WTO: A Deeply Divided Membership

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SECTION I

Since the formation of World Trade Organization (WTO) i.e. on January 1, 1995, the world trade body has failed to discharge its duties and responsibilities and hence, the extent of differences between the developed and developing countries on certain vital and strategic issues, sine-qua-non for the survival of global multilateral trading system, antidote of bilateralism has been on the rise. These differences have reached to optimum level after the Doha Development Agenda. Thereafter, the negotiations have failed to make any breakthrough in the global trade negotiations. These are very critical and dangerous trends that have emerged out. These trends and situation must be avoided at all cost for the sake of survival of WTO and Multilateral Trading System.

The present paper analyses the emerging trends and issues in respect negotiations that has taken place under WTO regime. The paper has three sections and each section provides a detailed analysis on the three vital and strategic issues which the WTO is confronted with.

AGRICULTURE

In December 2005, the member countries of the WTO had taken up Hong Kong Ministerial declaration with an objective to finalize negotiations started at Doha. This was in line with the decision of General Council taken in July 2004. Later on newly formed group G-6 nations namely—the USA, the EU, India, Brazil, Australia and Japan set together, but did not arrive to a definite conclusion in July 2006. As a result, the Director General of WTO has no option but to suspend the negotiations. In February 2007, after a considerable time period, the Director General of WTO had announced the resumption of Doha negotiations round on full scale at the General Council meeting. The newly emerged group of six countries had a meeting in New Delhi in April 2007, wherein they have agreed on a new deadline for arriving to an amicable solution to the issues related to world trade.

Keeping in mind the significance of the issues, the member countries have come forward and started increasing the level of activity and degree of engagement for having

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regular meetings and consultations so that some concrete solutions may be available on the delicate issues of difference at the earliest. What is required is the will and affirmation on the success of multilateral trade negotiations.

In order to keep negotiations moving, the G-4 nations—India, Brazil, the USA and the EU have met again at Potsdam, Germany, but negotiations have remained inconclusive. There are three most delicate issues namely—agriculture, non-agricultural market access and services that are bone of contention between developed nations and developing nations. Added to this there are other two strategic issues that have got the desired and needed attention of the member countries which are also the part of Doha development Round. They are Implementation issues and Special and Differential Treatment. These two issues were supposed to be resolved before the start of negotiations on agriculture. On April 30, 2007, the chairman of Agriculture Negotiating Group has circulated a blueprint (Challenge Paper) on the issue of agriculture. The paper outlined certain parameters on certain critical issues that are needing intensive negotiations.

The following are the three major issues of difference on Agriculture horizon and need immediate attention for resolving theme if the countries want to have multilateral trading system. Otherwise, the days of bilateralism would be revived.

1. Market Access (Tariff Reduction)
2. Domestic Support (Subsidies)
3. Export Competition (Export subsidies and other types of export support).

Let us have a brief discussion on these issues.

**Market Access**

According to the declaration made out Hong Kong, there would be four kinds of structuring tariff cuts. Keeping in mind these four bands, three proposals were put forward which have mostly discussed during the negotiations. These bands of structures were placed by G-20 countries (developing countries), the US and the EU (Tables 1 and 2).

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<tr>
<th>EU Proposal</th>
<th>G-20 Proposal</th>
<th>The US Proposal</th>
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<tr>
<td>Thresholds</td>
<td>Cuts</td>
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<tr>
<td>0-30</td>
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<td>&gt;90</td>
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**Tariff Cap at** 100 % **Tariff Cap at** 100 % **Tariff Cap at** 100 %

*Source: MM Review; New Delhi; September 2007.*