

Preface

The initial years of the Doha Development Round multilateral trade negotiations (launched in the Qatari capital in December 2001) was devoted to designing modalities for tariff reductions and in deciding whether Singapore issues (competition, investment, transparency in government procurement and trade facilitation) were to be a part of the negotiating agenda or not.

The Hong Kong Ministerial Conference of the WTO Members (held in December 2004) settled these issues by agreeing to certain modalities for negotiations and, in the face of stiff resistance from a number of developing countries, it was decided that only trade facilitation would be a part of the Doha negotiating agenda. This Ministerial was a watershed in the history of the multilateral trading system. It would have experienced a fate similar to that of the Cancun Ministerial (held in September 2003) but for a collective effort on the part of developing countries to resolve their differences with the developed world. This resulted in the formation of G-110 which comprised of the G-20 developing country coalition and the G-90, the LDC coalition. It was engineered by Kamal Nath, Commerce Minister of India on behalf of G-20 and Dipak Patel, Trade Minister of Zambia and leader of the LDC coalition.

The imperative of developing country coalitions to upfront their collective voice was underlined at Hong Kong. Though many such coalitions were formed before the Hong Kong

Ministerial Conference, subject-based coalitions like G-20 and G-33 in agriculture and NAMA-11 in industrial goods, regional coalitions like the Africa Group, coalitions of economically comparable member countries like the LDC Group found traction in the complex web of multilateral trade negotiations once it was clear that the balance of power in international trading system had started shifting from traditional powers like the US and the European Union.

As a matter of fact, just before the Cancun Ministerial Conference the traditional powers led by the US and the EU submitted a joint paper on trade in agriculture by assuming that it would have been possible for them to sign another Blair House accord (agreed in 1992) which paved the way for concluding the Uruguay Round negotiations. The formation of G-20 coalition of developing countries to correct some historical injustices, which were forced on their agriculture sector, was a reaction to this joint EU-US paper. The Cancun Ministerial was aborted as the rich could not answer some of the questions posed by the poor. Some commentators termed it as a 'failure' but looking differently that (Cancun Ministerial) was a success. It was a turning point in the history of multilateral trading system when the old Quad (US, EU, Japan and Canada) was replaced by a new Quad (US, EU, India and Brazil). The rest is history.

These important developments in the acquis of the multilateral trading system urged CUTS to conceive an idea to better understand possibilities and roadblocks toward a more coordinated approach on the part of SACs to deal with the contentious Doha Round issues. Given the political baggage faced by the region, it was a challenge. A project entitled South Asian Forum for International Trade (SAFIT) was launched in January 2005 to provide a platform for better interaction between and among trade negotiators and non-state actors of five SACs, viz. Bangladesh, India, Nepal, Pakistan and Sri Lanka.

The project proceeded in phases and was subjected to research, advocacy and networking on South Asian Countries' (SACs) interests in the Doha Round, particularly in the areas of agriculture, industrial goods and services. The first two phases generated a number of insights about relative gains and losses for individual SACs from the Doha Round and the possible course of actions that they could take.

In 2009, a third phase was launched to take a fresh look at their negotiating positions keeping in mind the December 2008 text of the Doha Round and the new challenges faced by these economies as an aftermath of food, fuel and financial crises.

Our research has found that SACs have many structural similarities and yet they have important differences on several issues being negotiated in the Doha Round. For instance, some South Asian developing countries will be positively and disproportionately affected by reduction in tariffs in clothing products by the developed countries and that is not acceptable to some least developed countries of the region. On the other hand, most SACs have similar concerns on trade in tropical agricultural products.

These nuances have led us to believe that a time is yet to arrive when SACs will be able to form a formal coalition in dealing with multilateral trade negotiations. Yet it is necessary to form an informal coalition of trade negotiators of SACs to better exchange their positions which are discussed in various subject-specific coalitions and of which they are members.

In 2009, the Geneva office of CUTS took up this cudgel of setting an informal coalition. Since then not only that informal meetings are being held at regular intervals but also and more importantly the value of this work has been recognised by many.

South Asia is least integrated in terms of trade and other economic indicators. However, in recent years intra-regional trade has surpassed the psychological barrier of five percent of their total trade. For a long time it was propounded that there is less possibility of more intra-regional trade within this region as mostly similar goods are produced and there is no incentive for competition and/or complementarities in production and distribution.

Some recent research studies have challenged this premise and came out with a strong case for harnessing regional value chains. Even in products like readymade garments on which SACs are competing with each other a regional value chain exists.

Our work on issues of trade and regional integration is one such effort to strengthen the South Asian regional value chain, which can derive huge peace dividends over time.

This publication is an input to this process. With this it comes to an end. However, we will continue to harness its positive energy so as to advocate for liberalisation with safety nets and monitor the ability of international trade toward the development of South Asian economies.

Finally, let me thank Oxfam Novib, The Netherlands for its generous support to this project for more than six years. And I thank my hard working colleagues at CUTS Centre for International Trade, Economics & Environment for its implementation.

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