

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**BACK TO BASICS:
MARKET ACCESS ISSUES IN THE DOHA AGENDA**

I. INTRODUCTION



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The linkage between trade policy and economic development remains the subject of considerable debate, although today there is a remarkable convergence on the longer-term aim of progressive liberalization and the need for accompanying institutional reforms. The main areas of continued concern relate to the relative importance of different elements of a trade policy package and the timing and sequencing of their implementation. Errors can have costs for developing countries that they can ill afford.

In the past, such policy decisions have largely been those of the developing Governments themselves, albeit often in the context of World Bank/IMF reform programmes. At the global level, the major trade reforms of the last 10-15 years have taken place under such unilateral reform programmes, although further change has also resulted from the establishment of regional trade agreements. However, since the Uruguay Round, the developing countries have come under increasing pressure to undertake further reforms as a consequence of commitments in the WTO. This trend is likely to continue in the WTO under the negotiations in agriculture and services that have been under way since early 2000 as part of the “built-in agenda” agreed in the Uruguay Round, supplemented by the new negotiations envisaged in the work programme agreed at the Fourth Ministerial Conference of the WTO in Doha in November 2001.

Another aspect of the linkage between trade and development relates to the effects of policies and practices of other countries and private economic agents. Studies of patterns in the use of trade measures show a systematic bias against the exports of the developing countries. Again, global markets show a continued downward trend in commodity prices

that has had a negative impact on the least developed countries (LDCs) and other developing countries that rely heavily on commodity exports. Finally, some products and services are characterized by a market structure in which only a few large enterprises operate; in those markets the benefits of trade are not always passed on to the developing countries. (This latter issue is not examined in this paper.) How the WTO work programme will address these concerns is a matter for negotiation.

The objective of this paper is to review the major market access issues of relevance for developing countries at the present time and to propose a modelling framework to analyse the impact of several trade policy scenarios. The paper is structured as follows. Section II presents the theoretical linkages between trade and development. The objective of this section is to illustrate the fact that economic theories yield ambiguous conclusions concerning the trade-development nexus when all elements are taken into account. Section III describes the post-Uruguay multilateral agenda, the market access issues that continue to be of particular relevance for developing countries (tariff peaks and tariff escalation) and the evolution of their trade patterns. Section IV highlights the main conclusions reached during the Fourth Ministerial Meeting of the WTO in Doha in November 2001 that are likely to have an impact on future market access conditions. Using a CGE modelling framework, section V implements several liberalization scenarios. These very broad specifications are consistent with a wide range of possible international trade policy dynamics in the post-Doha period. Section VI summarizes the main findings and policy conclusions.