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Strengthening Developing Countries in the WTO

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Third World Network

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1 Introduction

Developing countries have never had a decisive role in the General Agreement on Tariffs and Trade (GATT)/World Trade Organisation (WTO) system; but their weakness may be much more damaging now than ever before, because of three newly emerging features. First, the WTO is increasingly spreading its coverage to new areas. Second, the impact of the agreements of the WTO (as compared to the GATT) and their operation is much wider and deeper for the economies of countries, particularly the developing countries. Third and perhaps the most important, the economies of the developing countries are much more vulnerable at present than before because of their own weakness and also exposure to the uncertain external environment.

Earlier, the rules of the GATT had their impact principally on the imports and exports of a country; but now the WTO agreements have much wider implications for a country's economy. The disciplines on services and intellectual property rights (IPRs), which are the new additions to the system as a result of the Uruguay Round of Multilateral Trade Negotiations (MTNs), have a significant impact on the production process, technological development, financial institutions like banks and the insurance sector, inflow and outflow of funds on the so-called invisible account, vital modern infrastructure like telecommunications, etc.. The new agreements in the areas of information technology goods and electronic commerce will have a significant impact on revenue resources, as will be explained later. And now there are pressures for inclusion of still further new areas, like the protection of investors' rights, the social clause, etc., which will deepen and widen the impact of the activities in the WTO in a country. For example, the proposals on investment, if

finally carried through, will have a profound impact on the balance-of-payments situation as well as on the sectoral and regional balance of investment in a country.

With so much at stake, one would expect the developing countries to strengthen their capacity in respect of the negotiations in the WTO. Indeed, some of them are now better prepared. The concluding phase of the Uruguay Round did bring about some awareness in a number of developing countries about the implications of the negotiations. In some of the developing countries, one noticed even large-scale national debates on the various issues. But even among the few developing countries that are better prepared now than before, the level of preparation falls far short of what is needed. And the vast range of the other developing countries have hardly made any preparation even at this stage.

The WTO, where the developing countries comprise a very large number and the voting pattern is based on one country one vote, provides a good setting for the developing countries to be effective. They can in fact turn it into an institution to serve their interests and make it an example of an international or multilateral institution working for their benefit. But unfortunately they have not been able to take the initiative nor have they succeeded in defending themselves effectively in this institution.

This exercise is aimed at exploring the reasons for the weak participation of the developing countries in the GATT/WTO, the ways of strengthening their participation and the need for effective backup support for this purpose. All this is discussed in the context of the opportunities for the developing countries and the challenges confronting them in the GATT/WTO system.

2 Opportunities, Challenges and Response

Opportunities and Response

Though the main negotiations on the text which finally emerged as the GATT took place principally between the US and the UK in the 1940s, several developing countries formally participated in those negotiations and joined the GATT right from the beginning. As the agreement is based on the principle of reciprocity in the exchange of concessions, it is naturally more appropriate for participation by countries at similar levels of economic development. To make it more relevant for the developing countries, the principle of reciprocity was not rigidly followed in the case of concessions expected from them, while they got the benefit of concessions made by others through the operation of the Most Favoured Nation (MFN) treatment clause which ensures total non-discrimination among the members in respect of enjoyment of benefits.

Besides, there were other advantages of joining the agreement. It obviated the need for entering into a series of bilateral agreements with various countries and renewing them from time to time. Also, it provided some protection to the weak trading partners through a multilateral dispute settlement system, which precluded unilateral actions.

By the early 1960s, it was felt that the special and differential treatment to the developing countries needed more positive and constructive policies and actions on the part of developed countries. These were included in Part IV of the GATT. The practice of non-reciprocity was given formal recognition through an explicit commitment by the developed countries in Part IV that they do not expect reciprocity from the developing

countries. Later, a decision (1979) of the Tokyo Round, commonly called the Enabling Clause, made it possible to give special tariff concessions to developing countries without going through the elaborate process of waiver of the MFN treatment clause.

Most of the developing countries, however, have not been able to take full advantage of the opportunities provided by the GATT/WTO because of their undeveloped supply capacity. But some of them did improve their supply capacity and expanded their trade, taking advantage of the opportunities available in other countries. Their industrial production and exports grew rapidly. Some of the Latin American countries fell into this group, though not on a sustained basis. Several South-East Asian countries and East Asian countries utilised the opportunities on a more stable basis, resulting in faster growth of industrial production and exports. They were able to take advantage of the market opportunities in developed countries in expanding their own economies at a fast rate. But a large number of developing countries have not benefited significantly from the trading system encompassed by the GATT/WTO and it has not brought about any significant improvement in their income and wealth.

Past Challenges

Even the limited benefits to a few selected countries in Latin America and Asia have not been without severe handicaps. Any rapid expansion of exports in a sector would invariably generate protectionist tendencies, policies and measures in the developed countries. All this has curtailed the opportunities available to the developing countries. Such tendencies manifested themselves in the form of special trade regimes in some sectors, restraints on imports/exports outside the framework of the GATT, enthusiastic use of anti-dumping investigations and duties, and the current trend of using environmental concerns as a pretext for restraining imports. Further innovative methods of trade restrictions in the form of linking trade to labour standards are in the pipeline. It is

useful to revisit these stages of the GATT briefly in order to anticipate the problems ahead.

Immediately when developing countries started enjoying a good growth rate in the export of textiles, the industries in the developed countries felt the pressure of competition. Instead of letting the market operate freely, the developed countries sponsored a separate regime in this sector called the Arrangement Regarding International Trade in Textiles, commonly known as the Multi-Fibre Arrangement (MFA), in derogation of the normal GATT rules. Severe restraints on the export of textiles from developing countries imposed under this special regime constrained their industrial growth.

Later, restraints were imposed in some other sectors as well. For example, the major developed countries imposed quantitative limits to the export of jute products and leather products, which were mainly exported by the developing countries. Further, a few developing countries with the capacity to export steel were also affected by special restrictions in the steel sector.

What is important to note is that the major developed countries did not hesitate to bypass or circumvent the normal GATT disciplines in sectors of particular importance to the developing countries when the exports from developing countries in these sectors were perceived to cause problems for their domestic industry. The normal principle of free and liberal trade was totally forgotten; and from this can be drawn a lesson for the future.

Obviously it was all done under pressure from the domestic industry, and there is no reason to believe that the developed countries are in a better position now to resist similar pressures from their industry. Herein lies the fear that they may again resort to import-restrictive measures in sectors where they face serious competition from the developing countries.

Besides, further new methods have lately been used to restrain imports from the developing countries. Their imports have often been subjected to anti-dumping investigations and anti-dumping duties. Even when the investigations did not result in the imposition of duties, the trade would already have been disrupted by the uncertainty caused by the initiation of the investigation. And more recently, trade-restrictive measures in some sectors have been imposed by some major developed countries taking advantage of the general exceptions clause (Article XX of GATT 1994) on the grounds of protecting the environment.

Emerging Challenges

These trends have added to the strains of the developing countries in expanding their export prospects. The situation appears particularly serious when one sees it in the context of the current determined efforts of the major developed countries to expand the opportunities for their economic operators in developing countries. The WTO is being used as an important instrument for this purpose as the developed countries have found this forum to be especially effective in pursuing their objectives. In particular, the possibility of retaliation through the operation of the integrated dispute settlement mechanism makes the enforcement of the obligations of developing countries quite effective.

This is probably the reason behind the attempt by the major developed countries to broaden the coverage of the WTO to include new subjects, some of which are quite unrelated to the traditional subject of the GATT, i.e., the trade in goods. The subjects of services and IPRs entered the WTO in the Uruguay Round. Efforts are ongoing to expand the coverage of environment and introduce investment into this forum. It is testament to the persistence and tenacity of the developed countries that the subject of investment, which had been sponsored in the GATT during the preparation for the Ministerial Meeting of 1982 and several times thereafter without much success, is still being pursued vigorously. The subject of

competition is being sponsored in order to ensure free operation of the firms of developed countries in the markets of developing countries. In some traditional areas too, the developed countries are making efforts to expand the market access of their goods. One important example is government procurement, where the exercise has started with respect to bringing in transparency; but the major developed countries have often announced that their real objective is to expand the market access of their goods.

All these trends present new challenges to the developing countries. Particularly, there are four features which enhance their recent and current burden in the WTO compared to what it was a decade ago. First, the subjects and pattern of negotiations have now become much more complex than in the past. For example, the negotiations on the liberalisation of financial services or in the various areas of IPRs are really very intricate. Likewise, directly participating in the dispute settlement process either as a complainant or as a defendant has become very complex, because of the intricacies of the legal interpretation which has routinely become a part of the panel or appeal process in the disputes these days.

Second, the role of the developing countries in the WTO negotiations has undergone a significant change. Earlier, they had been negotiating mostly for special concessions and relaxations from the developed countries, whereas now the negotiations are more about extracting concessions from them. It is a much more difficult exercise, as one has to balance the expectations of the demanders with minimum commitments from one's own side.

Third, the developed countries have started taking up these negotiations with a new determination to expand the access of their economic entities in developing countries. Their attitude and approach appear to have changed in recent years. The old concept of enlightened self-interest in seeing the harmony of their own long-term prospects with the development of developing countries has been replaced by expectations of

immediate gains from expansion of current opportunities in the developing countries, irrespective of its effect on the economies of these countries.

Fourth, the developed countries, particularly the major ones, are more coordinated in their objectives and methods in the WTO, whereas the developing countries have been losing whatever solidarity they had in the past. The developed countries are also now moving with a great deal of confidence in themselves. They feel that they can solve their economic problems by proper coordination of policies among themselves; and they do not see the need for support from developing countries in this regard. This has naturally reduced their sensitivity to the problems of developing countries.

3 Manifestations of Weakness of Developing Countries

Amidst all these challenges in the WTO, the developing countries are in a very weak position. This weakness is manifested in various ways, some of which can be well-identified. For example: (i) the developing countries have been getting less than equal treatment in several areas, (ii) they have been making significant concessions to major developed countries without getting much in return from them, (iii) several important provisions of special and differential treatment of developing countries have not been properly implemented, (iv) the subjects and areas of interest to the developing countries have been consistently ignored and not attended to, (v) in the working of the dispute settlement process, important interpretations are evolving which have the potentiality of constraining their production and export prospects, (vi) big loopholes and traps have been left in some agreements which could have possible adverse impacts on the developing countries, etc.. All this needs to be elaborated and clarified by way of illustrations.

Less Than Equal Treatment

Often there is a call from developing countries for being given special and differential treatment in the GATT/WTO; but one seldom ponders over the instances of less than equal treatment meted out to them over a long period, particularly after the coming into force of the Uruguay Round agreements. Some examples are given below.

The ultimate means of enforcement of rights and obligations in the WTO is retaliation, which is almost totally impractical for developing coun-

tries. Though the recommendations and findings of the panels/Appellate Body in disputes are normally accepted and implemented by the countries concerned, in really sensitive cases, a country may hesitate to do so, and then the only option would be to take to retaliation. But developing countries may find this ultimate weapon difficult to use, for both economic and political reasons. Hence, they have an innate handicap in ensuring the implementation of the findings and recommendations, particularly in difficult cases, and thereby they have a basic weakness in enforcing their rights.

There is also the serious problem of cost in reaching the stage of recommendations and findings in the dispute settlement process in the first place. This process is so complex and costly that developing countries have to think very seriously before they start the dispute settlement procedure. A developed country, on the other hand, can start the process with much greater ease. Similarly the developing countries also face a serious handicap in defending themselves in a case in the WTO because of the cost involved. Thus the developing countries are very poorly placed in the WTO in respect of enforcing their rights and ensuring observance of the obligations of the other countries.

There is a similar problem in respect of subsidies and dumping. The complexity of countermeasures against subsidies and dumping makes these contingency provisions less useful for the developing countries. At the same time, the costly defence against such measures exposes them to unfair risks of being victimised.

Agreements on zero tariff for certain products which are mainly of export interest to developed countries have been rushed through. There are two specific examples. During the WTO Ministerial Meeting in Singapore in December 1996, a proposal was suddenly placed by major developed countries to have an agreement that there would be zero duty on information technology goods, and they had it approved. Then during the WTO Ministerial Meeting in Geneva in May 1998, there was a

provisional agreement on standstill in respect of the duty on electronic commerce, which practically means zero duty. Products of export interest to developing countries have never received such prompt and decisive consideration in the GATT/WTO system.

Services sectors of interest mainly to developed countries have been similarly rushed through in the negotiations to culminate in agreements. Specific examples are the agreements on financial services and telecommunication services. But the sectors of interest to developing countries have had no meaningful progress.

The persons of developing countries get much less favourable treatment in the matter of entering the developed countries than what is accorded to the persons of developed countries. It naturally puts them under added handicap in respect of the opportunities for the supply of goods and services.

International technical standards and rules of origin are being formulated which will have important implications for the market access of goods, but the developing countries have hardly got the resources and capacity to participate in the process.

In the agriculture sector, the subsidies used mainly by some developed countries (contained in Annex 2 to the Agreement on Agriculture), e.g., those for research and development, crop insurance, resource retirement programmes, etc., have been made immune from any countermeasure, whereas those used generally by developing countries (some of them included in Article 6.2 of the Agreement on Agriculture), e.g., land improvement subsidies and input subsidies, do not enjoy such immunity.

In respect of the subsidies on non-agricultural products, those used mainly by developed countries have been made non-actionable, e.g., those for research and development, regional development and environ-

mental standards; whereas the subsidies used by developing countries for the expansion and diversification of their industries do not get such favourable treatment.

In the textiles sector, as mentioned earlier, developed countries have followed the practice of "less than equal treatment" of developing countries for more than three decades. A special multilateral trading regime was introduced in this sector in the early 1970s in derogation of the normal GATT rules and it has continued for nearly three decades.

As mentioned earlier, some other products of interest to developing countries, e.g., leather, jute, etc., have been subjected to special restraints on imports in developed countries.

Major Concessions by Developing Countries Without Getting Any in Return

The illustrations of less than equal treatment given above are also examples of major concessions given by developing countries to the developed countries without insisting on and getting any commensurate concessions from the latter. Usually this 'softness' has been displayed by the developing countries under three considerations. First, they agreed to some of these measures in the spirit of cooperation, for example in the areas of textiles, leather, jute, etc., as the developed countries, during those days, needed support in their adjustment process in these sectors. Second, in some cases which were more prevalent during the Uruguay Round, they agreed to some concessions under intense pressures from major developed countries. The entry of services and IPRs into the WTO and the agreements on financial services and telecommunication services are some important examples. Third, more recently there has been a tendency among the developing countries to be over-enthusiastic in being accommodative. They have agreed to the proposals without getting or asking for adequate time for proper examination of the implica-

tions. The agreements on zero duty on information technology goods and electronic commerce are the main examples.

In negotiations on international trade, it is not wrong *per se* to make concessions, because the exercise of negotiations is meant to be one of give and take. What is totally wrong is to make concessions without getting anything in return. And this is precisely what has happened lately in the GATT/WTO negotiations. When developing countries agreed to let services and intellectual property standards enter the WTO, they made a significant concession to the developed countries which were by far the major gainers from these concessions. Similarly when they agreed to have agreements on liberalisation in financial services and telecommunication services, it was again a major concession made by them. Finally, the agreements on zero duty on information technology goods and electronic commerce have been yet other significant concessions. And there has been no commensurate counter-concession offered or given by the developed countries which have been the main beneficiaries.

Following a rational negotiating strategy, the developing countries should have asked for and insisted on some important concessions in the areas of their own interest. Hardly any developed country ever makes a concession in the multilateral forum without getting anything in return. But with the developing countries, it has been a totally different case; they have been repeatedly making concessions without obtaining any in return.

Special and Differential Treatment Not Implemented

Special and differential treatment provisions are contained in Part IV of GATT 1994 and in the various Uruguay Round agreements. Those contained in Part IV, i.e., in Articles XXXVI, XXXVII and XXXVIII, of GATT 1994 are very significant. In these provisions, the developed countries have undertaken a commitment to "accord high priority to the

reduction and elimination of barriers to products currently or potentially of particular export interest to less-developed contracting parties, including customs duties and other restrictions which differentiate unreasonably between such products in their primary and in their processed forms". They are further committed to "refrain from introducing, or increasing the incidence of, customs duties or non-tariff import barriers on the products currently or potentially of particular export interest to less-developed contracting parties". Besides, the developed countries also have to "give active consideration to the adoption of other measures designed to provide greater scope for the development of imports from less-developed contracting parties". These "other measures" may also include "steps to promote domestic structural changes, to encourage the consumption of particular products, or to introduce measures of trade promotion".
(In the GATT, "less-developed contracting parties" mean the developing countries.)

Of course, these commitments are not of a contractual nature, in the sense that there can be no retaliation for non-fulfilment of these obligations. However, it does not mean that these commitments do not have to be implemented. But in reality, these provisions have never been taken up seriously by the developed countries, and the developing countries have not been able to have them implemented.

In the new WTO agreements, there are very few elements of special and differential treatment in the nature of the actions of developed countries and expectations from developing countries. One example of the former is in Article 66 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) which makes it obligatory on the developed countries to "provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country Members in order to enable them to create a sound and viable technological base". And an example of the latter is the provisions of Article XIX of the General Agreement on Trade

in Services which requires "appropriate flexibility for individual developing country Members for opening fewer sectors, liberalising fewer types of transactions, progressively extending market access in line with their development situation...".

Developing countries have not been able to persuade developed countries to implement these provisions sincerely.

Areas of Interest to Developing Countries Ignored

The subjects of interest to developing countries have hardly ever occupied centrestage in the GATT/WTO. There have been attempts by developing countries time and again to have attention focussed on these issues, but they have not succeeded. Some important examples are given below.

Tariffs in the developed countries on the products of special export interest to developing countries continue to remain high. Quantitative restraints on imports in several sectors of their interest continued for a long time, and still continue in some important sectors like textiles. Practically nothing has been done to eliminate or reduce harassment of the developing countries through measures in the garb of anti-dumping action, conformity with technical standards, protection of the environment, etc.. Service sectors of interest to them have not been taken up for serious negotiation; for example, the movement of labour has been given only scant attention so far. The possibility of unilateral trade action by a major developed country still remains in its legislation and it continues to use this provision to put pressure on other countries, particularly the developing countries. This provision has not been removed, even though there is a specific commitment in the WTO Agreement that the laws of countries should be made fully compatible with the obligations under the agreements covered by the WTO.

Trends in the Dispute Settlement Process

Though the new dispute settlement process has brought about a certain degree of improvement over the past, some trends have been developing recently which are adverse to the interests of developing countries. The panels and Appellate Body have often adopted interpretations which constrain the rights of developing countries and enhance their obligations. Four particular cases may be cited in this regard.

First, in the Venezuela gasolene case, the Appellate Body has expanded the discretion of a country in taking trade-restrictive measures for the conservation of non-renewable natural resources. The Appellate Body has said that the discretion of a country in this matter is not limited by the test of necessity, rather it is adequate if there is a nexus between the particular trade-restrictive measure and the protection of a non-renewable natural resource. Second, the Appellate Body has said in the India woollen shirts case that the onus of justifying the trade restraint in the textiles does not lie on the country applying the restrictive measures; rather it is the complaining country which has to demonstrate that the conditions prescribed for the restraint have not been fulfilled. Third, the panel in the Indonesia car case has denied developing countries the flexibility, allowed by the Agreement on Subsidies, to give subsidies for the use of domestic products in preference to an imported product. The panel has taken the stand that such a measure would violate the Agreement on Trade-Related Investment Measures (TRIMs). Fourth, the Appellate Body in the recent shrimp-turtle case has given interpretations, at least four of which have adverse implications for developing countries. These are enumerated below.

(i) It has tried to establish the primacy of the conservation of the environment over the free flow of goods under the normal GATT rules, and thereby it has diluted the disciplines on the general exceptions as provided in Article XX of GATT 1994.

(ii) It has considered the turtle to be an "exhaustible natural resource" on the ground that it is covered by some multilateral environment agreements for the protection of endangered species.

(iii) It has directly implied that a country can take trade-restrictive measures for actions and effects outside its jurisdiction, on the ground that the extra-territorial nature of the action gets blurred as the turtles are migratory.

(iv) It has approved the filing of briefs and opinions before the panels by persons and organisations outside the governments which are involved in the particular case.

Serious implications of these interpretations are likely to unfold over the coming years.

Loopholes and Traps in the Agreements

Significant loopholes have been left in some important agreements which act to the detriment of developing countries. Three examples will illustrate this feature. In the Agreement on Textiles, the developed countries undertook the commitment to bring products accounting for 33 percent of their imports into the normal WTO discipline and thus exclude them from the special restrictive regime of the textiles sector by 1 January 1998. The totality of the products out of which this percentage is to be calculated is listed in an annex to the agreement. The loophole is that the list in this annex includes a very large number of items which have not been under restraint. The developed countries have taken advantage of this loophole and chosen for the liberalisation process up to 1 January 1998, only such products which are not under restraint. In this manner, the obligation is fulfilled and yet there is no liberalisation by them in practice.

Then the Agreement on Textiles also contains a faintly visible trap. Its Article 7.3 contains a requirement of sectoral balance of rights and obligations, a concept which is alien to the GATT/WTO system, which works on the principle of overall balance. There is apprehension that it may be a trap for justifying the possible reluctance of developed countries on 1 January 2005 to abolish the special restrictive regime in this sector on the plea that developing countries have not adequately liberalised their textile sector.

The special provision for dispute settlement in the Agreement on Anti-dumping is also an example of a major loophole. While this agreement has brought in some measure of objectivity in the investigation of dumping, the whole subject of anti-dumping has been practically excluded from the normal dispute settlement process of the WTO. In these cases, the role of the dispute settlement panels has been severely curtailed inasmuch as they cannot pronounce whether an action or omission of a country violates its obligation, a role which is almost a routine feature in disputes in all other areas.

These specific adverse situations, grouped for convenience into six categories above, are examples of the weakness of the developing countries in the WTO. There may be many more such examples. Clearly the developing countries have been on losing ground in the WTO, more so in recent years. This leads us to a discussion of the strategies and the role of the developing countries in the WTO.

4 Strategies of Developing Countries in the WTO

The strategies of the developing countries and the method of their participation in the WTO are generally of two types. Either they are indifferent and totally silent, or there is rigid opposition up to a certain extent, followed by abrupt and total capitulation.

Indifference and Silence

A very large number of the developing countries remain silent in the WTO meetings and discussions. They attend the meetings, listen to the statements and remain totally quiet. They neither support nor oppose a point. Of course, technically they do become parties to the decisions taken, even though they have not supported them explicitly.

Their silence may be due to various reasons. One, they do not feel that the subject under consideration affects their countries directly and thus they are indifferent. Two, they do not understand the intricacies of the point under consideration and thereby prefer to remain quiet, fearing that their statements and opinions may be irrelevant and will betray their ignorance. Three, even if they feel sometimes that a particular proposal has adverse implications, they prefer not to come out openly against it, particularly if it involves opposing the major developed countries. They prefer to avoid annoying them, especially when they have not received any clear instruction from their capitals to oppose or support the proposal. Fourth, in the case of proposals with clear adverse implications, they feel that some other more active and vocal developing countries will

be speaking out against the proposal and thus that their interest will be taken care of.

In the case of a very large number of developing countries, the missions in Geneva do not receive detailed briefs or guidance from their capitals, and thus they do not feel quite compelled to take a particular line in the meetings. In most cases, they do not have full knowledge of the subject and are not confident enough to make any intervention in the discussion. However, their indifference does not absolve their countries from the obligations which are imposed by the decisions taken without their actively participating in them, and thus it may prove costly for their country in the long run.

Stiff Opposition and Sudden Collapse

A small group of countries do take active interest in the meetings and discussions. But most of the time, they participate in these events without any detailed examination of the subjects under discussion. Neither their missions in Geneva nor the capitals are equipped with adequate capacity for this purpose. Most of the time, they work on the basis of their quick and instinctive response to the proposals. If they feel that any proposal is not in the interest of their country, they oppose it. Their opposition is quite firm sometimes and they stick to their line almost till the very end. But finally when intense pressures are built up in the capitals or if all other countries have acquiesced in the proposal, they also drop their objection and remain sullenly silent. Decisions are taken to which they become parties even though they had earlier raised objections; and in this manner their countries get bound by the obligations imposed by the decisions. The immediate political cost of withholding consensus appears to them to be much heavier than the burden of these obligations in the future.

The transition from the long period of determined opposition to sudden collapse into acquiescence at the end, has denied these countries the

opportunity of getting anything in return for the concessions they finally make in the negotiations. Some illustrations will explain the situation.

In November 1986 in Punta del Este when the Uruguay Round of MTNs was launched, the developing countries, after stiff opposition, finally agreed to include services and IPRs in the negotiations, but had the satisfaction of apparently being able to keep these two subjects totally separate from the subject of trade in goods. They also thought that in respect of IPRs, the negotiations would be limited to trade-related issues and would not cover IPRs standards. In April 1989, they were persuaded to agree to include IPRs standards in the negotiations. In fact the negotiations on IPRs practically centred around the standards, and there was hardly anything on the trade-related subjects in these negotiations or in the agreement that emerged. Further, through the provision of cross-retaliation in the integrated dispute settlement mechanism, the obligations in goods, services and IPRs were linked, and it became possible to take retaliatory action on goods for violation of obligations in services or IPRs, something which the developing countries had been opposing persistently in the past.

As mentioned earlier, the very inclusion of the subjects of services and IPRs in the framework of the WTO was a major concession made by the developing countries. Then they also agreed to negotiate special agreements in specific services sectors, viz., financial services, telecommunication services and maritime services. The agreements on the first two have been completed with major gains to the developed countries which are the main suppliers of services in these areas.

Further, an unfair basis of reciprocity has been adopted in some negotiations. For example, in financial services, the exchange of concessions is in respect of permission to open a specific number of branches of banks. Developing countries have agreed to permit the opening of a certain number of branches of the banks of other countries in exchange for their being enabled to open a certain number of branches in the other coun-

tries. The reciprocity in exchange of concessions on the basis of the number of branches is not fair and appropriate at all because the volume of transactions of a branch of a bank of a major developed country will be far in excess of the possible volume of transactions of a branch of a developing-country bank. A better standard of reciprocity would have been one based on cross-sectoral concessions or the volume of transactions, rather than the number of branches. The developing countries were not able to present an alternative framework for reciprocity in those negotiations.

Missed Opportunities

The account given earlier would show that there are several instances when developing countries did not ask for and insist on reciprocal concessions while making important concessions on their side. For example, they agreed to zero duty for information technology goods at the 1996 Singapore WTO Ministerial Meeting and to provisional zero duty on electronic commerce for 18 months at the 1998 Ministerial Meeting in Geneva. These two proposals were sponsored by the major developed countries and they were the main beneficiaries. Electronic commerce is an area with very high growth prospects, and a duty in this area can be a potentially lucrative source of revenue for the developing countries. Also the users will generally be those in the high-income group of the population, and as such, even from the angle of equity, a tax in this area in the developing countries can be appropriate. Thus the developing countries have really surrendered a potential major source of revenue without any benefit. They were not prepared with counter-demands for negotiating reciprocal concessions from the sponsors and beneficiaries of these proposals. They could not steer the negotiations in these directions at all.

In fact, developing countries have repeatedly been missing out on opportunities for negotiating reciprocal concessions or for limiting their

own concessions. For example, during the preparations for the Uruguay Round of MTNs, the major developed countries had insisted on including three new subjects in the negotiations, viz., services, IPRs and investment. All three were finally included in the negotiating agenda, though the developing countries put up stiff resistance right up to the end. With the benefit of hindsight, one can now say that with a proper negotiating strategy, the developed countries could have been persuaded at that time to give up at least one of these subjects in return for an agreement to negotiate the other two. Also, permitting the very entry of services and IPRs into the negotiations in this forum for trade in goods was a very major step; and the developing countries could have rightfully asked for major concessions from the sponsors at the time of taking that step. But as the situation developed, they could neither stop their entry nor exact a price for it.

Such opportunities are likely to resurface soon. There is strong insistence by some major developed countries on starting negotiations on investment and the social clause. Also some of them have made their intentions clear that they have sponsored negotiations on government procurement with the objective of expanding the market access of their goods. These will be totally new areas to be taken up in the WTO, if they do get taken up. Investment and the social clause do not have any place in the GATT/WTO forum at present. In respect of government procurement, though the subject relates to the trade in goods, the existing framework as enunciated in Articles III and XVII of GATT 1994 prescribes some rights regarding giving special treatment to domestic products and discretion on selecting the countries for the supply of these goods. Even the start of negotiations on the disciplines for investment, the social clause and new disciplines on government procurement will be a major concession to the developed countries. The developing countries have been resolutely resisting such moves so far. But if they decide at a later date to start negotiations in these areas, they should do so only after getting commensurate major concessions from the sponsors, i.e., the major developed countries. Concessions in the areas of interest to the developing countries

are necessary, merely for their agreeing to the entry of these topics into the WTO negotiations.

As mentioned above, the approach of the developing countries so far has been either to remain silent or to present stiff opposition followed by sudden collapse at the end. If at all they have to concede on a proposal which had been opposed by them earlier, a better strategy will be to have a planned withdrawal, if and when they decide to yield for various reasons. Following this strategy, they can have a chance of getting something in return for the concessions made.

Process of Cooperation and Coordination

The weakness of individual developing countries is also reflected in very poor cooperation and coordination among themselves. They have not been able to evolve common positions and common strategies on important issues. In fact they do not have a proper mechanism for such efforts.

Though an informal group of developing countries does exist in the WTO, it is not utilised for identifying common interests and working out common positions. The discussions are more of a general nature, though sometimes countries do explain their perceptions and positions and describe their problems on specific issues.

However, in one sector, viz., textiles, there is effective coordination among the developing countries that are exporters. They have formed a formal organisation called the International Textiles and Clothing Bureau (ITCB) which is fully financed by these countries and has a functioning secretariat. The member countries of this organisation meet regularly to discuss the issues in this sector and to formulate a common position. Most of the time they are able to do so and also to articulate their common stand and position quite effectively and put up specific common proposals.

It is difficult to say why the developing countries are not able to have a common platform on other important issues when they have succeeded in developing such efficient cohesion in the textiles sector. Various reasons may be conjectured for this inability. One, in the textiles sector, the problems are well-identified and focussed, and the direct import restraints in the developed-country markets have an immediate and visible impact on the production and export prospects of the developing countries. Two, the exporting developing countries have suffered at the hands of major developed countries for a long time in this sector, and they have practically been pushed into effective mutual coordination by this long and severe suffering. Perhaps the interests of developing countries are too dispersed in respect of the WTO issues in general, and they are not able to identify a cohesive cementing force which would make them overcome the current hesitation which emerges out of their fear of annoying the major developed countries.

There is generally a strong discouraging environment for their efforts in this direction, as such efforts are immediately dubbed by major developed countries as attempts to politicise the GATT/WTO system. A general idea is spread by the latter that every country should be on its own in this system as it has to safeguard its own interests. This, however, has not prevented them from forging sound coordination among themselves through various formal institutional arrangements, like the Quad, Group of 7, OECD (Organisation for Economic Cooperation and Development), etc.. It is a big irony in the GATT/WTO system that the major developed countries, which are quite strong even individually, are moving towards closer coordination, whereas the developing countries, which are in a weak and vulnerable position, are not able to come together and coordinate their interests and efforts.

Some insight into the plight of the developing countries can be had if we examine the WTO environment in which they have to operate. It is necessary to understand it and keep it in view while thinking of any change or improvement in the role of developing countries in the WTO.

5 The WTO Decision-Making Process

It is a big paradox of international economic relations that the developing countries, which outnumber the developed countries in the WTO by about four to one, are not having their way in this forum and have to face adverse situations almost perpetually. Unlike the International Monetary Fund (IMF) and the World Bank, there is no weighted voting in the WTO, which works on the principle of one country one vote. And yet the developing countries, which form an overwhelming majority in numbers in the WTO, have not had any success in pursuing their objectives. They are always on the defensive and have to strive hard to reduce the hazards and damage that come their way. It is important to understand how this sad situation has come about.

The highest decision-making body in the WTO is the Ministerial Meeting which generally meets once in two years. The next decision-making body is the General Council which takes decisions in between the Ministerial Meetings. The formal process of decision-making in these bodies is by simple majority of the Members present, with one Member having one vote. However, there is hardly any occasion of formal voting as, in practice, decisions are taken by consensus, which is held to exist when no Member present at the meeting formally opposes the proposal. Then there are specialised bodies, like the Councils on goods, services and TRIPS, the Committee on Trade and Development, various Working Groups, etc.. Generally these bodies take decisions on the basis of consensus. The reports of panels and the Appellate Body are considered by the Dispute Settlement Body (DSB) which also works on the basis of consensus.

In this scheme of decision-making, a country wishing to oppose a harmful proposal can be effective only if it puts up a formal opposition at the time a decision by consensus is sought. And for a positive action, it has to muster the support of the majority of the Members present. One would expect that a developing country, being satisfied that a particular proposal is not in its interest, would formally put up its objection at the time when consensus is being determined. Also one would expect that the developing countries in large number will formally oppose a proposal if it is not in their interest and would get it turned down by majority vote, since they really do form the bulk of the WTO membership. Similarly, in respect of a proposal which is in their interest, one would expect them to sponsor it with the support of a large number of them. But nothing like this actually happens. Part of the reason lies in the actual operation of the WTO process in considering a proposal.

Generally, important proposals in the GATT/WTO are normally made by the developed countries. After they have formally made a proposal in a particular body in the WTO, there would be some preliminary observations by some delegations made in a non-committed manner. Thereafter the action shifts away from the main stage. The main sponsors hold limited consultations with some delegations, first trying to consolidate support and then involving the others to soften their possible opposition. Sometimes, the chairmen of the relevant bodies of the WTO and even the Secretariat organise such consultations. Invariably these are limited to a small number of delegations, the ones selected for participation being those that may have a keen interest in the subject or those that may be vocal in opposition in the open forum. A very large number of developing countries are left out of this process of consultations which are in reality full-fledged negotiations. If the subject is an important one, the chairman sometimes makes an interim report in the formal meeting. These reports are generally very brief, saying that the consultations are going on, often without giving the details of the main issues involved and the conflicting stands of various countries.

In the meantime, pressures are built on the developing countries that had been opposing the proposal. Depending on the intensity of the opposition, the pressures may be applied on the delegations in Geneva or even bilaterally in the capitals. The usual technique of winning over the opponents one by one is also applied. And finally the hardcore opponents are left with the option of either keeping quiet or withholding consensus in the open meeting. Very often they do not want to incur the political cost of formally opposing a decision at the end, if they are left alone or are in a very small group. The decision is thereby taken in the open meeting by consensus.

In this process, a very large number of developing countries do not have the opportunity of participating in the negotiations which are held behind the scenes in small groups. They are faced with the final result in the open meeting at the end, and they do not have enough courage or motivation to put in a clear opposition or an effective reservation at that stage even if the particular decision is not fully in their interest. They do mumble a few words of protest sometimes, but do not come round to withholding consensus formally.

In this manner, even though each country has a vote in the WTO and has a right in decision-making equal to that of any other country, a large number of developing countries are left out of the actual negotiations. Their lack of agreement with the decisions eventually reached is evidenced by the bitter critical statements which some of them have been making after the important meetings of the WTO. Some recent examples are the statements made after the Ministerial Meetings in Singapore and Geneva.

In these small-group consultations and negotiations off the stage, generally the Quad countries (US, EU, Canada, Japan) are always present. Switzerland as the host country is also usually invited. Besides, either Australia or New Zealand, if not both, gets included. Thus the developed countries are almost fully represented. But among the one hundred or so

developing countries, hardly five to ten get a place in these informal discussions and negotiations. Thus the scale is very much tilted against the developing countries, not only by way of economic and political weight, but also, quite ironically, by the weight of numbers.

From the angle of developing countries, the decision-making process is very much non-transparent and non-participative, as an overwhelming number of them are associated only in the beginning when the proposals are initially made formally and at the end when the conclusions have already been worked out. As mentioned earlier, they do get bound by the obligations imposed by these decisions without having participated in the actual negotiations. This is no doubt a very unsatisfactory situation from the angle of developing countries.

Naturally the consequences have been quite adverse to their interests, as the obligations are heavily tilted against them. If a similar situation continues in future, they are likely to lose more. 1999 and the few years thereafter are likely to be filled with sensitive and difficult negotiations in the WTO which may have a significant impact on the economies of the developing countries. A quick look at the tasks ahead will make clear the potential of damage if they continue to be on the fringe of the WTO process.

6 A Glimpse of the Tasks Ahead

The work to be undertaken in the next few years may be divided into four categories, viz., (i) implementation of the WTO agreements, (ii) review of some provisions of the agreements, (iii) continuing negotiations in some areas and (iv) the work in some new areas.

The implementation of the agreements involves: formulation of legislation and procedures, establishment of institutions and machineries, removal of certain import control measures and sending notification to the WTO. Some of these actions would have been undertaken by now, whereas some others may have to be taken up in the near future. Even where the action has already been undertaken, the work might not be complete, as the actions are subject to scrutiny by other countries. The country taking the action may have to satisfy the other countries that its implementing action has been correct and adequate. Some more difficult implementing measures are yet to be taken, e.g., formulation of enforcing legislation for IPRs and creation of the appropriate machinery for enforcement, introducing a *sui generis* system for the protection of rights on plant varieties, etc.. One important task of developing countries in all this is to explore the options for implementation, so that the adverse effects are minimised and benefits are maximised. This demands a very elaborate exercise. Even the seemingly simple obligation of sending notifications to the WTO sometimes entails a very heavy burden, as arrangements have to be made to maintain the relevant information in appropriate formats, adequate training has to be given to the personnel handling it and information in many cases may have to be collected from remote regional areas and compiled.

Implementation has another aspect too. A country has to keep watch on the implementation being done by others, so that its own rights and opportunities are fully safeguarded. For example, the textile-exporting developing countries have to monitor carefully the process of progressive liberalisation in the developed importing countries in this sector.

The reviews of some provisions of the agreements will involve serious negotiations. The more important among such reviews are in the areas of subsidies, TRIPS, TRIMs, anti-dumping and services. In the area of subsidies, the provisions relating to non-actionable subsidies, export competitiveness of developing countries and presumption of serious prejudice will be covered by the review. In the TRIPS area, the provisions on patenting of plants and animals will be reviewed. In the area of TRIMs, it will be examined if the agreement should be expanded to cover investment policies and competition policies. In the anti-dumping area, the restriction on the role of panels will be reviewed to see if it should be extended to other areas. In the services area, the review will cover the current exemptions from MFN treatment. Besides, the working of the provision relating to the negotiating right of small exporting countries will also be subject to review.

Important new negotiations will take place in the areas of agriculture and services. In agriculture, the negotiations will cover the reduction of protection and subsidies. In services, the negotiations will be in two areas, viz., one, for further liberalisation of services sectors in terms of market access and national treatment; and two, the three subjects on which disciplines have not yet been worked out, viz., subsidy, safeguard and government procurement.

The negotiations in these areas are likely to be as difficult as they were during the Uruguay Round. The negotiations in services are intensely technical in nature, particularly in respect of the basis for the reciprocity of benefits. Besides, the developing countries have to identify the sectors

of their interest, and suggest the elements of liberalisation in the developed countries in these sectors.

In the agriculture sector, the Uruguay Round resulted in the anomaly of developed countries continuing with their import control measures and subsidies of up to 60 to 80 percent of the base levels, whereas the developing countries which had not been applying the general import controls and subsidies earlier, have been prohibited from applying them in future. The developing countries will have to negotiate in an effective way to remove this anomaly. Further, they will also need to acquire flexibility in respect of import controls and subsidies in order to encourage food production for domestic consumption and protection of their small and household farmers. Besides, concrete proposals will also have to be given for relieving the burden of the net food-importing developing countries.

Further, there are severe deficiencies, imbalances and inequities in the existing agreements, some of which have been illustrated and described above. The developing countries will have to strive very hard to remove these adverse features and bring about basic improvements in the agreements.

Apart from these exercises in respect of the current agreements, several new areas have been taken up for consideration, viz., environment, investment, competition, government procurement, trade facilitation and electronic commerce.

In the area of environment, the thrust of the major developed countries is to enhance the scope of taking trade-restrictive measures for protection of the environment, following the provisions of the multilateral environment agreements.

In the areas of investment and competition, studies are ongoing in the WTO as decided in the 1996 Singapore Ministerial Meeting. The pressure

from major developed countries is to upgrade the level of consideration from studies to negotiations in the WTO. The apprehension is that the negotiations on investment, if envisaged in the WTO, will be about the protection of the rights of investors and erosion of the discretion of the host governments. Similarly, the proposed negotiations on competition may be about reducing the discretion of governments in controlling the adverse effects of the activities of big foreign firms and also in providing support to domestic firms.

In government procurement, the current exercise is on working out the elements of an agreement on transparency. The apprehension is that it may result in laying undue burden on the developing countries and also that the exercise may extend to expansion of market access for the developed countries in respect of government procurement in developing countries.

Similarly, in the area of trade facilitation, the developing countries will have to ensure that the elements of facilitation do not actually result in obstruction to their production and exports.

A further new subject, electronic commerce, suddenly emerged in the negotiations during the Ministerial Meeting in Geneva in May 1998. There has been a provisional agreement on standstill, i.e., zero duty, on electronic commerce for 18 months, and the proposal is to negotiate this subject further. Since zero duty on electronic commerce mainly benefits the major developed countries, the endeavour of developing countries will be on getting adequate reciprocal benefits, if the provisions of the provisional agreement are allowed to continue further.

From the list of activities described above, it is clear that the developing countries are going to face a difficult task in the years ahead. If past experience is any guide, they are likely to suffer colossal losses, if they do not improve on their approach, strategy and preparation.

7 The Future Course

First and foremost, the developing countries have to have the political determination not to be pushed around in the WTO forum. They should also have a resolute will to utilise the forum to serve their interests and minimise the adverse effects on them. In this process they have to move with a degree of confidence, identify their negotiating strengths and use them effectively. Efforts have to be mounted at national level, group level and multilateral level.

The biggest strength of a negotiator in a multilateral negotiation lies in having the full support of his or her country behind the stand being taken. This can happen only when the stand of the country is decided after thorough deliberation. Developing countries need to improve and strengthen their decision-making machinery and institutions. There is also the need for a change in their strategy in the negotiations and for comprehensive preparations for their role in the WTO. At the same time, they also have to work for a total change in the WTO negotiating process.

Strengthening National Decision-Making Institutions

Developing countries have to identify their specific interests and objectives in respect of the subjects of the WTO. This can be done through the process of a broad-based and in-depth examination of the issues and implications. It requires some institutional changes in the decision-making process. The subjects are so complex and their implications so widespread that any particular ministry in a government would not be fully equipped to handle them on its own. Almost every issue being taken

up in the WTO involves differing interests of various wings of the government. It also involves a clash of interests among various industry groups and economic operators. The overall interest and stand of the country can be worked out only after balancing and harmonising all these differing and clashing interests.

For example, a simple proposition of reducing the tariff on a particular product will invite different reactions from different industry sectors and different wings of the government. The producer industry will feel threatened by competition from imports, whereas the consumer industries will feel happy as they will have the prospect of cheaper supplies of inputs. Likewise the wing of the government responsible for the development of the producer industry will have a tendency to oppose the proposal, while the one responsible for the downstream industries will be inclined to support it. This is not a new dilemma. But now there are more of such dilemmas and they have complex ramifications. A typical example of the emerging complexity is the proposal to liberalise the entry of foreign investment. It may be welcomed by the industry and trade sectors, as it gives them wider choice of sources of funds; but it may have adverse implications for the balance-of-payments position over a course of time and may also disturb balanced sectoral and territorial development.

These subjects demand a very comprehensive examination of their implications and the balancing of differing interests. A government ministry working in the traditional manner is hardly equipped to perform this task. It appears necessary to have a standing expert body of high standing, credibility and objectivity in the nature of a Commission, which would be supplementing the efforts of the current machinery. The Commission should examine the issues critically, taking into account all aspects and interests, and should hold wide consultations with the affected groups in trade and industry, consumer fora, various wings of the government and other interested groups and persons. Upon completion of this exercise, the Commission should make recommendations to

the decision-making body about specific positions which the country should take. If the position of a country is taken after such detailed examination in an atmosphere of transparency, it will naturally enjoy strong political backing in the country, and the negotiators will be able to negotiate with full confidence and strength. Also, with such a decision-making process in the developing countries, the pressures which the major developed countries normally build up on them in the course of negotiations will be much less effective.

Change in Strategy and Approach

Then there should be a change in the developing countries' strategy and approach. The current feeling of helplessness that the developing countries cannot have their say in the WTO should be replaced by a new mood that they can achieve their objectives if a number of them are united and well-prepared. The developing countries are in very large number in the WTO and even if one does not expect all of them to come together on all the issues, one can at least expect a large number of them to have a common perception and common stand on a number of subjects.

The current process of being pushed into making one-sided concessions or facing a sudden collapse at the end should naturally be changed to one of engaging in a meaningful negotiation of give and take and insisting on getting commensurate concession from others before finally agreeing to any concession from one's own side. Opposition and resistance to harmful proposals is alright, and whenever a decision is taken to yield, it should be done in a proper and planned manner, after negotiating for commensurate concessions from the beneficiaries of the proposal.

Preparation Process

But all this needs the support of detailed analytical examination of the issues involved and identification of interests. The developing countries should undertake such examination, but their capacity is limited. They should build up and strengthen their capacity. They could sponsor this work in some of the universities and institutions in their countries. They should also build up a network of institutions in developing countries for this purpose. But considering their limited resources and capacity, it is doubtful if they will be able to undertake studies and analyses on their own on a sustained basis. They need assistance.

Earlier, particularly during the Tokyo Round and Uruguay Round of MTNs, the United Nations Conference on Trade and Development (UNCTAD) undertook a massive technical assistance programme to help the developing countries in the negotiations. It was supported by financing from the UN Development Programme (UNDP). UNCTAD is still engaged in studying the subjects and issues relating to the WTO; but its work in this area is mainly centred around the intergovernmental meetings. It also continues with some technical assistance in the area of international trade, but assistance in negotiations is not the prime focus at present.

Some other organisations are also engaged in the work of providing assistance to the developing countries. The WTO itself has such a programme, which is devoted mainly to assistance in implementation of the agreements. Sometimes it prepares analytical papers at the request of a developing country or a group of them. Quite understandably one cannot expect the WTO Secretariat to provide a critical and analytical evaluation of the various proposals put up by various countries; but such an evaluation is at the very core of the developing countries' preparation process.

The South Centre has started a pilot project with the financial assistance of the UNDP. It has prepared some analytical papers and a discussion paper laying down the current issues in the negotiations and their implications for the developing countries. In some cases, it has suggested preferred alternatives for the developing countries on various issues. But its work is very limited in nature, and in its present form it is unlikely to cater fully to the needs of the developing countries.

The Commonwealth Secretariat has also been running a programme of technical assistance. It is mainly devoted to the preparation of short analytical papers at the request of individual countries or a group of them. This programme, though useful, is too small at present to satisfy the emerging needs.

The Third World Network, a non-governmental organisation, has also been undertaking the work of technical assistance to the developing countries on the WTO issues for the last three to four years. It has concentrated on topical subjects under consideration and has prepared analytical and briefing papers. It has organised seminars and workshops for exchange of views and expertise among the developing countries on important occasions. It has assisted them in developing cooperation among themselves in the formulation of positions in important areas. It brings out a daily bulletin from Geneva, containing reports on the ongoing negotiations and analysis of issues by experts. This organisation, however, has only a small presence in Geneva; and a strong presence there is important for assistance in the negotiation process.

None of these efforts in their present form by itself can satisfy the emerging needs of the developing countries in the next few years, though each of them constitutes an important contribution in support of the developing countries. There is a need for a comprehensive assistance programme. Preferably it could be funded mainly by the developing countries themselves, or at least a large number of them. There could be supplemental funding from some other benevolent sources. This pro-

gramme could be located in one of the existing organisations with the appropriate capacity and orientation or could be established as a separate unit. Even if it is located in an existing organisation for administrative and accounting purposes, it should work as an independent programme and unit.

The main functions of the programme could be the following:

(i) critical and analytical examination of the current and emerging issues from the perspective of the developing countries and their implications for them;

(ii) assisting developing countries in preparing their own proposals in various areas in the WTO;

(iii) examining the proposals of others with respect to their implications for the developing countries, and assisting developing countries in preparing their responses; and

(iv) during the intense phase of negotiations, providing quick and prompt assistance in respect of the formulation of and responses to the amended proposals, which normally get tabled at that stage.

Such an assistance programme will be supportive of the national efforts of developing countries in their preparation and also of regional and group efforts. In fact there could be a linkage of constructive complementarity of this programme with the national, regional and group efforts.

Regional and Group Efforts

The effectiveness of the developing countries will be enhanced if there is better coordination among them. The exercise of coordination should

start right from the stage of identification of interests and formulation of positions and stands. Under the overall umbrella of the Informal Group of Developing Countries in the WTO, there may be some smaller groups, based on specific issues and interests, with full transparency and interaction with the other members of the Informal Group. There may also be burden-sharing in preparations in specific areas and exchange of information, which will avoid duplication of efforts and ensure better utilisation of their scarce resources.

There should also be coordination, linkages and networking among the research institutions and universities in these countries engaged in analysis of the issues in the WTO. There could be arrangements for burden-sharing among such institutions. The efforts of these institutions should also be coordinated with those of the multilateral central assistance programme proposed above.

Change in the WTO Negotiating Process

The developing countries have to endeavour to bring in changes in the negotiating process in the WTO so that there is greater transparency and wider participation of developing countries in the negotiations. Discussions in small groups for the purpose of explaining proposals and persuading other countries are a natural process; but for negotiation of the texts of the proposals and agreements, there must be much wider direct participation. There may be difficulties in negotiating the texts in very large groups, but a balance has to be worked out between the need for efficiency and full direct participation of the countries in the negotiating process. Developing countries may deliberate on this issue and make specific proposals for an improved method of negotiations in the WTO.

The WTO agreements and their operation are and will be having a profound impact on the economies of the developing countries. Hence it

is imperative that they do not remain indifferent and handicapped, but actively participate in the negotiations and other activities in this forum and make themselves effective in its decision-making and operations.

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Bhagirath Lal Das served in the Indian Administrative Service, from where he retired as a Secretary to the Government of India. He has had a long association with international trade issues, participating directly in a large number of bilateral and multilateral trade negotiations. He was India's Ambassador and Permanent Representative to GATT and Deputy Permanent Representative to UNCTAD in Geneva. During that period he also functioned as Chairman of the GATT Council and of the GATT Contracting Parties. Later he spent five years with UNCTAD as its Director of International Trade Programmes. In that capacity, along with his other responsibilities, he organised and coordinated UNCTAD's technical assistance programme for developing countries to facilitate their participation in the Uruguay Round of Multilateral Trade Negotiations which culminated in the setting up of the World Trade Organisation. His earlier books are *An Introduction to the WTO Agreements*, *The WTO Agreements: Deficiencies, Imbalances and Required Changes* and *The World Trade Organisation: A Guide to the Framework for International Trade*. He now provides consultancy services to various institutions.

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