

THE URUGUAY ROUND AND ITS FOLLOW-UP: BUILDING A POSITIVE AGENDA FOR DEVELOPMENT 1997

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INTRODUCTION

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Since the conclusion of the Uruguay Round, there has been widespread interest among development practitioners as well as governments in assessing the economic implications of the results of the Round for individual developing countries. This interest is perhaps due both to the unprecedented commitments undertaken by developing countries in the Round (with respect to market access and other policy disciplines), and to the fact that the Uruguay Round Agreements (URAs) include new elements which go beyond the traditional GATT focus on reduction in border protection affecting trade in goods. In particular, the results of the UR include agreements covering for the first time trade in services and the protection of intellectual property rights (TRIPs); tighter disciplines on the level and type of support (direct and indirect subsidies) which governments can provide domestic producers and exporters of agricultural and industrial products; and reinforced disciplines on the use of certain trade-related investment measures (TRIMs).

While there is a general consensus that multilateral trade liberalization will lead to greater world trade and income, there is no clear consensus on how the commitments of individual developing countries and their trade partners will impact on the trade and economic prospects, and hence the national economic development, of those countries. However, analyses of the economic implications of the Uruguay Round Agreements for individual developing countries can help to identify country-specific opportunities and challenges, and thus provide the basis for complementary policy action, at both the national and international levels, designed to smooth the process of economic adjustment. In the past two years since the coming into effect of the Uruguay Round Agreements, various institutions and researchers have undertaken a number of country-specific studies on developing countries. More studies are being contemplated.

This workshop is being organized in the light of the decision taken by governments at UNCTAD IX to analyse the impact of the Uruguay Round Agreements on development. In pursuance of this mandate, Member States called, in the agreed conclusions of the Commission on Trade in Goods and Services, and Commodities, at its first session (first part), for the undertaking of country-specific studies that would cover *inter alia* the impact and dynamic effects of the Uruguay Round Agreements on development.

The main objective of this workshop is twofold: to exchange views on existing and contemplated studies concerning the country-specific effects of the Uruguay Round and its follow-up on developing countries; and to begin a process of reflection upon, and identification of, issues likely to occupy a prominent place on the multilateral trade agenda to the year 2000 and their development dimensions.

As the programme indicates, the workshop is organized into four main sessions. The first session is intended to provide an overview of issues relating to analysis of the economic impact of the Uruguay Round Agreements on developing countries, highlighting those aspects that are better understood through country-specific studies, in comparison with studies from a global perspective. The second session will focus on an examination of existing country-specific studies, grouped according to developing region. The third session will be devoted to selected issues which have arisen since the conclusion of the Uruguay Round, including the "built-in" agenda and some new and emerging issues, and their relevance for country-specific studies. The fourth and concluding session will discuss the lessons learned and the way forward. In particular, on the basis of the current state of knowledge and

research, a summing-up panel will lead an exchange on the main implications concerning the opportunities and challenges for development in the post-Uruguay Round environment. The discussion will, it is hoped, identify the priority areas for further country-specific and related research to assist developing countries, in particular the least developed countries, in meeting the developmental challenges and maximizing the opportunities for accelerating their development.

In looking forward, the importance of the built-in agenda of the URAs, as well as of new and emerging issues on the international trade agenda, needs to be stressed. The recent WTO Ministerial Conference in Singapore endorsed the provisions of URAs which call for future negotiations on agriculture, services and aspects of TRIPs, or reviews and other work on various URAs. This process, aside from the continuing negotiations in services, will begin towards the end of this year and intensify in the period leading up to 1999/2000. Also, Ministers agreed to a process of analysis and exchange of information on the built-in agenda issues to allow all members to better understand the issues involved and identify their interests before undertaking the agreed negotiations and reviews. Each country, particularly the developing countries, will need to take stock of the workings of the agreements from its own perspective, and assess the implications, from a national perspective, of various options in future negotiations. As is well known, many developing countries did not carry out this kind of national evaluation of policy options during the Round.

With regard to new and emerging issues, particularly investment and competition policies, there will also be a need to follow and analyse, from a national perspective, issues and policy options that might arise in the context of the examination by WTO working groups of the relationship between trade and investment, and the interaction between trade and competition policy, including anti-competitive practices. It is to be noted that Ministers welcomed the contributions that UNCTAD can make to the understanding of these issues with a view to ensuring that the development dimension is taken fully into account.

In the areas of government procurement and trade facilitation, work to be undertaken with a view to developing WTO rules on transparency in government procurement practices and on the simplification of trade procedures will obviously also need to be considered from various national perspectives by developing countries.

Finally, the importance and timeliness of this workshop should be emphasized. The participation of so many distinguished experts - from nearly all international organizations concerned with development issues and trade, from key development institutions in all developing regions, and from academic and research institutions with renowned expertise in trade and development matters - augurs well for a very fruitful and constructive exchange. The results of this exchange cannot but help to build capacities on a broad front for analysis and understanding of the development dimension to issues on the multilateral trade agenda. This will undoubtedly assist developing countries in the formulation of appropriate trade policies and negotiating objectives for the future.

Need for adequate preparation and a positive multilateral trade agenda for developing countries

My personal involvement in the Uruguay Round negotiations and recent experience at the WTO Singapore Ministerial Conference confirm to me the importance of adequate preparations by developing countries. Throughout most of the UR negotiations, it was a painful reality that the developing countries - with very few exceptions - were not adequately prepared. Even the most advanced among them had only a partial awareness of the full implications of the issues. Some useful attempts were made during the negotiations to try to overcome this problem. For instance, UNCTAD played an important role in areas such as services. But despite these efforts, the results were still unsatisfactory in terms of a full understanding of the issues.

One of the main reasons for the present difficulties with notifications is that it is perhaps only now that countries are realizing the implications of what they accepted and signed in Marrakesh. Thus while it is important to know what the implications of these agreements are, a forward-looking perspective is also necessary. This was brought very much to my attention at the Singapore Conference, as I noticed that for most developing countries the same problem of lack of preparation was once again in evidence. For

many of the developing country delegates, there was a pervasive feeling that they did not have an adequate strategy. They knew that they had to resist or to fight some proposals, but overall there was a lack of what some of us call a positive agenda for trade liberalization.

In a forum such as the WTO, whose culture is devoted to trade liberalization, you have a strong moral case when you are saying no, not because you want to block negotiations, but because you want to have liberalization in a more balanced way. It is my conviction, therefore, that what has been true about agriculture and textiles and clothing should also be true about other issues. We should provide developing countries with a positive agenda for the future.

The identification of a positive agenda should not be limited to traditional market access issues - in a sense, the unfinished agenda of the UR and the Tokyo Round regarding border protection (e.g. tariff peaks, tariff escalation, tropical products, sensitive products such as leather, frozen and concentrated orange juice, many agricultural products) and trade rules (e.g. concerning the abuse of anti-dumping measures) - but should include new concerns which can be positive issues for developing countries. This will help those countries to participate more fully in future negotiations and contribute positively to the WTO process.

As I said on another occasion, the process and degree of a country's integration within the international trading system can be seen in relation to its ability to

1. identify and take advantage of trading opportunities,
2. fulfil its multilateral trade obligations,
3. formulate and pursue development strategies within the framework of those obligations,
4. defend its acquired trade rights, and
5. set trade objectives and effectively pursue them in trade negotiations.

UNCTAD's new mandate (post-Midrand) will enable it to make an effective contribution to this process. Although UNCTAD is no longer a negotiating forum for trade issues, it can play a useful role in the pre-negotiating and post-negotiating phases.

The post-negotiating phase encompasses elements (a) to (d), which are important for many developing countries, particularly the least developed countries (LDCs). But the pre-negotiating phase, encompassing element (e), is also important for all developing countries because trade negotiations will be continuing, not only because of the built-in agenda but also because of initiatives in the new areas. New issues have already been the subject of much discussion among OECD countries for some time now. Most developing countries have yet to fully understand these issues and to identify their interest. Therefore, the question we should ask ourselves is, what are developing countries going to negotiate? Only the built-in agenda? Are there new issues they could bring up? There is a need to devote some reflection to the identification of a trade negotiating agenda from a development perspective.

The experience of the Singapore Conference also suggests that developing countries could face a new negotiating challenge in the WTO forum. At Singapore, for the first time, there was an agreement in principle to liberalize a significant sector of trade in goods, outside the context of a Round. Whereas in services there was clearly a decision during the Uruguay Round to follow a case-by-case approach (for example, the idea of the so-called positive list approach meant that countries are committed only by the sectors they include in their annexes, and that negotiations would proceed sector by sector - financial services, telecommunications, etc.), in goods there had never been an agreement of any kind. During the Uruguay Round there was much talk that perhaps with a new World Trade Organization, Rounds would no longer be indispensable. There could be a sort of ongoing negotiation process. If that is true and if the agreement on information technology products does not remain an isolated case but proves to be the first of many, we will have to analyse the implications of that.

The first implication I see is that it will aggravate the situation regarding developing countries' lack of preparation in multilateral trade negotiations. The simple reason is that developing countries do not have a structure like the OECD for the intellectual preparation of trade negotiations, and UNCTAD unfortunately is not homogeneous from that point of view. Developing countries benefited from the

system of Rounds, because before a Round could be launched, its agenda had to be negotiated and that generally provided countries with some time to come up with their own agenda. During the four years between 1982 and 1986, when the Uruguay Round was finally launched, there was a good deal of give and take, and finally when the Punta del Este Declaration took shape, it was a compromise between the agenda of the industrialized countries and the traditional agenda that had come from the Tokyo Round. If we are no longer going to have Rounds, there will no longer be time to negotiate a compromise or balanced agenda. What happened in Singapore could happen over and over again.

I would like to invite you again to reflect on these issues. We need to think about the pre-negotiating phase and how we could identify relevant issues. By the end of this century, when the built-in agenda negotiations start to move again, we will have negotiations on services and agriculture. We have time to prepare the positions of developing countries as regards not only the built-in agenda but also new issues such as information technology that could be important for developing countries in general or for some countries in particular. This is a challenge to us and to you, because I must confess that I do not think UNCTAD can do it alone. I therefore propose that we aim at reaching, after our deliberations, an agreement of some kind to develop an informal network which will allow us to stay in contact with one another as institutions and or experts on this subject. I recognize that we cannot come up with a positive multilateral trade agenda for developing countries in the space of one or two days. This will require a continuous process of elaboration. The issue is to give developing countries the possibility to help themselves. It is not a matter of telling them what their position should be, but rather of providing them with the analyses, research, and data they need for designing their trade negotiation proposals.