Unduly fearful?

ONE OF THE rallying cries in development circles has been that trade liberalization—as much as increased aid—holds the key to helping low-income countries boost growth and eradicate poverty. For that reason, great hopes have been pinned on the Doha Round, which was launched in November 2001. Often cited is a World Bank study that suggests that the Doha trade talks, if successful, would lift 140 million people out of poverty by 2015.

But more than three years later, there is little to show for the Round, with the developing countries increasingly splitting into two camps. For middle-income developing countries—led by Brazil, India, and South Africa—the top priority is greater access to rich country markets in agriculture, a major unresolved issue from prior trade rounds. For many poorer developing countries, the top priority is special treatment, including exemptions from many of the new rules and commitments to ensure “policy space” to pursue national development strategies. These countries worry that they have more to lose than gain from freer trade, since most of them already enjoy special preferences in rich country markets. They also worry that they won’t be able to afford to implement many of the new rules. A group that has become more visible and vocal since the debacles in Seattle and Cancún feels that it doesn’t have much of a stake in the global trading system.

Are developing countries, especially the small and vulnerable ones, unduly fearful of the Doha Round? This issue of F&D explores their fears. In our Point of View section, we ask Rubens Ricupero (former UNCTAD chief), Faizel Ismail (South Africa), and Sok Siphana (Cambodia): Why should small developing countries engage in the global trading system? We also ask several trade experts what the odds are that developing countries will come out winners in the Doha Round. And we review a number of IMF and World Bank studies that analyze the impact of freer trade on the poorer countries, especially in the areas of food security, preference erosion, and food imports. On the plus side, the studies show that any negative fallout from trade liberalization looks highly manageable in a broader development framework. Since vulnerabilities tend to be concentrated in specific countries and products, they can be addressed through targeted financial and technical assistance by the global community. In fact, proposals to do so are increasingly being put forward in trade and development circles, including—as the World Bank’s Bernard Hoekman does—by asking Doha Round winners to “recycle” some of their tariff revenues.

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Finally, we would like to thank all of our readers around the world who took the time last year to fill out our readership survey. The results will help us tailor our content better to your interests (see page 3 for highlights). We’re encouraged that you value us so highly and hope to continue to improve!

Laura Wallace
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