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STUDY CITED AS PROOF OF SMALL DEVELOPING COUNTRY GAINS IN WTO

Economists on a call organized by Public Citizen's Global Trade Watch this week said a Nov. 9 World Bank study shows that developing countries are unlikely to realize any substantial benefits from tariff reductions in the ongoing World Trade Organization negotiations.

Timothy Wise, deputy director of the Global Development and Environment Institute of Tufts University, and Mark Weisbrot, the co-director of the Washington-based Center for Economic and Policy Research, highlighted in a Nov. 22 conference call with reporters that the study shows that developing countries are expected to get only a small percentage of expected economic gains.

The Bank's Nov. 9 statement said ending all tariffs, subsidies and domestic support programs would boost global gains by \$300 billion by 2015, but Wise pointed out that the Bank's study estimated that only \$90 billion, or 30 percent of those gains, would go to developing countries. Moreover, Wise charged that these estimates were significantly exaggerated because they were based on an assumption of full trade liberalization. Wise said the study also contained estimates based on more realistic assumptions about the likely outcome of the Doha talks, which showed a less ambitious outcome would lead to a \$16 billion benefit for developing countries.

While Wise and Weisbrot argued that the round would lead to small gains for developing countries, the Bank estimated that even its realistic assumptions on the final outcome would mean six million people would be lifted out of poverty worldwide.

But Weisbrot argued that the Bank's data is misleading, in part because half of the projected economic gains from the round would come from countries liberalizing their own barriers. He said countries could do this themselves without having to incur the costs of other commitments, which could come in the form of new intellectual property right commitments that might be difficult for developing countries to implement.

Wise agreed by saying that negotiators should make sure they are not giving up any important policy tools for nurturing development in exchange for minimal economic gains.

Moreover, benefits to developing countries would likely be highly concentrated, Wise said. According to the World Bank study, approximately 50 percent of the gains for developing countries would go to only eight countries — Brazil, Argentina, Mexico, Turkey, India, Thailand, Vietnam and China. In contrast, Wise argued that many Middle Eastern and African countries would likely be in a worse position after the round.

Wise argued that while the talk surrounding why the Doha round has stalled has focused on tactical issues, the lack of promise on the development front is also a large factor.

Lori Wallach, the director of Public Citizen's Global Trade Watch, agreed with that argument and said the World Bank study has put a "big chill" on developing country negotiators. While the WTO had been sold to developing countries with promises of economic growth and poverty reduction, the fact that much of this growth has failed to occur after past rounds has led to a growing lack of enthusiasm for the organization among developing country negotiators, Wallach charged.

She also said developing country negotiators' dip in enthusiasm could be attributed to the sidelining of the so-called implementation issues many developing countries have pushed for since the beginning of the round.

Weisbrot also noted that the Doha round currently hinges on agriculture negotiations, and said it is likely that if the round fails, countries like France will be blamed for not wanting to give up their agriculture subsidies. Weisbrot called this ironic because removing export subsidies and domestic supports would actually lead to a net economic loss for developing countries as a whole, as it would likely raise the price of farm commodities to the poorest countries.

He added that the removal of subsidies would only help agricultural exporters like Argentina and Brazil, not the majority of developing countries that do not produce goods.