While Doha Hibernates: Trade and Development Policy for Poor Countries

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Abstract

With the WTO talks likely on hold for at least a year and the global economy facing turbulent times, poor developing countries are particularly vulnerable. The industrialized countries offer preferential market access to developing countries and committed in Hong Kong in December 2005 to extend duty-free, quota-free access on at least 97 percent of products to least-developed countries. The Hong Kong declaration also called on developing countries "in a position to do so" to extend preferences to the least-developed as well and Brazil, India, and China have announced programs in recent years. But these preference programs are not as supportive of development as they could be. Most are temporary, requiring periodic renewal and thereby creating uncertainty that deters investment, and have rules of origin that make it difficult for developing countries to take advantage. Allowing 3 percent of tariff lines to be excluded is also enough to block key items where the poorest countries have a comparative advantage, including sugar, rice, and apparel items. The various programs also differ in terms of their eligibility conditions. This project will examine the major programs, including the Quad and the big emerging markets, and draw lessons about best and worst practice and make recommendations for improving national programs and for coordinating them globally to maximize their development potential.