
TRADE ROUNDS

This article originally appeared in Issue 8 (Fourth Quarter 1999) of *developments* magazine, published by the UK government's Department for International Development. We include it because it is a good summary of the case made for the liberalisation of world trade (www.developments.org.uk/data/o499/trade_r.htm#top).

Trade: exchange of commodities for money or other commodities; commerce; a transaction.

International trade: export and import of goods from and to home country; exchange of commodities and services by different countries.

Round: a series of broad sector talks and negotiations.

The first General Agreement on Tariffs and Trade (GATT) was concluded in 1948. There have been a number of trade 'rounds' since then, with an increasingly large number of participants. The last (Uruguay) round, concluded in 1994, set up the World Trade Organisation (WTO).

The WTO provides a forum for trade negotiations. It has 135 members, the majority of them developing countries. It provides a forum for governments to negotiate trade agreements. Many governments consult with a wide range of interested parties during the negotiations, and major multilateral organisations enjoy observer status.

The objective of these rounds is to remove restrictions on international trade in goods and services: this is trade liberalisation. Trade can help generate prosperity which - from a DFID perspective - is necessary for poverty elimination. However, it's not just about economic growth; if managed properly, trade liberalisation can also have a beneficial impact on the environment and help to promote sustainable and equitable development.

The meeting in Seattle was intended to set the agenda for the round and draw up a list of topics for negotiation. Although there were fixed agenda items, agreed at the last round, members obviously had their own objectives. The EU, which represents its member countries, including the UK, argued for a comprehensive round. This included a wide range of issues through which developing countries could enjoy real gains. Clare Short argued that this was the best way to ensure it was a 'development' round. Some other countries wanted more limited discussions.

The idea was that agreement at Seattle and during the Round would be reached by consensus, rather than a majority vote, so there was no question of developed countries imposing their will on the other members.

As it turned out, members were unable to reach a consensus. Now discussions have moved to Geneva in order to ensure a smoother, more transparent future round.

Some critics argue that the WTO concentrates power into the hands of a few multinational companies, and describe the opening of developing country markets as a 'race to the bottom', enabling businesses to go where there is least environmental and worker protection and where labour costs are cheapest.

However, DFID and the UK Government as a whole argue that developing countries should be closely involved in shaping trade rules, not marginalised or excluded from them. Trade liberalisation should go hand-in-hand with other development initiatives. Countries should also, for example, abide by their commitments in the International Labour Organisation, and governments should ensure they are taking appropriate measures to manage the environment. Any changes in WTO rules should take account of the capacities and constraints of developing countries, and ensure trade rules are not used to impose unfair standards on them. The UK Government has also committed £10 million to help developing countries build their trade policy capacity and implement their commitments.

Economic growth will increase poor countries' incomes. Without that growth, which trade can help generate, the quarter of the world's population who currently live in abject poverty will remain there.