

Making trade a tool for poverty amelioration in the 21st Century

A report based on perceptions of global trade and development experts

This perception survey report is an attempt by CUTS International for “Defining the Future of Trade in 21st Century” as is being discussed at the WTO’s High Level Panel on the Future of Trade. The idea is to gather perceptions and inputs from a larger global community on how to make trade liberalisation an effective tool for addressing 21st century challenges, mainly poverty amelioration and income inequality.

The report reveals that the global community has high expectations from the WTO and a majority of respondents have expressed that the Organisation will be able to address these challenges, provided future trade negotiations have inbuilt features and greater orientation towards developmental issues, especially on problems faced by the developing world. For this to happen, there is need for a renewed spirit of cooperation, where strengths and weaknesses are balanced for the benefit of all.

I. Introduction

Poverty and income inequality are two of the biggest threats global community is facing in the 21st century. Allowing the two menaces to persist amounts to endangering lives and survival of millions of people. There is an imminent need to address the issue on an urgent basis. This requires drawing on resources and most importantly redesigning policies with inbuilt characteristics for improving global poverty scenario.

Studies suggest that trade liberalisation can be made an effective tool for poverty amelioration and reduction in income inequality leading to inclusive growth. As far as poverty reduction is concerned, trade can help nations reduce food security, and through this poverty. However, it needs to be understood that trade alone will not guarantee food security; rather trade is a tool or means, a necessary part of a comprehensive policy package to achieve food security. Accompanying policies, such as, irrigation, nutrition, access to agro inputs, and other policies, including sound macro and development strategies, are also keys.¹

Enabling trade liberalisation to help addressing developmental issues requires a right policy mix inherently characterised by measures for facilitating international trade. But more importantly, the policy mix needs to give due weightage to both economic and social issues. The task looks really challenging.

Keeping in mind the challenges associated with addressing the issues of poverty and income inequality on the one hand, and potential of trade in addressing the twin social issues on the other, the Pascal Lamy, WTO Director General, has constituted a high level panel of stakeholders² for “Defining the Future of Trade in 21st Century”. The Panel’s goal is to build a scenario for making trade an effective tool for poverty amelioration and reduction in income inequality in the 21st century.

¹ Clemens Boonekamp, How can Trade Contribute to Food Security?
http://www.wto.org/english/forums_e/public_forum12_e/art_pf12_e/article_e.htm?art=1

² http://www.wto.org/english/thewto_e/dg_e/dft_panel_e/dft_e.htm. CUTS Secretary General, Pradeep S Mehta is a member.

CUTS International firmly believes that the deliberations at this Panel and its report will be greatly enriched by gathering perceptions and inputs from the larger global trade and development policy community. With this background and understanding, CUTS International has conducted a global perception survey during August, 2012³.

To gather perceptions and inputs from global trade and development policy community, CUTS International prepared a specially designed semi-structured questionnaire with provision for both objective and subjective responses. The questionnaire was circulated to a wide audience but strictly relevant to the issue.

A total of 41 responses have been received from different parts of the world. Though small in number the quality was high. This report presents analysis and findings from the perception survey. The report broadly covers the following issues:

- Trade liberalisation as an effective tool for poverty amelioration
- Trade liberalisation as an effective tool for reducing income inequality
- Developing a Geneva Consensus for trade liberalisation with safety nets
- Major challenges to trade in the 21st century, and
- Role of the WTO in addressing trade challenges of 21st century.

II. Findings from the perception survey

2.1 Trade liberalisation as a tool for poverty amelioration

Trade is considered a tool for economic growth, but its role in poverty reduction and inclusive growth continues to be debatable. Responses from the perception survey, however, reflect a definitive contributory and positive role for trade in poverty amelioration.

In response to the question on whether trade liberalisation can be an effective tool for poverty amelioration, over 56 per cent (or 23 out of 41 respondents) have responded in the affirmative. These respondents have revealed their priorities to a related question on what needs to be done to achieve the same. Twelve respondents gave the first priority to *strengthening domestic institutions to better channelise positive impacts of trade liberalisation to reduction in poverty*. Eight respondents gave first priority to the need for focusing on *trade of those products which can gradually help in skill and technology development and ensuring appropriate domestic policies for transferring skill and technology premium to increase returns on factors of production*. Prioritised rankings are displayed in Table 1.

³ August being a holiday season in the western world, the number of responses are limited.

Table 1: What could be done to make trade an effective tool for poverty amelioration? (Ranking based on priority)				
<i>Priority</i>	<i>Make the rules governing the global trading system more development-friendly</i>	<i>Strengthen domestic institutions to better channellise positive impacts of trade liberalisation to reduction in poverty</i>	<i>Balance export and import policy – focus more on exportables having favourable terms of trade and on an import policy which can increase real net disposable income of domestic consumers</i>	<i>Focus on trade of those products which can gradually help in skill and technology development and ensuring appropriate domestic policies for transferring skill and technology premium to increase returns to factors of production</i>
1st Priority	2	12	1	8
2nd Priority	5	7	3	7
3rd Priority	5	3	6	6
4th Priority	10	0	12	0

Of the remaining respondents, while about 41 percent (17 out of 41 respondents) are not very sure of whether trade can play a contributory role in poverty amelioration, one respondent indicated that trade cannot play any significant role in poverty reduction. Out of these, 15 respondents provided ranking to factors that make them believe so. *Iniquitous rules governing the global trading system* and *weak domestic institutions to insulate trade-exposed sectors from adverse shocks* are cited to be the two most important reasons for this. Five respondents in each of the two categories have given first priority to these (Table 2).

Table 2: Reasons why trade is not an effective tool for poverty amelioration? (Rankings based on priority)				
<i>Priority</i>	<i>Iniquitous rules governing the global trading system</i>	<i>Imbalances in terms of trade of major exportable of your country</i>	<i>Weak domestic institutions to strengthen positive impacts of trade liberalisation on poverty reduction</i>	<i>Weak domestic institutions to insulate trade-exposed sectors from adverse shocks</i>
1st Priority	5	1	4	5
2nd Priority	0	1	5	8
3rd Priority	5	6	3	0
4th Priority	5	7	3	2

In addition, some of those who have said *no* or opined *don't know* argue that each country needs to ensure that poverty is eliminated and income differences minimised. Governments need to take an active role in redistributive policies regardless of whether there is trade or not. For redistribution, not much emphasis should be put on non-state actors. The most effective way of reducing poverty is to increase the income of the poor; trade may be one tool, but this is neither the primary effect of trade nor the most efficient way of reducing poverty. On the mode of redistribution, the need for reduction in rigidities and redistribution of income by national policies has been emphasised.

2.2 Trade liberalisation as a tool for reducing income inequality

The role of trade in reducing income inequality is a contentious issue, and remains to be so as reflected by the perception survey. Only a little over one-fourth of the respondents (26 percent) said that trade liberalisation can help in reducing income inequality. Compared to this, nearly 40 percent respondents are not sure of this, and have opined *may be*.

In response to what could be done to make trade liberalisation an effective tool for reducing income inequality, perception of 22 respondents have been received. Most of them (19 out of 22) have given first preference to *use trade liberalisation as an opportunity to address structural rigidities to reduce income inequality* (Table 3).

Priority	<i>Use trade liberalisation as an opportunity to address structural rigidities to reduce income inequality</i>	<i>Regional Trade Agreement</i>	<i>Bilateral Trade Agreements</i>
1st Priority	19	3	3
2nd Priority	1	16	2
3rd Priority	2	3	17
4th Priority	0	0	0

A major percentage of respondents (about 34 percent) have said that trade liberalisation has no role to play in reduction of income inequality. In response to the question on why it is so, 27 responses have been received. A majority of them are of the view that this is due to *structural rigidities such as lack of access to land, education, and instrument for social mobility. Because of this, trade liberalisation may not be able to adequately address the issue of income inequality. A total of 19 respondents have given first priority to this. Furthermore, five respondents have ranked it second in terms of priority* (Table 4).

Priority	<i>There are structural rigidities such as lack of access to land, education, instruments for social mobility in addressing income inequality</i>	<i>Trade-related domestic institutions are too weak to reduce income inequality</i>	<i>Labour market rigidities are too strong to transfer positive impacts of trade liberalisation in reducing income inequality</i>	<i>Trade liberalisation, unless effectively synchronised, can result in increase in informal employment and worsening of working conditions</i>
1st Priority	19	3	4	4
2nd Priority	5	8	7	5
3rd Priority	3	9	9	6
4th Priority	0	7	5	11

Many argue that income inequality is caused by social and structural factors in a country and not by trade. Equal opportunity in education and employment, easy access to risk capital, fast pace of economic growth, high quality of infrastructure etc can help reduce income

inequality, else more trade can actually lead to more inequality as the rewards will be distributed among a privileged few.

2.3 Need for developing a Geneva Consensus

Trade liberalisation is considered to have different impact on different countries. More specifically, its impact varies in developed and developing including least developing countries (LDCs). In this light, initiatives to promote trade liberalisation at the global level calls for adjustment provisions for developing, but more for LDCs. Trade opening is necessary, but it is also necessary that developing and LDCs are protected from its adverse impacts. Protecting these countries requires assistance, which can include both capital and technology. The Geneva Consensus is an idea that inter-governmental organisations cover a wide variety of governance issues which travel down to countries and hence there is a need to develop a coherence among them to address global economic challenges, including trade policy.

During the perception survey, a question was posed to the respondents on how to develop ‘Geneva Consensus’. Respondents were requested to prioritise their responses.

Eighteen respondents out of 37 have given first priority to the need for *bridging the gap between development concerns in capitals and negotiating concerns in Geneva*. Another nine respondents have indicated this as the second best priority. Compared to this, 11 respondents have given first priority to *strengthening the relationship between state and non-state actors – at domestic, regional and international level* (Table 5).

Table 5: How do we develop a Geneva Consensus for “trade liberalisation with safety nets”? (Ranking based on priority)				
<i>Priority</i>	<i>Bridging the gap between development concerns in capitals and negotiating concerns in Geneva</i>	<i>Building consensus step-wise – first at regional level by deliberating issues at regional economic communities and then taking them to Geneva</i>	<i>Strengthening the relationship between the WTO and other inter-governmental organisations</i>	<i>Strengthening the relationship between state and non-state actors – at domestic, regional and international level</i>
1st Priority	18	8	5	11
2nd Priority	9	8	9	10
3rd Priority	4	13	9	8
4th Priority	7	9	15	8

Justifying their priorities, respondents argue that negotiations in Geneva appear to have lost track with the reality of business and need for market access in developing countries.

Many opined that Geneva Consensus might not work if it is top-down and if it lacks strong social foundations at the national level. Global trade liberalisation has to be commercially meaningful to LDCs and other vulnerable countries. One principle could be to make the WTO negotiations and outcomes consistent with other international commitments such as MDG-8 and Istanbul Programme of Action for LDCs.

There should be no gap between development and negotiating concerns – negotiations need to be driven by development objectives of countries. Without bridging the gap between national development concerns and negotiating concerns, it may not be possible to reach any consensus.

To some others call for bridging the gap might not necessarily guarantee that it will help in developing a Geneva Consensus. It was also pointed out that developing countries should not to be compelled to undertake obligations bigger than their capacity to comply with, taking into account the economic realities of each developing country member.

Providing appropriate safety nets requires accompanying the process of liberalisation with country/region specific policies that can harness economic potential whilst mitigating the associated negative outcomes of adjustment in developing countries. As different countries are likely to suffer to different degrees, the gap between domestic concerns and multilateral concerns is likely to become bigger. One can bridge this gap by giving countries the option of variable geometry or engaging in plurilateral agreements that are guarded by the WTO. The EU experience in this type of participatory agreement (see Schengen) suggests that it is possible to coordinate a group of willing countries within the confines of a broader multilateral rules based system.

Respondents who have given first priority to building consensus argue that much more emphasis needs to be put on shared and collective interests and not individual differences and strategic needs. It needs to be realised that a world wherein most of the population earn less and live in poverty is unacceptable. Thus, a consensus needs to be built on the genuine concerns that all advanced industrial economies have for the least well off, which squares with their domestic constituencies. It also needs to be ensured that in addition to trade gains, there are also provision for increased education across all levels, among all groups and across both genders; better health provisions; reduced threats to personal and group safety; food and water security; environmental respect and preservation; and respect for fundamental human rights among all members of society.

On the issue of not so successful trade negotiations (WTO and other inter-governmental, international, and multilateral organisations are poorly linked as of now; DDR is not concluded yet), respondents have indicated that this is because of lack of political and economic environment in key trading players, such as the EU, USA, China, India, Russia, Japan, and Brazil. To arrive at any consensus, the political leaders of key trading countries must be inclined to discuss trade liberalisation. They call for making the WTO rules reflect the realities that majority of its members are developing countries and therefore its rules must be more development friendly.

Failing to achieve conclusion of the DDR could be disastrous for the developing world. In the words of Prof Jagdish Bhagwati, the failure to achieve multilateral trade liberalisation by concluding the Doha Round means that the world lost the gains from trade that a successful

treaty would have brought. But that is hardly the end of the matter: the failure of Doha will virtually halt multilateral trade liberalisation for years to come.⁴

Geneva Consensus to be realistic and successful requires a comprehensive approach which takes trade together with development, employment, conditions of work and applicable labour standards. For this to happen, the international organisations should work in a holistic and purposeful manner, and their policy and initiatives should not be inconsistent. This will be underpinned by strengthening the relationship between state and non-state actors, which in turn will help bridging the gap between development concerns in capitals and negotiating concerns.

Some have pointed out that that there exists a wide gap on development and negotiating concerns of industrially advanced and developing countries. This gap is increasingly widening, between the negotiating concerns in Geneva and the divergent development concerns of the members (such as those of the developed countries vis-a-vis the developing countries, those of the developed or developing countries vis-a-vis the LDCs, and those of the LDCs vis-a-vis the developed or developed countries), and is hampering effective functioning of WTO as the world body to frame multilateral trading rules. The inertia created by this has resulted in the recent proliferation of bilateral, regional and even the alarming plurilaterals at the cost of multilateralism. Therefore, bridging the gap should be *the* principal priority.

A significant number of respondents have given least priority to step-wise consensus building. Primary reason for this is step-wise consensus building is difficult, complex, and time-consuming. They argued that consensus starts at home and ends at international level.

Those who have given first priority to strengthening the relationship between the WTO and other international organisations opine that there is a definite need. There should be increased synergy between the global organisations and national governments on determining development priorities, with focus on employment and social safety nets, and without undermining global issues like climate change.

A few have argued that strengthening relationship between WTO and other international organisation is good and can give insights to the sensitivities and concerns particularly of developing countries, but it is not easy as it is a matter of legal dimensions. A few have also argued that strengthening relations between WTO and other international organisation such as the ILO, UNCTAD, and other organisations that actually care about people and not increasing trade for trade's sake, could actually make things worse. So strengthening co-operation is good but it really not a very strong factor. It is more about making the WTO rules reflect the realities that majority of its members are developing countries and therefore its rules must be more development friendly.

On the role of non-state actors, some respondents consider that non-state actors are critical to informing the state of the problems facing the poor and the impacts of trade reform. Strengthening the interactions between state and non-state actors at all levels is important for

⁴ Jagdish Bhagwati, The Broken Legs of Global Trade,
http://www.wto.org/english/forums_e/public_forum12_e/art_pf12_e/article_e.htm?art=10

governments, apex organisations, policymakers and negotiators to reach a consensus on a comprehensive commitment to the humanitarian reform process.

It is understood that the capacity of many national governments is often very poor, particularly in LDCs and developing countries. It is for this reason that there is the need for strengthening the relationship between state and non-state actors at all levels. To some, doing so will ensure coherence in trade and economic policies.

Some of the respondents are of the opinion that effective co-operation between state and non-state actors is a highly desirable approach, so that resource rich non-state actors can help in mobilising resources to backstop governments which often lack the capacities to summon resources to effectively pursue their cause at the WTO. Non-state actors can provide research, analysis and evidence to formulate policies and positions. They can also help in building capacity and negotiating skills, human and institutional capacities, in course of negotiations etc. Non-state actors are thus critical to informing the state of the problems facing the poor and the impacts of trade reform. Strengthening the interactions between state and non-state actors at all levels is important for governments, apex organisations, policymakers and negotiators to reach a consensus on a comprehensive commitment to the humanitarian reform process. There is, however, also a need for NGOs and governments to listen to entrepreneurs in the developing world.

Further, strengthening the relationship between state and non-state actors will enable them to work harmoniously towards the realisation of this goal and to be on the same page with respect to the modalities for the design and implementation of safety nets. This will make it a true bottom-up approach.

Because of these reasons, support of the non-state actors is believed to be highly relevant to help the pursuit of developing country concerns in the WTO.

2.4 Major challenges to trade in 21st century

It is now high time to realise that global value chains are shaping economic development and giving countries new opportunities to engage in industrial activities which are often characterised with higher domestic value added. In view of harnessing these opportunities there is need for creating an environment which is useful to the creation of stable value chains. This requires a greater focus on contract enforcement and regulatory quality besides trade facilitation. The WTO is missing an opportunity in regulating these issues and countries are filling this gap by engaging in FTAs. This poses serious threats to the WTO as a rule writer (See Baldwin 2011 and Antras and Staiger, 2012). The WTO needs to accept that the idiosyncrasies of international value chain activity are likely to demand more focused agreements between countries and should aim to regulate these accordingly. This will be a big challenge for the WTO. Further it is argued that Article XXIV is outmoded and a new committee to regulate FTAs is needed.

On question of major challenges facing the world in the 21st century, 36 responses have been received. Out of these, 19 respondents have ranked *linkages between trade and trade-related*

issues in governing global public goods such as climate change, food security as number one trade challenge. Another 11 respondents have ranked it as number two challenge. Compared to this, *non-tariff measures impacting countries' ability to conduct trade* has been ranked number one challenge by 13 respondents, and number two challenges by another 18 respondents (Table 6).

<i>Priority</i>	<i>Non-tariff measures impacting countries' ability to conduct trade in tasks</i>	<i>Linkages between trade and trade-related issues in governing global public goods such as climate change, food security (in terms of their impact on consumption, standards of living, terms of trade, etc)</i>	<i>Any other important challenge from your perspective</i>
1st Priority	13	19	8
2nd Priority	18	11	4
3rd Priority	5	6	24

2.4.1 Other important trade challenges

Besides the two most prominent trade challenges (NTBs and linkages between trade and trade related issues in governing public goods such as climate change and food security), there are some other challenges which are considered to be equally critical in the 21st century. There are eight respondents who have ranked other challenges as first priority, and another four as second priority. Some of the important challenges revealed by respondents are delineated below:

- The "belief" that trade is already substantially liberalised when the truth is that world trade in important areas is still governed by protectionism and high tariffs.
- Declining governance standards with the absence of structural and policy indicators that can encourage productivity, innovation, diversification, and growth.
- Increased protectionism and exploitation of trade rules by stronger economies in the face of recessions, unemployment, diverse consumer needs, changing political interests and security concerns. It has been observed in recent past, especially since 2008 when the global financial crisis hit the world and ultimately transformed into a world economic recession and which still affects the major economic players in the world. In the wake of this, international trade liberalisation efforts have suffered major snags due to a tendency among many countries to take protective measures. By resorting to protectionist tendencies through erecting newer trade barriers, many countries have threatened to destroy what has been achieved so far through the liberalising efforts of various trade bodies, such as WTO or UNCTAD. Examples from Argentina, Indonesia and China are galore.
- The absence of strong political alliances amongst developing countries and lack of effective engagement with global policy making
- Need for increased funding commitments (e.g. under Aid for Trade) for low income countries, particularly for development of infrastructure (transport and communication, port development, computerisation of customs; strengthening of standardisation institutions, regulatory architecture etc.).

- Need for transfer of technology for enhancing productivity, particularly that of SMEs. The support for trade-related supply-side capacity building in low income countries is important because supply-side weaknesses are not allowing these countries to go for product and market diversification and these are also undermining their trade competitiveness in regional and global markets.
- Need for creating uniform SPS based on international negotiated settlements
- Need for stabilising and ameliorating the global trade imbalances that have arisen between many countries, most notably between China and other countries, and
- Need for ensuring that the US-China relationship does not break down. It will perhaps be the most important factor in determining the future of the trade system

2.4.2 Measures to address NTBs

Respondents who have mentioned non-tariff measures impacting countries' ability to conduct trade as first priority have also expressed how it can be addressed. A majority of these respondents are of the opinion that this issue can be effectively tackled by addressing procedural non-tariff measures such as delay in customs procedures, non-availability in banking and insurance facilities through a standalone multilateral agreement on trade facilitation with concomitant technical assistance for capacity building in poor countries through regional aid for trade initiatives and by linking aid for trade in goods with that in services. A lesser number of respondents have mentioned moratorium on trade protectionist measures such as anti-dumping, subsidies and countervailing measures as the most important tool for addressing the issue (Table 7).

Table 7: What measures could be taken to address non-tariff measures impacting countries' ability to conduct trade (Rankings based on priority)			
<i>Priority</i>	<i>Moratorium on trade protectionist measures such as anti-dumping, subsidies and countervailing measures</i>	<i>Relaxation of rules governing rules of origin – allowing cumulation of value addition to a final product originated from a region and not just a country</i>	<i>Addressing procedural non-tariff measures such as delay in customs procedures, non-availability in banking and insurance facilities through a standalone multilateral agreement on trade facilitation with concomitant technical assistance for capacity building in poor countries through regional aid for trade initiatives and by linking aid for trade in goods with that in services</i>
1st Priority	3	2	8
2nd Priority	4	8	2
3rd Priority	8	5	5

Some respondents argue for one "revolutionary idea". The WTO should think of developing standards for cross-border handling of goods through land ports and NTBs/NTMs in regional trade so that countries in trading blocs would know that there are internationally recognised measures to compare trade impediments and consider remedial actions. It is argued that regional trading mechanisms (rules and regulations and arbitration procedures) are weak and thus need to be supported by international interventions. If PTAs are considered to integral

part of world trade, by monitoring NTBs and NTMs under regional trade WTO will only promote coherence between global and regional trade.

To some respondents, non-tariff measures, especially those related to trade facilitation seriously add to the cost of doing business in developing and least developed countries, and more so for those who are landlocked. Therefore addressing trade facilitation issues will go a long way in cutting down costs and make developing countries products more competitive given especially their competitive advantage particularly in agriculture.

As a part of solution, it is argued that regional aid for trade initiatives can go a long way in helping the situation. One respondent has cited example of the transit corridor projects embarked upon by the World Bank and other development partners in Africa. While national initiatives are as important, the regional dimensions are more welcome because of their regional outlook, cost efficient, and make for regional connectivity for enhanced regional trade flows, economies of scale, factor market integration and others.

A relatively lesser number of respondents argue for moratorium on trade protectionist measures such as anti-dumping, subsidies and countervailing measures as the first priority. Some respondents have indicated that though all the three tools are important but in the context of global value chains, rules of origin should be the priority, followed by a reduction in trade protectionist measures.

It is also suggested that one of the most potential route through which the poorest countries can enhance their trade is trading with neighbours and emerging economies. I think this is the trade which is affected most by NTBs and lack of poor trade facilitation measures. A significant part of trade amongst these countries can be based on trade through land ports and this has proven to be very difficult not for many countries in the world, including South Asia and sub-Saharan Africa.

Some have suggested that addressing the procedural issues and constant changes in the NTBS is a matter of great concern to developing countries. Many a times the developing countries do not get access to changed NTBs in advance which ends up in trade related problems such as rejection of shipments. Secondly, standards and rates are not equitable.

A few respondents are also of the opinion that the given choices are not right. To them, the assumption that non-tariff measures are some sort of illegitimate impediment to trade is ridiculous and borders on a religious mania. They argue if a country wants to develop an industry of a certain type, and has been unable to do so through the free market, why should it not encourage development of that industry by tweaking the rules of origin?

One respondent has extended the list and seeks to include measures for reducing (eliminating) barriers to movement of labour. Reducing the power of cartels could also be an important tool for addressing the issue.

2.4.3 Measures to promote linkages between trade and climate change, food security

Promoting linkages between trade and public goods such as climate change and food security has now become critical for sustenance of trade on the one hand and sustenance of humanity on the other. Respondents who have indicated that linkages between trade, climate change and food security is a priority issue, have made prioritised suggestions on what could be done to promote this linkage.

The largest number of respondents has ranked creating joint working groups between the WTO and appropriate inter-governmental organisations to develop a consensus for negotiating multilateral agreements on trade and climate change, trade and food security as the first priority. Almost an equal number of respondents have ranked the need for deliberation on trade and trade-related issues and climate change and food security at appropriate inter-governmental organisations such as UNFCCC, UNFAO and accordingly develop countries' domestic capacity to address these linkages.

It is important to note that the need for hosting negotiations on multilateral agreements on trade and climate change, trade and food security at appropriate inter-governmental organisations other than the WTO has received the least priority, and thus appears to be weak in addressing the issue. Justifying the ranking for this option, it is argued that the issue cannot be taken to inter-agency forums without first deliberating them in the appropriate organisations. In addition, it is also argued that inter-governmental organisations such as UNFCCC and UNFAO have not performed up to the expected level. Top-heavy and bureaucratic organisations may need to be restructured to establish the linkages in a more effective manner. It calls for more deliberations, studies, and discussions on the linkages between global public goods and global concerns, and this will require formation of joint working groups to help develop consensus on negotiating multilateral agreements on trade, climate change, and food security.

Some have also argued that the emphasis on the so-called quad is unnecessary. There is no role for a permanent cartel of powerful countries in the WTO; it's agenda has often been advanced by flexible, changing and often differing alliances (Table 8).

Table 8: What measures could be taken to promote linkages between trade and trade-related issues in governing climate change, food security issues <i>(Rankings based on priority)</i>			
<i>Priority</i>	<i>Deliberate on trade and trade-related issues in governing global public goods such as climate change, food security at appropriate inter-governmental organisations such as UNFCCC, UNFAO and accordingly develop countries' domestic capacity to address these linkages</i>	<i>Create joint working groups between the WTO and appropriate inter-governmental organisations to develop a consensus for negotiating multilateral agreements on trade and climate change, trade and food security</i>	<i>Negotiate multilateral agreements on trade and climate change, trade and food security but host them at appropriate inter-governmental organisations other than the WTO</i>
1st Priority	8	9	2
2nd Priority	7	7	5
3rd Priority	4	3	12

2.5 Role of the WTO in addressing trade challenges

New emerging and cross-cutting challenges call for a more holistic approach on trade with role for old and emerging players, state and non-state actors and others players who are directly or indirectly influenced by the interplay of different types of policies and initiatives to promote trade. A question was posed to respondents on what could be possible combination of factors that could help the WTO to tackle these challenges more effectively.

An overwhelming majority of respondents (about 70 percent) are of the view that the WTO should act as a platform with the new quad of the WTO members (Brazil, China, EU, India and the USA) collectively providing the stability. This is supposed to be an ideal situation for promotion of trade liberalisation.

2.5.1 Measures for achieving ideal situation (when the WTO works as a platform and quad countries provide stability)

In response to the question on how this ideal situation can be achieved, while the largest number of respondents (14 out of 32) has ranked addressing implementation concerns of the Uruguay Round agreements the first priority; another nine respondents have indicated it as a second priority. In comparison, 11 respondents have ranked transforming special and differential treatments as in the Uruguay Round agreements establishing the WTO from “best endeavour” to “obligatory commitments” as the first priority.

In terms of priority and ranking, giving equal emphasis on negotiating, deliberative and dispute settlement functions of the WTO and the need for strengthening the relationship between state and non-state actors – at domestic, regional and international level are respectively placed at third and fourth ranks (Table 9).

<i>Priority</i>	<i>By addressing implementation concerns of the Uruguay Round agreements establishing the World Trade Organisation</i>	<i>By giving equal emphasis on negotiating deliberative and dispute settlement functions of the WTO</i>	<i>By transforming special and differential treatments in the Uruguay Round agreements establishing the WTO from “best endeavour” to “obligatory commitments”</i>	<i>By strengthening the relationship between state and non-state actors – at domestic, regional and international level</i>
1st Priority	14	9	11	7
2nd Priority	9	11	6	4
3rd Priority	6	12	6	5
4th Priority	3	0	9	16

Some have also indicated that the choices (Table 9) are really not effective in achieving the desired outcome. The list given only sets out priorities that need to be addressed. In addition, there are hidden problems with the capacity of smaller and less able developing countries. Further, as long as Brazil, India, the EU or the US maintains a mercantilist approach, there

will be no gains for developing countries in multilateral trade negotiations. Some common sense has to come from companies and consumers. They argue that for development concerns to be achieved, policy making needs to be inclusive of the wide range of stakeholders, not just big companies and trade officials.

Those who have given first priority to strengthening the relationship between state and non-state actors at domestic at regional and international level argue for educating ordinary people in economics. For this purpose there is a need to create strong civil society groups that understand economics. It is very important. Some have expressed their firm belief that unless relationship between state and non-state actors is strengthened, other choices might not work.

Respondents who ranked addressing implementation concerns of the Uruguay Round agreements as the first priority also indicated that though the unfinished agenda of the Uruguay Round is real, it has become a convenient excuse for delaying movement on other matters in the subsequent round. They argue that if the implementations concerns are faithfully addressed and remedied, the WTO as the multilateral trading system would have more support from all stakeholders, including the developing countries' private sector and civil societies.

It is also highlighted that the implementations concerns are the aggregate of the developing countries challenges in the WTO. Two of such major concerns are onerous obligations put on developing countries without proper assessment of their capacity to undertake these obligations; and one-size-fits-all or single undertaking approach. These should have been exceptions rather than rule. These concerns continue to persist mainly because the robust capacity building support especially in addressing supply side constraints have not materialised yet.

Addressing the above issues are important also on the ground that, as of now, many of the special and differential (S&D) provisions are not supported by commensurate support on the part of member countries. There is need for transforming commitments into obligations to help low income countries ensure that initiatives committed are actually implemented. Some have expressed their opinion that in view of the falling terms of trade, weak trade-related infrastructure, low productivity, likely preference erosion, lack of product and market diversification, enforceable commitments could play a defining role to enable low income countries to compete regionally and globally from positions of strength.

It is important to note that a few of the respondents have expressed surprise with the ideal scenario. A few of the respondents have also indicated that the choices given are unrealistic.

A few have indicated that the WTO and the quad to succeed will need to have higher level of commitment towards development and other international agreements. Also, there is a need to develop mechanisms so that trade negotiations do not run for an indefinite period. They also argue for inclusion of critical issues in trade negotiations – one biggest problem with trade multilateralism is its failure to address the critical issues of the moment.

Some have expressed their dissatisfaction with the role of quad. They believe that the quad plus China might come to their own agreement, and none of these things will probably strongly affect other developing countries. A few have indicated that the SDT is not really all that important to Brazil, India and China (with some exceptions, like the SSM), rather it is more important for the rest of the developing world, but they have little impact on the negotiations and highly unlikely to stand in the way of a deal that the quad plus China may arrive at. Strengthening special and differential treatment (SDT) and addressing the implementation issues are important to non-quad countries for making the trade system more equitable.

2.5.2 Probable consequences when ideal situation (2.5.1) is not achieved

Thirty two responses has been received in received in response to question on what would be the possible consequences, if ideal scenario (where the WTO works as a platform and quad countries provide stability) is not achieved.

About 40 percent respondents (13 out of 32) have argued that non-achievement of ideal scenario would result in increasing occurrence of beggar-thy-neighbour types of trade policies. It will negatively impact trade and would lead to retaliation and counter-retaliation in other areas of international relations. Another about one-third ranked it second in terms of priority.

Non-achievement of ideal scenario will also make poor countries and poor people suffer more and there will be increase in poverty and income inequality. This is reflected by the priority ranking by one-third respondents (Table 10).

Table 10: Major consequences for a situation when the WTO does not act as a platform and quad countries do not provide stability (Rankings based on priority)				
<i>Priority</i>	<i>Poor countries and people will suffer more as there may be increase in poverty, income inequality with countries and inequality across countries</i>	<i>Increasing occurrence of beggar-thy-neighbour types of trade policies and negative impact of trade retaliation and counter-retaliation on other areas of international relations</i>	<i>Geneva Consensus will not happen and the relevance of the WTO as one of the three most important institutions governing the international economic system will decrease</i>	<i>There will be more uncertainty in the process of arriving at as well as balanced, positive outcomes of solving other global challenges of issues of international political economy through multilateral negotiations</i>
1st Priority	11	13	9	7
2nd Priority	1	10	10	8
3rd Priority	7	5	8	8
4th Priority	13	4	5	9

Many respondents feel that it is difficult to think of a trade scenario minus the WTO. Some have also opined that the decrease in the WTO's relevance will greatly impact the welfare of all Member-states, and especially developing countries.

The WTO has undoubtedly played a key role in attaining a major objective of harmonising global trade rules and helping national/global policy reform, especially in developing countries, including LDCs. It is therefore necessary that the multilateral trading system is sustained and strengthened. The WTO is, however, also required to undertake reforms in view of the realities of the date in order to remain relevant, and command and sustain the confidence of all the members, especially developing and LDCs and also the rest of the world including non-state actors.

It is, however, also unlikely that the absence of a WTO will mean an increase in poverty. This is because, contrary to the underlying assumption that the Organisation serves to eradicate poverty or income inequality, the WTO provides a forum for countries to engage with each other on matter of trade and how this affects their domestic policies. It is mostly domestic policies driven by stakeholders' demands that drive the WTO agenda.

There are many respondents who have said that Geneva Consensus will not happen and the relevance of the WTO as one of the three most important institutions governing the international economic system will decrease. Justifying their priority, some argue that the WTO is an imbalanced institution and might die a quick death, but the chance of this happening is rare.

A few have also indicated that in the case of weakening of the WTO, countries will increasingly turn to FTAs to fill the vacuum left by WTO's inability to act. The WTO even in its present form offers some protection to smaller countries from the policies of the most powerful countries. Weakening the WTO will undermine this and increase the vulnerability of poor countries to power politics played out within the trade system. This could then lead to beggar thy neighbour policies, and poor countries with weak institutional and policy linkages will be unable to negotiate on equal terms.

Some have argued that it is most likely that the ideal scenario might not be reached and it won't damage the system in the ways suggested above. They also indicated that WTO will become less and less relevant if it cannot promote outcomes leading to productivity growth.

Finally, many have expressed their view that the WTO is important as a platform for any trade issue. But due to emerging new challenges, it has to change its terms now. It needs to be realise that people are less "homo economics" than expected. People are eager to act on sovereignty and cultural identity issues. The 21st century challenges needs new recipes.

2.5.3 Preventing undesirable scenario (2.5.2) from occurring

A global trade scenario minus the WTO and quad countries is considered to be undesirable. In such a scenario, the complexion of the whole global trade might change, and it can push the world towards a chaotic global trade regime, despite numerous trade agreements and on-going negotiations at bilateral and regional levels. It is therefore imperative that such a scenario should be prevented from occurring.

A question on how to prevent such an undesirable scenario from happening was posed to the respondents. More than 50 percent respondents have (given first priority) indicated that there

is need for conclusion of Doha Round of multilateral trade negotiations. Once this is achieved partner countries should focus on domestic reform measures in order to make the Doha Round agreements deliver on development. There is also need for strengthening the voice of domestic constituencies, particularly small business and consumers, who can enjoy more benefits from synchronised trade liberalisation, says about one-third of the respondents.

Many (about 30 percent) have also argued for strengthening the voice of domestic constituencies, particularly small businesses and consumers who could be potential beneficiaries of a liberalised trade regime in the world (Table 11).

Table 11: What could be done to prevent undesirable (world trade minus the WTO) scenario from occurring? (Rankings based on priority)				
<i>Priority</i>	<i>Conclude the Doha Round of multilateral trade negotiations and start focusing on domestic reform measures in order to make the Doha Round agreements deliver on development</i>	<i>Strengthen the voice of domestic constituencies, particularly small business and consumers, who can enjoy more benefits from synchronised trade liberalisation</i>	<i>Design and implement benefit sharing mechanism between small producers and large exporters so that small producers can become an effective ally of trade liberalisation policies</i>	<i>Adopt trade adjustment measures – not protectionist policies for short-term insulation from trade-related shocks but positive discrimination and other affirmative actions for skill development and technology adoption/adaptation</i>
1st Priority	21	12	2	6
2nd Priority	6	7	6	9
3rd Priority	2	8	11	6
4th Priority	5	7	14	13

Some have also argued that out of the four options, adopting trade adjustment measures – not protectionist policies for short-term insulation from trade-related shocks but positive discrimination and other affirmative actions for skill development and technology adoption/adaptation is implementable without a multilateral agreement and this can promote help achieving conclusion of the Doha round.

A few have highlighted the fact that it needs to be understood that the Doha round is a comprehensive Round with its main objective anchored on development. Considering that the objective was well conceived and well-articulated in Doha, it must remain at the heart of the negotiations, if they must and should be concluded.

A conclusion of the Doha Round is essential, and this could be facilitated by an increased focus on developmental issues. However, one is not certain that a conclusion signifies an attainment of the objectives that informed the 'Development' Round, or even that a conclusion denotes mutual agreement. Achievement of development objectives require that the policies that oversee the markets for both consumers and businesses ultimately drive, or, reflect the agreements at the WTO. It is these domestic measures that will inform the future of trade liberalisation. Countries that adopt the most beneficial measures and that can exploit the rules and the opportunities in markets are the ones who will benefit.

It was also highlighted by a few respondents that the Doha Round must be concluded in order to bring back public faith in international trade liberalisation. There is also need for strengthening the ground for support of small businesses and consumers.

Going beyond the options given, some of the respondents have argued that two of the measures included in options are wrong policy measures and likely to make poor countries poorer. These include (1) designing and implementing benefit sharing mechanism between small producers and large exporters so that small producers can become an effective ally of trade liberalisation policies; and (2) adopting trade adjustment measures – not protectionist policies for short-term insulation from trade-related shocks but positive discrimination and other affirmative actions for skill development and technology adoption/adaptation. They argue that while promoting skills and education is good, "positive discrimination" and other "affirmative actions" tools are likely to be ill-devised policies wasting resources.

To many respondents, conclusion of Doha Round is important because low income countries could potentially benefit from this. However, this will only be so if the 'developmental spirit' in the DDR is reflected in the negotiated outcomes in various areas such as enforceability of S&D provisions, an honest implementation schedule for the Duty Free Quota Free to take care of LDC interests, commitment of support under Aid for Trade particularly for trade-related infrastructure and supply-side capacity development, market development, productivity enhancement, product and market diversification and trade facilitation.

Those who have given first priority to strengthening the voice of domestic constituencies, particularly small business and consumers, who can enjoy more benefits from synchronised trade liberalisation, argue that strengthening domestic businesses and institutions will reduce fear of competition due to trade liberalisation. On the other hand, there is need for businesses to realise that they stand to lose more in a protectionist environment due to loss of access to export markets, loss of competitiveness, and lack of access to advanced technology.

To some respondents, looking ahead for the global trade regime, under a freer trade and multilateral environment, the rising relative significance of new Quad countries (BRIC and a few other emerging) is going to be a reality. What is important here is how well this can be accommodated by developed countries, and how effectively the new Quad members will address the development concerns of other poorer countries (particularly LDCs and other vulnerable economies). These will be the defining feature of multilateralism.

Finally, the DDA will continue to be central in reaffirming the centrality of the WTO and the multilateral process to trade governance. Any drift in this can undermine the WTO.

III. Conclusion

It needs to be noted that trade liberalisation is good, but not an end in itself. The world must now overcome the dichotomies of liberalisation and protection. A mood of cooperation, where strengths and weaknesses are balanced for the benefit of all could create a new momentum to overcome the stalemate of the multilateral trading system, which is presently trapped in a mercantilist calculus.