procurement; (2) trade facilitation; (3) competition; and (4) investment. The names, however, are somewhat misleading. 'Competition' did not focus, for instance, on anti-trust matters. The developing countries had already expressed their hostility to the initiative by the OECD for a multilateral investment agreement. There was no reason to believe that the WTO provided a venue in which an agreement acceptable to the developing countries could be worked out. In any case, it was clear that this was an initiative of the developed, not of developing countries. Similarly, while developed countries hoped to have greater access to government procurement in developing countries, there was little hope that developing countries could make much inroad into procurement by developed countries, especially in the central area of defense. This too was a developed-country agenda item.

were met by a march of citizens of the developing world who came from the south. There was some violence, although the vast majority of demonstrators were committed to peaceful forms of protest including rallies, teach-ins, and street parties. The scale of the demonstrations—even the lowest estimates claimed there were more than 40,000 people—dwarfed any previous protest associated with global issues of economics and equality.

The protests certainly did not cause the failure of the WTO negotiations at the Seattle meeting. In particular, the negotiators from developing countries were skeptical about the new issues being placed on the agenda for the proposed round. They feared that any compromise on their part on issues to be included in the negotiating agenda would hurt them in the subsequent negotiations. However, even if the effect of the protests on the negotiations is often overstated, the significance of the occasion as the coming-out of the anti-globalization movement in the United States was profound.[23] Over the next two years the movement gained momentum with protests in Melbourne,[24] Prague,[25] Washington,[26] and Genoa[27]. Suddenly the gap between rich and poor was becoming shocking in the public consciousness.

The global protest movement coincided with a significant increase in the activism of civil society organizations and development-focused NGOs such as the Catholic Agency for Overseas Development (CAFOD), Christian Aid, and Oxfam. It also coincided with a surge in international support for alternative development initiatives and popular social movements, such as the Jubilee 2000 campaign to drop the debt burden of the developing countries and the establishment of the World Social Forum. These groups have exerted strong pressure on international political and economic

[23] The anti-globalization movement developed in opposition to the perceived negative aspects of globalization. The term 'anti-globalization' is in many ways a misnomer, since the group represents a wide range of interests and issues and many of the people involved in the anti-globalization movement *do* support closer ties between the various peoples and cultures of the world through, for example, aid, assistance for refugees, and global environmental issues.

[24] More than 5,000 people protested at the Asia-Pacific Summit of the World Economic Forum (Davos Forum) in Melbourne in September 2000.

[25] More than 10,000 people protested in Prague during the IMF, World Bank, and G8 Summit in September 2000.

[26] In April 2000, there were protests at the IMF and World Bank headquarters in Washington.

[27] More than 100,000 people protested at the G8 meeting in Genoa in July 2001.

policy institutions to break the cycle of increasing world poverty, inequality, and economic instability in developing countries.

At the same time developed countries made unprecedented commitments within international institutions to bring development issues to the center of international relations. At the United Nations Millennium Summit in New York in September 2000, world leaders placed poverty eradication at the heart of the global agenda by adopting the Millennium Development Goals (MDGs), which set clear targets for reducing poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women by 2015. Following this, at the International Conference on Financing for Development, held in Monterrey, Mexico, in March 2002, the advanced industrial countries committed themselves to helping provide the finance for development priorities. The Johannesburg Summit on Sustainable Development in September 2002 attempted to establish an action plan for the tasks to be completed in the coming years in order to ensure sustainable global development.

Together these events signaled a new sense of collective responsibility for the shocking poverty in developing countries and on increasing recognition of the need for global collective action. The addition of development concerns to the new round of WTO negotiations was a natural part of a program of global collective action to reduce poverty. It would have made no sense to exclude trade from the poverty reduction initiatives because, as former US President Jimmy Carter said during the Johannesburg Summit, 'We cost the developing world three times as much in trade source restrictions as all the overseas development assistance they receive from all sources.'

In this context, the Doha Ministerial Declaration adopted on 14 November 2001 contained, in its second article, an affirmation of the new international commitment to development: 'International trade can play a major role in the promotion of economic development and the alleviation of poverty. We recognize the need for all our peoples to benefit from the increased opportunities and welfare gains that the multilateral trading system generates. The majority of WTO members are developing countries. We seek to place their needs and interests at the heart of the Work Programme adopted in this Declaration.'

It is certainly true that this new collective responsibility for the problems of developing countries is in its infancy and has been characterized so far by promises more than results. It is also true that the new regard for issues of international equity embodied in the agreements at the Millennium Summit, and followed up at Doha, Monterrey, and Johannesburg, have not been precisely defined, but that does not mean that they are not relevant. For a long time, arguments about equity have held sway in domestic debates, and they should be welcomed into the international arena. Just as the distributional impacts of domestic programs have become an important force in shaping legislation in the democracies of the advanced industrial countries, so too can development and distributional concerns become an important force in the outcome of international bargaining.