



Asia-Pacific
Economic Cooperation

2006/ASCC/003
Agenda Item: Session I

Synergizing the Busan Roadmap with the WTO Doha (Development) Agenda

Purpose: Information
Submitted by: APEC Study Centre, University of Indonesia



APEC Study Center Consortium Conference
Ho Chi Minh City, Viet Nam
23-24 May 2006

SYNERGIZING THE BUSAN ROADMAP WITH THE WTO DOHA (DEVELOPMENT) AGENDA ^{*)}

Lepi T. Tarmidi ^{**)}

APEC has always been closely related to the World Trade Organization (WTO), because almost all of the 21 APEC member economies are members of the WTO except two, the Russian Federation and Vietnam. However, these two countries are observers in the WTO, which means that they would also become members of the WTO in the future. APEC Leaders in their Busan Declaration reiterated their support for the accession of Russia and Vietnam to the WTO (APEC Secretariat 2006: 3). Since the early years of APEC, one of APEC goals is to support the WTO process. The APEC Economic Leaders' Declaration of Common Resolve in Bogor, Indonesia, November 1994, stated that in order to achieve the long-term goal of free and open trade and investment in the Asia-Pacific region, APEC should proceed in a GATT-consistent manner. And "To strengthen the open multilateral trading system we decide to accelerate the implementation of our Uruguay Round commitments and to undertake work aimed at deepening and broadening the outcome of the Uruguay Round." (See also Tarmidi 1997 and 1999).

APEC as well the WTO face the same problem in that their membership consists of developed and developing countries, each group with different and quite often conflicting interests. In APEC, the most advanced countries in the world like the USA and Japan sit together with less developed countries like Papua New Guinea and Vietnam. Therefore in the WTO, multilateral trade negotiations became very difficult because of the very different positions and conflicting interests.

The Doha Declaration adopted at the IVth Ministerial Meeting in Doha, Qatar, back in 2001, was meant to accommodate the concerns of the group of developing countries in the WTO. According to Stiglitz, the Doha Round was supposed to redress the imbalances of previous Uruguay Round, because "... unbalanced processes help ensure unbalanced outcomes." (Stiglitz). But pretty soon the developed countries forgot their

^{*)} Paper presented at the 2006 APEC Study Center Consortium Conference, Ho Chi Minh City, Vietnam, 23-24 May 2006.

promises (Stiglitz, Charlton: vi). As with the other ministerial conferences, the outcome was unbalanced and biased, because it ignores the views of most developing countries (Shah). The developing WTO member countries “felt that the new round offered them few immediate benefits but carried the risk of additional obligations” (Stiglitz, Charlton: 57-8). Because almost all of the new issues and new initiatives put on the table were brought forward by the developed countries, while developing countries were cornered in a defensive position. And the Doha Round was not a “Development Round” in the first place. Hence the Doha Round is not a complementary institution to other already existing development agencies like the World Bank and the UNDP. Naming the Doha Round a Development Round would create new expectations. (Srinivasan, Zedillo: 409-410).

Opposition against the Doha Round came from many developing countries during the Cancun Ministerial Meeting in 2003 as several country groups were formed during the Conference, the G20 (later the G22), the G33 and then at the end of the Meeting it became the G90. Among the G20 were also APEC member economies: Peru, the Philippines, Thailand, Chile, China and Mexico. While among the G33 countries were counted Indonesia, and again China, Peru and the Philippines. (See Narlikar and Tussie). On the opposite side are also APEC members: the US, Japan, Canada, Australia, and New Zealand.

The North omnipresence in the South is already too obvious as represented by the large number of expatriates and multinationals, but their never satisfying greed pushed developing countries to the brink. The South need the North in many respects like modern and advanced technology, and for this developing countries are depending on and inviting multinationals or importing capital goods from the North. Contrary, the South countries do not demand very much from the North except few market openings in a limited field like agriculture, manufactures, textiles, labor mobility and cross-border supply of services (compare Mattoo, Subramanian: 20). Developing countries do not need TRIMs, TRIPs or trade in services at large, because they do not have the capacity or the capability to enter the North market.

In their statement, APEC Leaders in Busan, November 2005, reiterated the importance of the Doha Development Agenda in strengthening the multilateral trading

**) Professor of Economics and Director of the APEC Study Center, University of Indonesia.

system, promoting global economic growth and in particular improving economic development opportunities for developing countries, and as such achieving the Millennium Development Goals. Hence the Doha Round must be carried to a successful conclusion by the end of 2006. However, and this is important, “4. All WTO members must achieve an ambitious and overall balanced outcome at the end of the Round, which include, among others: a comprehensive package in agriculture to ensure substantial reductions in trade distorting domestic support, substantial improvements in market access by significantly lowering tariffs and reducing quantitative restrictions, and the elimination of all forms of export subsidies of developed members by 2010; ... 5. We call for breaking the current impasse in agricultural negotiations, ...6. We must ensure that the DDA reflects the development dimensions in all negotiating areas and delivers real development benefits.” (APEC Secretariat 2006: 6, 7). The successful ending of the Doha Round is therefore of high priority to APEC (APEC Secretariat 2006: 9).

The Busan Roadmap to the Bogor Goals contains the following agendas:

- Support for the Multilateral Trading System;
- Strengthening Collective and Individual Actions;
- Promotion of High-Quality Regional Trade Agreements and Free Trade Agreements (RTAs/FTAs);
- Busan Business Agenda;
- A Strategic Approach to Capacity Building; and
- The Pathfinder Approach. (APEC Secretariat 2006: 4).

Hence the first point of the Busan Roadmap is to support the multilateral trading system, which can be interpreted as working towards the successful ending of the ongoing Doha Round.

To achieve this common goal, it is not enough with only rhetoric and by urging, but this should be accompanied by affirmative and assertive actions. Developed countries cannot expect to request further open and broader market access penetrating in all fields of economic life, by putting the prefix “trade-related”, without on their side also offering reciprocal further market openings which are of interest to many developing countries. The Seattle Meeting in 1999 failed, because of strong protests against the dominance of the developed countries in the trade negotiations. To accommodate the interests of the

developing countries, these development-related market openings have been “promised” in the DDA. Unfortunately developed countries did not keep their “promise” during the subsequent WTO Ministerial Meetings in Cancun, Mexico, and recently in Hong Kong. Hence the 6th Ministerial Meeting in Hong Kong in December 2005 ended with only a little success.

The proposed priorities for the upcoming APEC Summit in Vietnam are to promote APEC Cooperation to enhance trade and investment with regard to

- APEC support to the WTO/DDA
- Implement the Busan Roadmap. (APEC Secretariat 2006: 14).

The Vietnam Year 2006 will be the starting point to embark on the implementation of the Busan Roadmap to the Bogor Goals and to the successful ending of the WTO/DDA. To achieve this goal, “APEC must also show its political will and take practical actions to push forward the process of liberalization in the WTO by helping a successful conclusion and implementation of the DDA” (Tran: 3, 4). And further, “After the 6th WTO Ministerial Conference in Hong Kong, China (December 2005), APEC must continue to provide the strong political leadership and commitment to ensure that the DDA reflects the development dimension and brings real development benefits. (Tran: 6).

In order to implement the Busan Roadmap as to the WTO DDA, APEC members should in the first place to come to a common resolve on how to realize the DDA, otherwise the same polemic as in the past WTO Ministerial Meeting will ensue again and again and there will be no successful conclusion of the WTO DDA negotiations. This is of course very difficult, as difficult as it was in past negotiation rounds. But it is necessary. APEC should present itself as a solid group in the WTO negotiations, and this would have a tremendous influence on the positions of other countries in the negotiating round. At least the agreements reached in finalizing the Doha Round should be “development-friendly”, meaning that they would promote development through trade and investment. In other words, the agreements should also produce plus points for the developing member countries.

Developing countries themselves are also protective in particular as it concerns the agricultural sector, arguing because of food safety and food security reasons. If the Doha Round would come to a successful end, developing countries should also make

concessions as to opening their markets for agricultural products and manufacturing. (Compare Osborne). However developed countries should open their market more, because they already got many privileges during the Uruguay Round.

Both organizations, the WTO and APEC, have the same goals, trade and investment liberalization, and the members are overlapping. A failure to reach consensus in the WTO means also a failure in the APEC process. To this end, APEC should reactivate the APEC Caucus or establish a new APEC group in the WTO, representing the common resolve within APEC. Considering the extreme difficulties in making the interests of the two parties meet in a negotiating round, the WTO should, instead of achieving a major breakthrough, embark on small steps to be taken while allowing time for developing countries to make adjustments to arrive at the end goal.

References

- APEC Secretariat. 2006. *Outcomes & Outlook 2005-2006*.
- Mattoo, A.; A. Subramanian. 2005. "Why Prospects for Trade Talks Are Not Bright", in: *Finance and Development*, March, pp. 19-21.
- Narlikar, A.; D. Tussie. 2004. "The G20 at the Cancun Ministerial: Developing Countries and Their Evolving Coalitions in the WTO", in: *The World Economy*, pp. 947-965.
- Osborne, K. 2005. *Developing Countries – Arresting or Advancing Development in the Doha Round?*, Melbourne: Monash University, The Australian APEC Study Centre.
- Shah, Anup. 2002. "WTO Meeting in Doha, Qatar", December 22, <http://www.globalissues.org/TradeRelated/FreeTrade/Doha.asp>.
- Srinivasan, T.N.; E. Zedillo. 2005. "The Risk of a Cancun Rerun", in: *Development and Cooperation*, Vol. 32 No. 11, pp. 408-411.
- Stiglitz, J. 2003. "Trade Imbalances", *The Guardian*, August 15.
- Stiglitz, J.E.; A. Charlton. 2005. *Fair Trade for All*, New York: Oxford University Press.
- Tarmidi, L.T. 1997. "The APEC Process: A Re-Assessment", paper presented at the Conference "Mexico and the World", Morelia, Mexico, 8-14 December.
- _____ 1999. "APEC After Ten Year: A View from Indonesia", paper presented at the APEC Study Center Consortium Meeting, Auckland, New Zealand, 31 May – 2 June.
- _____ 2004. "APEC's Potential Contribution to Conclude the Doha Development Agenda", paper presented at the APEC Study Center Consortium Conference, Santiago, Chili, 27-29 May.
- Tran Trong Toan. 2005. "Focus of APEC Viet Nam 2006", Singapore: ISEAS, December.