

# ***MAKING GLOBAL TRADE WORK FOR PEOPLE***

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United Nations Development Programme

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# CONTENTS

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<b>FOREWORD</b>	xi
<b>ACKNOWLEDGEMENTS</b>	xv
<b>ABBREVIATIONS</b>	xix
<b>GLOSSARY</b>	xxi

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<b>OVERVIEW</b>	<b>MAKING GLOBAL TRADE WORK FOR PEOPLE</b>	<b>1</b>
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<b>PART 1</b>	<b>TRADE FOR HUMAN DEVELOPMENT</b>	<b>19</b>
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<b>CHAPTER 1 HUMAN DEVELOPMENT AND TRADE</b>	<b>21</b>
HUMAN DEVELOPMENT—THE CONCEPT AND ITS IMPLICATIONS	21
LINKING TRADE AND HUMAN DEVELOPMENT	24
IS TRADE LIBERALIZATION GOOD FOR GROWTH AND HUMAN DEVELOPMENT?	28
DOES TRADE LIBERALIZATION IMPROVE GENDER OUTCOMES?	32
HOW DO GENDER INEQUALITIES AFFECT TRADE PERFORMANCE?	33
WHAT REALLY MATTERS FOR TRADE AS PART OF A BROADER INDUSTRIALIZATION AND DEVELOPMENT STRATEGY	34
KEY MESSAGES	41
NOTES	42
REFERENCES	43
<b>CHAPTER 2 THE GLOBAL TRADE REGIME</b>	<b>49</b>
CAN THERE BE FAIR OUTCOMES WITHOUT FAIR PROCESSES?	49
THE WORLD TRADE ORGANIZATION—A MAJOR SHIFT IN GLOBAL TRADE RULES	53
THE WORLD TRADE ORGANIZATION'S FORMAL GOVERNANCE STRUCTURE	54
SPECIAL AND DIFFERENTIAL TREATMENT	55
ANNEX 2.1 EXCEPTIONS FROM WORLD TRADE ORGANIZATION COMMITMENTS FOR DEVELOPING COUNTRIES	58
ANNEX 2.2 SPECIAL PROVISIONS FOR THE LEAST DEVELOPED COUNTRIES IN WORLD TRADE ORGANIZATION AGREEMENTS	59
NOTES	60
REFERENCES	60
<b>CHAPTER 3 TOWARDS A HUMAN DEVELOPMENT-ORIENTED GLOBAL TRADE REGIME</b>	<b>63</b>
THE MULTILATERAL TRADE REGIME AND ITS IMPLICATIONS FOR HUMAN DEVELOPMENT	63
A TRADE REGIME FRIENDLY TO HUMAN DEVELOPMENT IS POSSIBLE	68
FROM A MARKET EXCHANGE TO A HUMAN DEVELOPMENT PERSPECTIVE	70
NOTES	70
REFERENCES	71

---

<b>CHAPTER 4 REFORMS TO THE GLOBAL GOVERNANCE OF TRADE</b>	<b>73</b>
CHANGES NEEDED IN THE GLOBAL TRADE REGIME	73
BACKGROUND ANALYSIS AND ADDITIONAL ISSUES	77
ANNEX 4.1 REGIONAL TRADE AGREEMENTS AND THE MULTILATERAL REGIME	93
NOTES	100
REFERENCES	102

---

<b>PART 2 AGREEMENTS AND ISSUES</b>	<b>105</b>
-------------------------------------	------------

  

<b>CHAPTER 5 AGRICULTURE</b>	<b>109</b>
SHOULD AGRICULTURE BE TREATED DIFFERENTLY?	109
TARIFFS AND MARKET ACCESS	112
SUBSIDIES	117
FOOD SECURITY, EMPLOYMENT AND LIVELIHOODS	123
PROPOSALS FOR THE FUTURE	135
NOTES	141
REFERENCES	143

  

<b>CHAPTER 6 COMMODITIES</b>	<b>147</b>
A BRIEF HISTORY	147
THE SITUATION TODAY	149
PROPOSALS FOR THE FUTURE	154
NOTE	155
REFERENCES	155

  

<b>CHAPTER 7 INDUSTRIAL TARIFFS</b>	<b>157</b>
MARKET ACCESS SINCE THE URUGUAY ROUND	158
HIGHER TARIFFS AND POLICY SPACE IN DEVELOPING COUNTRIES	161
THE WAY FORWARD	162
NOTES	165
REFERENCES	165

  

<b>CHAPTER 8 TEXTILES AND CLOTHING</b>	<b>167</b>
THE ROAD TO AGREEMENT ON TEXTILES AND CLOTHING: A HISTORICAL REVIEW	167
GROWTH IN TEXTILE AND CLOTHING TRADE	169
THE UNDERLYING DYNAMICS OF THE AGREEMENTS ON TEXTILE AND CLOTHING TRADE	171
FACTORS AND EVENTS INFLUENCING THE PRESENT SITUATION IN TEXTILE AND CLOTHING TRADE	172
THE FUTURE OUTLOOK FOR TEXTILE AND CLOTHING TRADE	178
REFERENCES	182

  

<b>CHAPTER 9 ANTI-DUMPING</b>	<b>185</b>
THE FAULTY ECONOMIC LOGIC OF ANTI-DUMPING—INDUSTRY AND CONSUMERS BOTH SUFFER	186
PROBLEMS WITH ANTI-DUMPING METHODOLOGY	187
EFFECTS OF ANTI-DUMPING ON DEVELOPING COUNTRY EXPORTERS	189
DEVELOPING COUNTRIES' GROWING USE OF ANTI-DUMPING	190
THE WAY FORWARD	192
REFERENCES	193

<b>CHAPTER 10 SUBSIDIES</b>	<b>195</b>
DEFINITION OF AND LIMITS ON SUBSIDIES	195
ISSUES FOR DEVELOPING COUNTRIES AND HUMAN DEVELOPMENT	197
THE WAY FORWARD	200
REFERENCES	200
<b>CHAPTER 11 TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS</b>	<b>203</b>
THE TRIPS AGREEMENT	203
TRIPS IN THE CONTEXT OF DEVELOPMENT	205
IMPLICATIONS FOR DEVELOPING COUNTRIES: LINKS WITH HUMAN DEVELOPMENT	208
TRIPS 'PLUS'	219
SETTING THE AGENDA	221
ANNEX 11.1 MAIN PROVISIONS OF THE TRIPS AGREEMENT	224
ANNEX 11.2 TRIPS AND TRADITIONAL KNOWLEDGE	225
NOTES	226
REFERENCES	229
<b>CHAPTER 12 TRADE-RELATED INVESTMENT MEASURES AND INVESTMENT</b>	<b>235</b>
THE TRIMS AGREEMENT	235
WHERE WE ARE NOW	236
THE WAY FORWARD	240
INVESTMENT	242
NOTES	252
REFERENCES	253
<b>CHAPTER 13 GENERAL AGREEMENT ON TRADE IN SERVICES</b>	<b>255</b>
FEATURES AND STRUCTURE OF THE AGREEMENT	255
OPPORTUNITIES PROVIDED BY THE AGREEMENT	258
PROBLEMS CREATED BY THE AGREEMENT: ACTUAL FLEXIBILITY	261
HUMAN DEVELOPMENT IMPLICATIONS OF THE AGREEMENT AT THE SECTORAL LEVEL:	
OPERATIONALIZING BENEFICIAL ARTICLES	265
THE WAY FORWARD	275
NOTES	280
REFERENCES	282
<b>CHAPTER 14 COMPETITION POLICY</b>	<b>287</b>
EXPERIENCE WITH DOMESTIC COMPETITION POLICY AND LESSONS FOR DEVELOPING COUNTRIES	287
THE NEED FOR DOMESTIC COMPETITION POLICY IN TODAY'S WORLD	291
AN INTERNATIONAL AGREEMENT ON COMPETITION POLICY IN THE	
WORLD TRADE ORGANIZATION	292
THE WAY FORWARD	294
NOTES	294
REFERENCES	295
<b>CHAPTER 15 TRANSPARENCY IN GOVERNMENT PROCUREMENT</b>	<b>297</b>
GOVERNMENT PROCUREMENT UNDER THE MULTILATERAL TRADE REGIME	297
THE DEVELOPMENT DILEMMA	299
A DIRECTION FOR THE FUTURE	300
NOTES	301
REFERENCES	301

---

<b>CHAPTER 16 TRADE FACILITATION</b>	<b>303</b>
POTENTIAL FOR INCREASED VULNERABILITY	303
IMPLEMENTATION AND OPPORTUNITY COSTS	305
A WAY FORWARD	306
NOTE	306
REFERENCES	306
<b>CHAPTER 17 STANDARDS</b>	<b>309</b>
ISSUES FOR DEVELOPING COUNTRIES	310
A WAY FORWARD	314
NOTE	314
REFERENCES	315
<b>CHAPTER 18 TRADE AND ENVIRONMENTAL POLICY</b>	<b>317</b>
WHY DO ENVIRONMENTAL STANDARDS AND THE MEASURES USED TO ACHIEVE THEM MATTER TO HUMAN DEVELOPMENT?	320
DO SOCIETIES FACE TRADE-OFFS BETWEEN HIGH ENVIRONMENTAL STANDARDS AND TRADE AND INVESTMENT FLOWS?	321
WHAT PRINCIPLES SHOULD GUIDE THE MANAGEMENT OF TRADE-OFFS BETWEEN ENVIRONMENTAL AND TRADE POLICIES?	322
WHICH PROCEDURES AND INSTITUTIONS SHOULD BE ENTRUSTED WITH MANAGING TRADE-OFFS BETWEEN ENVIRONMENTAL AND TRADE POLICIES?	327
A WAY FORWARD	330
REFERENCES	331
<b>CHAPTER 19 STRENGTHENING CAPACITIES</b>	<b>335</b>
TECHNICAL ASSISTANCE WITHIN THE FRAMEWORK OF THE WORLD TRADE ORGANIZATION	336
TECHNICAL ASSISTANCE AFTER DOHA	339
NOTE	340
REFERENCES	340

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## BOXES

1.1	ECONOMIC GROWTH AND HUMAN DEVELOPMENT	23
1.2	TRADE THEORY	25
1.3	TRADE, POVERTY AND GROWTH IN THE LEAST DEVELOPED COUNTRIES	34
2.1	A BRIEF HISTORY OF THE GLOBAL TRADE REGIME	50
2.2	UNDERLYING FEATURES OF GATT 1947 AND WTO 1995	52
5.1	THE AGREEMENT ON AGRICULTURE: HISTORY, PROMISE AND WHERE WE ARE NOW	110
5.2	AN EXAMPLE OF A TARIFF RATE QUOTA	114
5.3	DOMESTIC SUPPORT MEASURES UNDER THE AGREEMENT ON AGRICULTURE	118
5.4	EUROPEAN DUMPING OF MILK POWDER IN JAMAICA	121
5.5	THE 2002 US FARM SECURITY AND RURAL INVESTMENT ACT (FARM BILL)	124
5.6	EFFECTS OF AGRICULTURAL TRADE AGREEMENTS IN THE PHILIPPINES AND MEXICO	132
5.7	MOVING TO NON-TRADITIONAL EXPORTS: THE EXPERIENCE IN CENTRAL AMERICA	134
5.8	THE DEVELOPMENT BOX	139
6.1	THE CASE OF COFFEE	150
6.2	THE CASE OF COTTON	152
6.3	THE CASE OF SHEA BUTTER	153

## CONTENTS

---

7.1	ARE INDUSTRIAL TARIFFS REALLY HIGHER IN DEVELOPING COUNTRIES? THE CASE OF LABOUR-INTENSIVE MANUFACTURING	160
7.2	BANGLADESH'S LOST OPPORTUNITIES FOR HUMAN DEVELOPMENT DUE TO HIGH TARIFFS IN INDUSTRIAL COUNTRIES	162
7.3	DO REDUCTIONS IN INDUSTRIAL TARIFFS RESULT IN DEINDUSTRIALIZATION?	163
7.4	TRADE TAXES AND DEVELOPMENT POLICY	164
8.1	MILESTONES IN AGREEMENTS ON TEXTILES AND CLOTHING TRADE	168
8.2	LEEWAY IN THE AGREEMENT ON TEXTILES AND CLOTHING	173
8.3	WELFARE GAINS FROM LIBERALIZING TEXTILES AND CLOTHING TRADE: QUALIFICATIONS TO THE MODELS	176
8.4	QUOTA RENTS: THE CASE OF HONG KONG, CHINA (SAR)	177
8.5	WAYS TO GET AROUND THE SAFEGUARDS OF THE AGREEMENT ON TEXTILES AND CLOTHING	180
8.6	EFFECTS OF PHASING OUT THE MULTIFIBRE ARRANGEMENT ON HUMAN DEVELOPMENT IN BANGLADESH	181
9.1	THE ORIGINS, INITIAL USE AND EVOLUTION OF ANTI-DUMPING	186
9.2	ANTI-DUMPING ACTIONS AS TRADE HARASSMENT: THE CASE OF VIETNAMESE CATFISH	191
10.1	SUBSIDIES—A CRUCIAL TOOL FOR DEVELOPMENT	197
10.2	SMALL ECONOMIES, EXPORT SUBSIDIES AND COUNTERVAILING ACTIONS	198
10.3	FISHING FOR SUBSIDIES	200
11.1	TRIPS: A HISTORICAL PERSPECTIVE	204
11.2	EMPIRICAL EVIDENCE ON INTELLECTUAL PROPERTY RIGHTS	206
11.3	BRAZIL'S EXPERIENCE WITH IMPLEMENTING TRIPS	210
11.4	ILLUSTRATIVE SUI GENERIS SYSTEMS	219
11.5	THE REVISED BANGUI AGREEMENT, 1999	220
12.1	THE HISTORY OF INTERNATIONAL AGREEMENTS ON INVESTMENT	237
12.2	COMPLAINTS ABOUT INDONESIA'S CAR PROGRAMME	241
12.3	TWO EXAMPLES OF NAFTA'S CHAPTER 11 ON INVESTOR-STATE RELATIONSHIPS	250
13.1	THE GENERAL AGREEMENT ON TRADE IN SERVICES: HISTORY AND WHERE WE ARE NOW	256
13.2	OVERALL COVERAGE OF THE GENERAL AGREEMENT ON TRADE IN SERVICES	258
13.3	AN EXAMPLE OF A GOVERNMENT SCHEDULE ON A MODE OF SERVICE: CHILE AND MODE 3	259
13.4	THE REQUEST-OFFER APPROACH AND THE FORMULA APPROACH	263
13.5	WOMEN AND FINANCIAL LIBERALIZATION	271
13.6	INTERNATIONAL MOVEMENT OF LABOUR: THEORY AND EMPIRICS	273
13.7	SOME OF INDIA'S PROPOSALS ON REMOVING LIMITATIONS ON THE MOVEMENT OF NATURAL PERSONS	276
13.8	CONSTRUCTION: A SERVICE SECTOR OF INTEREST TO DEVELOPING COUNTRIES	277
13.9	SERVICES AND HUMAN DEVELOPMENT: THE ENERGY SECTOR	278
13.10	SERVICES AND HUMAN DEVELOPMENT: THE ENVIRONMENT SECTOR	279
14.1	COMPETITION POLICY IN THE INTERNATIONAL CONTEXT: A BRIEF HISTORY	288
15.1	GOVERNMENT PROCUREMENT AND THE WORLD TRADE REGIME: A BRIEF HISTORY	298
16.1	TRADE FACILITATION: A BRIEF HISTORY	304
17.1	MULTILATERAL AGREEMENTS ON STANDARDS: A BRIEF HISTORY	310
17.2	THE MEAT HORMONE DISPUTE	312
18.1	ENVIRONMENTAL POLICY AND GATT/WTO: A HISTORY OF IMPLICIT POLICY-MAKING	319

## CONTENTS

---

18.2	EFFECTS OF ENVIRONMENTAL DEGRADATION IN THE DEVELOPING WORLD	321
18.3	ECONOMIC LIBERALIZATION AND THE ENVIRONMENT	322
18.4	THE SHRIMP-TURTLE DISPUTE	324
18.5	RIO PRINCIPLES FOR MANAGING TRADE-OFFS BETWEEN TRADE AND THE ENVIRONMENT	327
18.6	PROPOSALS IN THE 1990S ON ENVIRONMENT AND TRADE	328
19.1	TECHNICAL ASSISTANCE IN WORLD TRADE ORGANIZATION AGREEMENTS	337

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### FIGURES

1.1	FROM HUMAN DEVELOPMENT TO GROWTH—AND BACK	26
1.2	LOW IMPORT TARIFFS ARE GOOD FOR GROWTH? THINK AGAIN	29
1.3	TARIFFS DID NOT IMPEDE GROWTH IN INDIA	31
5.1	FOOD EXPORTS AS A SHARE OF FOOD IMPORTS IN THE LEAST DEVELOPED AND OTHER DEVELOPING COUNTRIES, 1971–99	127
5.2	SHARES OF WORLD EXPORTS OF GOODS AND SERVICES FROM THE LEAST DEVELOPED AND OTHER DEVELOPING COUNTRIES, 1980–99	129
5.3	FOOD IMPORTS AS A SHARE OF ALL MERCHANDISE IMPORTS IN THE LEAST DEVELOPED COUNTRIES, BY COUNTRY, 1997–99	130
7.1	SIMPLE TARIFFS ON MANUFACTURED GOODS IN THREE GROUPS OF DEVELOPING COUNTRIES	159
9.1	ANTI-DUMPING INITIATIONS, BY COUNTRY GROUP, 1995–99	190
9.2	ANTI-DUMPING INITIATIONS BY INDUSTRIAL AND DEVELOPING COUNTRIES, 1986–99	192

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### TABLES

1.1	THE WASHINGTON CONSENSUS	35
4.1	WTO-MEDIATED DISPUTES BETWEEN DEVELOPING AND INDUSTRIAL COUNTRIES, BY AGREEMENT CATEGORY, 1 JANUARY 1995–9 SEPTEMBER 2002	84
5.1	EXAMPLES OF 1995 TARIFF QUOTA RATES	115
8.1	TEXTILE AND CLOTHING EXPORTS OF 13 LEADING EXPORTERS, 1965–96	169
8.2	POST-URUGUAY ROUND TARIFF RATES AND CONCESSIONS IN SELECTED COUNTRIES AND GROUPS	177
9.1	ANTI-DUMPING CASES FILED AGAINST TRANSITION ECONOMIES, 1995–99	190
13.1	AN EXAMPLE OF A GOVERNMENT SCHEDULE FOR ENGINEERING SERVICES	260

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### ANNEX TABLES

2.1	EXCEPTIONS FROM WORLD TRADE ORGANIZATION COMMITMENTS FOR DEVELOPING COUNTRIES	58
2.2	SPECIAL PROVISIONS FOR THE LEAST DEVELOPED COUNTRIES IN WORLD TRADE ORGANIZATION AGREEMENTS	59
11.1	MAIN PROVISIONS OF THE TRIPS AGREEMENT	224
11.2	TRIPS AND TRADITIONAL KNOWLEDGE	225



# FOREWORD

Throughout human history trade has been an indispensable engine for economic growth across the world. But while that growth has in many instances been translated into sustained poverty reduction, the connection is not automatic. Amidst the street riots of Seattle in 1999, the question of whether the international trading system as currently structured helps or hinders the progress of developing countries was called into question.

Almost immediately, the World Trade Organization (WTO) Ministerial Conference in Seattle became a kind of Rorschach test for how different constituencies view globalisation. Supporters of open markets and free trade claimed progress was held back by government inaction and civil society confusion. Opponents, pointing to the fact that 60 countries grew poorer over the last decade, declared that the combination of unfettered capitalism and rigged trade rules was leaving developing countries further behind. They criticized the double standards of some industrial countries that preach free trade but do not practice it.

And with big business, civil society, labour, and rich and poor governments alike all noisily blaming each other for the failure to agree on a new trade round, the general public was left confused about the details but—as was as clearly evidenced in a raft of opinion polls across both the developing and industrialized world—increasingly convinced that something was going wrong with the great globalisation experiment.

One unwelcome consequence has been a growing tendency by some policymakers, academics and civil society advocates to come out ‘against’ free trade and question its efficacy in helping achieve development goals. For the United Nations Development Programme (UNDP), as the UN’s global development network, that approach is misguided. Trade can, and must be, an engine of growth and indeed must have a broader purpose that is valuable in its own right—integration.

What is needed instead is a systematic effort to apply the lessons of history, which show, with few exceptions, that today’s rich countries once enjoyed many of the protections they now seek to deny developing countries, only dismantling the protections after they grew wealthier and more powerful. It is also important to ensure that the multilateral trade regime is better aligned with broader objectives of

human development: helping poor people everywhere gain the tools, opportunities and choices to build a better life for themselves, their families and their communities. Because that is the only way to reverse the disaffection with globalisation and build a loyal and enduring global constituency for continued trade expansion.

With this goal in mind and with the generous help of the Rockefeller Brothers Fund, Rockefeller Foundation and Ford Foundation, the UNDP launched the Trade and Sustainable Human Development Project in mid-2000 to flesh out what this might mean in practice. And while this book is a major product of this initiative, its preparation has in many ways been as important as the final result.

The Project had five phases. First was to commission papers by respected independent scholars and experts from academia and civil society. Second, to convene an advisory team of internationally respected experts to assess the background paper outlines and advise on overall project strategy. Third, to prepare the draft and final background papers. Fourth, to use the draft papers as inputs into a series of consultations with governments and civil society organizations in the Asia, Africa, Latin America and the Arab States regions in the lead-up to the WTO Ministerial Conference in Doha in November 2001, to obtain feedback and understand their concerns more fully. And last, to draw on these and other inputs to produce this book.

By engaging with a wide range of experts across government, academia and civil society, the Project has provided a platform for a wide range of views—ranging from issues of intellectual property to agricultural reform to capacity building to help developing countries participate more effectively in trade negotiations—on how to make the multilateral trade regime work more effectively for poor people and human development. As a result, it is important to stress that the recommendations in the book are not necessarily a reflection of UN or UNDP policy. While we believe that many of them will have direct relevance for our work and that of our partners, the main aim of this book has been to provide a substantive basis for refocusing discussion and debate on the broad issue of how trade can best contribute to human development.

Under the leadership of Mike Moore, the WTO successfully re-established dialogue between all parties, and a new ambitious ‘development round’ of trade talks was launched, partially expunging the memory of Seattle. Now, as the first head of the WTO from a developing country, Supachai Panitchpakdi, begins the difficult process of turning those aspirations into reality, our hope is that this book will provide policy-makers, practitioners, civil society groups and others engaged in trade issues with concrete ideas on moving forward. Unless we can give developing countries the means and voice to participate as full partners in a more inclusive global trade system, the world has little prospect of meeting its shared agenda of the Millennium Development Goals.

  
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Administrator, UNDP

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## **EMINENT PERSONS GROUP**

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## **BRAINSTORMING MEETING**

A brainstorming meeting was organized in October 2000 in Tarrytown, New York. The opening address was given by Mark Malloch Brown, Administrator, UNDP, while closing remarks were provided by Eimi Watanabe, then Assistant Administrator and Director, Bureau for Development Policy, UNDP. The participants were Barbara Adams, Yilmaz Akyüz, Chandrika Bahadur, Stephen Browne, Nilüfer Çağatay, Ambassador Federico Alberto Cuello Camilo, Qiang Cui, Bhagirath Lal Das, Carolyn Deere, Luis Gomez-Echeverri, Sakiko Fukuda-Parr, Murray Gibbs, Yao Graham, Evelyn Hampstead, Gerald Helleiner, Bruce Jenks, Susan Joeques, Ambassador Tichaona J.B. Jokonya, Mbaya Kankwenda, Rashid Kaukab, Inge Kaul, Dot Keet, Mümtaz Keklik, Martin Khor, Aileen Kwa, Radhika Lal, Thierry Lemaesquier, Carlos Lopes, Kamal Malhotra, Ambassador Ali Said Mchumo, Robert McIntyre, Terry McKinley, Ronald Mendoza, Manuel Montes, Bruno Moro, Deepak Nayyar, Michael Northrop, Leo Palma, Ernestos Panayiotou, Alejandra Pero, Minh H. Pham, Geoff Prewitt, Chakravarthi Raghavan, Dani Rodrik, Gita Sen, Anuradha Seth, Rehman

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The book gained considerably from a series of consultations with representatives from governments and civil society organizations. Approximately 400 people participated in nine consultations that took place prior to the Fourth WTO Ministerial Conference in November 2001 in Doha, Qatar. Three were regional government consultations held in Mongolia, Zimbabwe and Chile. One took place in Switzerland, led by the G-77 New York Secretariat in collaboration with its Geneva chapter and supported by UNCTAD's Secretariat. Four regional meetings with civil society organizations were held in Malaysia, Lebanon, Ghana and Brazil. A Round Table Meeting was organised in Canada at the request of Canadian policy researchers.

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# **ABBREVIATIONS**

ACP	African, Caribbean and Pacific
AMS	Aggregate Measure of Support
APEC	Asia-Pacific Economic Cooperation
ASCM	Agreement on Subsidies and Countervailing Measures
ASEAN	Association of Southeast Asian Nations
ATC	Agreement on Textiles and Clothing
BSE	bovine spongiform encephalopathy
CGE	computable general equilibrium
COMESA	Common Market for Eastern and Southern Africa
CTE	Committee on Trade and Environment (World Trade Organization)
EU	European Union
FAO	Food and Agriculture Organization (of the United Nations)
FDI	foreign direct investment
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GNP	gross national product
GPA	Government Procurement Agreement
GSP	Generalized System of Preferences
HIPC	heavily indebted poor countries
IMF	International Monetary Fund
ISO	International Organization for Standardization
ITO	International Trade Organization
JITAP	Joint Integrated Technical Assistance Programme to Selected Least Developed and Other African Countries
LDCs	least developed countries
LTA	Long-Term Arrangement
Mercosur	Mercado Comun del Sur (Common Market of the South)
MFA	Multifibre Arrangement
MFN	most-favoured nation
MITI	Ministry of International Trade and Industry (of Japan)

## ABBREVIATIONS

MTBE	methyl tertiary butyl ether
NAFTA	North American Free Trade Agreement
NGO	non-governmental organization
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
PPM	process and production method
PRSP	Poverty Reduction Strategy Paper
R&D	research and development
SPS	Sanitary and Phytosanitary Standards
TBT	Technical Barriers to Trade
TRIMs	Trade-Related Investment Measures
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
WCO	World Customs Organization
WIPO	World Intellectual Property Rights Organization
WTO	World Trade Organization