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WTO, DOHA AND TRANSITION ECONOMIES

Note by the secretariat

Following the November 2001 Ministerial meeting of the World Trade Organization (WTO) in Doha, Qatar, a number of diplomatic missions expressed an interest in having more information on the implications of the decisions coming out of that meeting for transition economies. As a result, on 23 January 2002, the secretariat organized a briefing in Geneva on "WTO, Doha and Transition Economies". A background paper was prepared for this briefing and is presented to the Committee **for information and discussion**.

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1. INTRODUCTION

The WTO member Governments approved a work programme, which they called “broad and balanced” at the fourth session of the Ministerial Conference in Doha, from 9 to 14 November 2001. This programme includes negotiations on a range of subjects and other tasks for the period 2002-2005 and an agreement for the 142 members’ delegations present in Doha to begin a new multilateral trade liberalization round¹.

The success of the Doha Conference strengthened the WTO and the multilateral rules system. The preparation for Doha was better than for Seattle, the cooperation between the United States and the European Union was close, and the developing countries participated very actively.

However, Doha was not really an end in itself but rather the launch of a new Round, which will, hopefully, stimulate the international economy.

This paper tries to identify the implications for transition economies of the Doha Ministerial Conference. An analysis of the main issues considered at Doha, including China’s accession to the WTO, should help transition economies to assess the relevance of becoming WTO members and the advantages for them if they become more active during the next round of trade talks.

2. THE STATUS OF TRANSITION ECONOMIES IN THE WTO

The economic development of all regions of the world is highly interconnected with the evolution of the global economy. One of the principal International organizations supporting this increasing economic integration between States is the World Trade Organization (WTO). The WTO works to develop economic cooperation between countries through a rules-based multilateral trade system, the ultimate goals of which are to increase the production and exchange of goods and services, promote the efficient use of scarce resources and achieve long-term sustainable development.

Almost all transition economies are either members of or observers to the WTO; the exception being Turkmenistan, which has not yet applied for observer status, this being the first step toward membership. The following chart gives an overview of the status of transition economies in the WTO.

¹ Roach, S., Economics: weekly international briefing, 18.11.2001.

2.1 Transition economy members of WTO by date of accession

Republic of Moldova (27 July 2001)	Slovenia (30 July 1995)
Lithuania (31 May 2001)	Poland (1 July 1995)
Croatia (30 November 2000)	Czech Republic (1 January 1995)
Albania (8 September 2000)	Hungary (1 January 1995)
Georgia (14 June 2000)	Romania (1 January 1995)
Estonia (13 November 1999)	Slovak Republic (1 January 1995)
Latvia (10 February 1999)	
Kyrgyz Republic (20 December 1998)	
Mongolia (29 January 1997)	
Bulgaria (1 December 1996)	

Transition economies holding observer status

Armenia	Azerbaijan	Belarus	
Bosnia and Herzegovina	FYR of Macedonia	Kazakhstan	Tajikistan
Russian Federation	Ukraine	Yugoslavia	Uzbekistan ²

These countries can begin accession negotiations 5 years after obtaining the observer status³.

Transition economies that have not yet applied for observer status

Turkmenistan

WTO membership provides some advantages and disadvantages which tend to be perceived differently depending upon whether the country making the analysis is already a WTO member or not.

2.1.1 Main advantages of WTO membership

- Being subject to a transparent set of rules and regulations with regard to international standards;
- Obtaining Most Favored Nation (MFN) status in trade relations with other WTO members;
- Gaining voting rights, unlike observers who have no vote, and no mechanism for voicing opposition to WTO decisions⁴;
- Increased access to world markets: for example, western European markets;
- Better conditions for developing foreign investment⁵

² www.wto.org as on 21.01.2002.

³ Only Turkmenistan is neither a member of nor an observer to the WTO.

⁴ Mytarev, V., "The Qatar Round of WTO talks", Rosbalt News Agency, 19.11.2001.

⁵ Dale, R. "Russia's inside track for joining WTO", International Herald Tribune, Tuesday, November 20, 2001.

- Improved trade and business legislation leading to a more open economy and a less capricious business environment as a result of implementing international rules and free trade disciplines⁶; This is a desirable outcome in itself for any economy, and, particularly, those in transition⁷;
- A final push in the effort to become a market economy⁸.

2.1.2 Possible disadvantages of WTO membership

Some transition economies have defined the following as possible disadvantages of WTO membership:

- A toughening of the competitive environment that may undermine existing domestic enterprises and, in the short term, slow down economic growth;
- A greater exposure to the effects of international economic cycles, including slowdowns;
- In Russia's case, WTO membership may be less of an advantage since it already holds Most Favored Nation status in trade with most of its partners, an important exception being the United States because of the 1972 Jackson - Vannick amendment⁹;
- The inability to protect domestic markets with devaluation and cross-subsidies. In addition, the WTO prohibits giving more favored treatment to domestic enterprises, largely eliminating the ability of Governments to stimulate domestic markets through discriminatory trade measures;
- In the same regard, the new levers provided by WTO to effect reforms may be considered as pressure from the outside that is resisted for that very reason;
- Free admission of products to domestic markets could further damage domestic manufacturing in sectors already weakened by the collapse of many State enterprises causing at least temporary increases in unemployment – with all the accompanying political implications;
- It is impossible to use tariffs as a regulatory instrument, within WTO rules. The next trade round will bring decisions on social and environmental dumping and may lead to decisions that are unfavorable to countries with low wages and low environmental costs.

2.2 The accession process

After having become an observer country, there are four stages of accession to the WTO.

- The WTO Working Party on the particular acceding country (made up of WTO members) collects information on the trade regime of the acceding country. The acceding country submits details of its foreign trade policy and practice in a *“Memorandum on foreign trade regime”* and replies to the questions of the Working Party until it has enough information to start the formal negotiations.

6 Gaunt, J., and Savadove, B., Reuters, 10.11.2001.

7 “A Measure of Pride”, 13-19 November 2001, www.tol.cz

8 Gaunt, J., and Savadove, B., Reuters, 10.11.2001.

9 “No need to rush into the WTO”, Mikhail Delyagin, Special to the Russian Journal, in <http://www.therussiajournal.com>

- The Working Party members meet several times to study the foreign trade regime of the observer country and, in particular, its compatibility with the legal requirements found in the WTO agreements. These negotiations lead to the preparation of a report and a draft protocol of accession, by the Working Party. Moreover some bilateral negotiations are held to agree on terms of market access for the accessing country. The commitment on goods and services results from those negotiations.
- Normally, at its last meeting the Working Party will decide to recommend to the General Council to accept the observer country as a WTO member. The General Council is the body in the WTO that makes the final decisions on the accession of new members to the organization. The decision can be reached by consensus or on the basis of a two-thirds majority vote.
- The last stage encompasses all the internal WTO procedures for the accession of the country.

3. THE DOHA MEETING

The work programme coming out of Doha can be considered to be covered by the following documents: two declarations - **the Ministerial Declaration**, and **the Declaration on the TRIPs Agreement and Public Health**; the decision on **Implementation Related Issues and Concerns**, and a **waiver for EU trade preferences**.

- The Ministerial Declaration constitutes the agenda defining targets for all negotiations, including both those already in process or those that may be initiated later in the round, and it especially supports the needs of developing countries.
- The declaration on TRIPS and public health explicitly recognizes various flexible options that the agreement gives to governments to deal with health problems. It also sets out specific tasks for the WTO TRIPS Council.
- The Decision on Implementation Related Issues and Concerns emphasizes the difficulty for developing countries to implement the WTO agreements, because of capacity constraints (a lack of financial, human and institutional resources). At the Geneva Ministerial Conference in 1998, Ministers had agreed that implementation must be an important part of future work at the WTO.
- In addition, the WTO agreed to give the European Union (EU) a special derogation regarding non-discrimination, so that the African, Caribbean and Pacific (ACP) group can maintain its current preferential access to the EU market.

3.1 The main event in Doha: China's accession

China acceded to WTO after 15 years of difficult negotiations¹⁰. The country became a “*decade-old democracy in enacting market-economy legislation*”¹¹. Given the significance of the Chinese economy, the political balance within WTO will change. WTO members will gain improved access to the Chinese market. China's exports will be boosted¹² as the country enters the international market and competition.

In that regard, China adopted a strategy of “stepping over the national gateway”. This refers to exports of items such as goods, services, technology and management of such trading as well as exports of labour, and of capital (mainly via direct investment for the establishment of companies overseas)¹³.

More generally China will now have to make a series of adjustments. As some of these are similar to the types of adjustments that UNECE transition economies will have to make as they join the WTO, it may be useful to review what some of these challenges will be:

- In agriculture, the agreement with WTO reduces import tariffs from 21.2% to 17%¹⁴. Quotas and permits for trading will be progressively eliminated and subsidies to support Chinese exports will completely disappear. With 900 million Chinese farmers already facing very low incomes compared to urban people, the 10 million farmers that it is predicted will be left without work as a result of WTO accession may create social difficulties.¹⁵
- China committed to eliminating all direct and indirect subsidies to State Owned Enterprises (SOE), which should result in a better allocation of resources between the private and the public sector, but could also lead to temporary peaks in unemployment.
- There will be more transparency regarding policies towards foreign companies¹⁶. Foreign investors are therefore likely to see WTO membership as a positive factor.
- Currently when there is a commercial dispute parties usually go into arbitration, agreeing upon an arbitration institution in a third country (i.e. Singapore) or on the China International Economic and Trade Arbitration Commission (CIETAC), based in Beijing. If foreign businesses consider decisions in the national or arbitration courts to be unfair there is no other recourse available. However, in the future, if a country considers that its traders or investors are being treated unfairly, it may decide to invoke WTO's dispute settlement procedure. The end result will probably be a requirement for more transparency in decision - which may be resisted by domestic legal and administrative institutions.

¹⁰ Chinese Taipei, also became a WTO member.

¹¹ “A Measure of Pride”, 13-19 November 2001, www.tol.cz

¹² Croft, A., Reuters, 8.11.2001.

¹³ “China: Enterprises urged to see WTO rights as opportunities”, Renmin Ribao, Financial Times, 19.12.2001 in <http://news.ft.co>

¹⁴ “WTO entry is in long march to market economy”, Financial Times, James Kyngge, 08.10.01, in <http://news.ft.com/ft>

¹⁵ “WTO entry is in long march to market economy”, Financial Times, James Kyngge, 08.10.01, in <http://news.ft.com/ft/>

¹⁶ Landler, M., “New Game, New Rules: Amway Navigates China Business Frontier”, International Herald Tribune, Monday, 19 November 2001.

- Foreign banks will be able to work together with Chinese corporations on local currency business two years after accession, and with Chinese individuals five years after accession.¹⁷ As a result domestic financial institutions will face real competition and it may take them some time to adjust.
- China must eliminate many restrictions concerning joint venture partnerships and the geographical location of retailers. For instance, Walmart (an American chain) already has 12 stores in China and is expecting to expand¹⁸. This will also create new competition for domestic companies.
- The director of the State Intellectual Property Office underlined the necessity to respect the international Intellectual Property system by solving four problems¹⁹:
 - Enterprises do not currently develop and own their own intellectual property rights, and also do not systematically use patents when they ought to.
 - Patent management is inexistent, as the goal has been to focus more on technical achievement, therefore “making light of patents”²⁰
 - The use of patents as a macro economic strategy is not successful (largely because they are not respected which greatly reduces the economic return from investing in patent technology and registering it).
 - The examination time for a patent is much too long.

Over the next few years, as China faces these challenges it will be useful for other transition economies to observe and draw lessons from the Chinese experience.

3.2 The main issues at Doha

3.2.1 *Developing countries' concerns*

In Doha, the WTO acknowledged the need to give special attention to issues of particular concern to developing countries, concerns that in many cases coincide with those concerns of transition economies that have recently become WTO members. However, little if any special mention was made of transition economies outside of the texts on capacity building and technical assistance.

I. Preambles

In its preamble the WTO Ministerial Declaration stated “*We seek to place their [developing countries] needs and interests at the heart of the Work Programme adopted in this Declaration*”²¹ and with regard to least developed countries (LDCs), the declaration states, “*We recognize the particular vulnerability of the least developed countries and the special structural difficulties they face in the global economy. We are committed to*

¹⁷ “WTO entry is in long march to market economy”, Financial Times, James Kyngé, 08.10.01, in <http://news.ft.com/ft/>

¹⁸ “WTO entry is in long march to market economy”, Financial Times, James Kyngé, 08.10.01, in <http://news.ft.com/ft/>

¹⁹ Text of report by reporter Sun Zifa, entitled “Wang Jingchuan speaks frankly on four problems facing China’s patent work”, carried by Chinese news agency Zhongguo Xinwen, in Financial Times, 26.12.2001.

²⁰ Text of report by reporter Sun Zifa, entitled “Wang Jingchuan speaks frankly on four problems facing China’s patent work”, carried by Chinese news agency Zhongguo Xinwen, in Financial Times, 26.12.2001.

²¹ WTO Ministerial Declaration of the Ministerial Conference, Fourth Session, Doha, 9-14 November 2001, paragraph 2

addressing the marginalization of the least developed countries in international trade and to improving their effective participation in the multilateral trading system.”²²

II. Implementation related issues and concerns

About half of the original 90 issues on implementation raised by developing countries were addressed by a separate Declaration adopted at Doha²³. The WTO adopted the Decision on Implementation related issues and concerns, “*to address a number of implementation problems faced by developing MEMBERS*”²⁴.

However, the intervention of Minister of Singapore underlined the fragility of the present text and many developing countries insisted that the text did not adequately reflect their points of views on the matter.

III. Textiles

The Uruguay Round established a phasing out of textile quotas by the year 2005, but developing countries complained that importing countries were taking their time in implementing the decision.

IV. Agriculture

Negotiations were difficult between the European Union and the agro exporters of the Cairns group, but in the end WTO committed to “*comprehensive negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade distorting domestic support*”²⁵.

Developing countries required that a “*development box*” be created and included in the Agreement on Agriculture, and insisted very strongly on that point in Doha, but it is not at all clear how this will be done.

The Special and Differential Treatment for developing countries is underlined as being an integral part of all negotiations and included in the rules and disciplines to be negotiated, to “*enable developing countries to effectively take account of their development needs, including food security and rural development*”²⁶.

²² WTO Ministerial Declaration of the Ministerial Conference, Fourth Session, Doha, 9-14 November 2001, paragraph 3

²³ “Background Paper: The WTO’s 2 year strategy comes to fruition”, page 7, January 2002

²⁴ WTO Ministerial Declaration of the Ministerial Conference, Fourth Session, Doha, 9-14 November 2001, paragraph 12

²⁵ WTO Ministerial Declaration of the Ministerial Conference, Fourth Session, Doha, 9-14 November 2001, paragraph 13

²⁶ WTO Ministerial Declaration of the Ministerial Conference, Fourth Session, Doha, 9-14 November 2001, paragraph 13

V. Industrial tariffs: market access for non-agricultural products

This is a priority for developing countries who want access to markets for their industrial goods. Developing countries have pushed very hard for reductions in tariff peaks and escalation, and their negotiations successfully led to the following text on such goods agreeing to reduce “*or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation*”²⁷.

According to the World Bank, the complete liberalization of merchandise trade and the elimination of subsidies could add up to a trillion US dollars to developing countries’ income²⁸.

VI. Trade Related Aspects of Intellectual Property Rights (TRIPs)

The objective of the Ministerial text on TRIPs and health is to clarify what Governments can do under the TRIPs Agreement, and to reduce their uncertainties about using the flexible options that are built into the agreement.

The Declaration on the TRIPs Agreement and Public Health states that the TRIPs Agreement should not stop members from taking necessary measures aimed at protecting the public health. Paragraph 4 states that the “*Agreement can and should be interpreted and implemented in a manner supportive of WTO members’ right to protect public health and, in particular, to promote access to medicines for all*”.

VII. The four Singapore issues: Trade and Investment, Competition Policy, Transparency in Government Procurement, and Trade Facilitation

The above four issues were first examined at Ministerial level as possible areas for negotiation within the WTO at the Singapore Ministerial Conference in 1996. For example, in the area of trade facilitation, the Ministerial Declaration stated in article 21 that “*We further agree to: direct the Council for Trade in Goods to undertake exploratory and analytical work, drawing on the work of other international organizations, on the simplification of trade procedures in order to assess the scope for WTO rules in this area*”.

These four issues were among the most difficult areas of negotiations between the “Southern” and “Northern” countries. Most developing countries did not really want to begin negotiations in these areas, being concerned that they might contain hidden protectionist agendas or that WTO rules in these areas might exceed their implementation capacities and expose them to dispute settlement²⁹. On the other hand, there is a group of other countries that thinks it is time to enter the negotiating phase in these areas, since they may now offer a greater ratio of benefits to costs than some of the more traditional areas for WTO negotiations.

However, despite these differences, a compromise was found, stating for each of the four issues that,

²⁷ WTO Ministerial Declaration of the Ministerial Conference, Fourth Session Doha, 9-14 November 2001, paragraph 16

²⁸ “Background Paper: The WTO’s 2 year strategy comes to fruition”, page 7, January 2002

²⁹ Trade facilitation at the WTO: where to go from Doha?”, International Trade Procedures Working Group, Nora Neufeld, WTO,

“negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that Session on modalities of negotiations”³⁰.

This sentence is stated four times, once for each Singapore issue in the Ministerial Declaration. Therefore, before the next Round in 2003 WTO Member States will have to closely examine and negotiate on these issues so that they can take a position on these matters when the time comes.

VIII. WTO rules (Article VI of the GATT)

One important issue for many developing countries is what they consider to be the abusive use of antidumping rules by richer countries to protect their industries and labour against developing and least developed countries' exports. It is not clear yet if anyone “won” on this issue in Doha, as paragraph 28 of the Ministerial Declaration only talks about “*clarifying and improving*” the implementation of article VI of GATT 1994 on antidumping, as well as the implementation of subsidies and countervailing measures because of the “*increasing use*” of these measures by members.

IX. Trade and environment.

This was a very difficult issue. On the one hand there was a desire to ensure compatibility between WTO rules and the trade obligations found in multilateral agreements and to reduce or eliminate tariff and non-tariff barriers to environmental goods and services. On the other, there were concerns by many developing countries that environmental issues were being brought into the WTO as a potentially protectionist measure.

The EU was probably the delegation most determined to include environmental aspects into the next trade round. And in the end, it was successful. As stated in paragraph 31 of the Ministerial Declaration, it was agreed to hold negotiations on the relationship between WTO rules and multilateral agreements such as the Kyoto protocol on climate change, and the reduction or elimination of tariffs barriers on environmental goods and services.

X. Miscellaneous

There are two other statements that may be of relevance to developing countries, as well as to some economies in transition.

First, there is a paragraph on small economies, considered as particularly vulnerable even though no special category will be created for them in WTO. Some small economies complain that they cannot compete on an equal basis with the larger ones, because the economies of scale available to them are different.

There is also a complete paragraph on least developed countries (LDCs) and the necessity to integrate them better into the multilateral trading system via, “*meaningful market access, support for the diversification of their production and export base, and trade related technical assistance and capacity building*”³¹.

3.2.2 Transition economies in the WTO Doha Ministerial Declaration: capacity building and technical assistance

The WTO noted that a variety of technical assistance programmes were being provided both bilaterally and through regional or multilateral programmes. Capacity building and technical assistance can be important elements for the successful implementation of WTO obligations. Members also noted that the technical cooperation efforts of intergovernmental agencies, donors and recipient governments could be improved through better coordination.

Concerning the transition economies, the WTO Ministerial Declaration states in paragraph 38 that: “(.) *We welcome and endorse the New Strategy for WTO Technical Cooperation for Capacity Building, Growth and Integration.... The delivery of WTO technical assistance shall be designed to assist developing and least-developed countries **and low-income countries in transition** to adjust to WTO rules and disciplines, implement obligations and exercise the rights of membership, including drawing on the benefits of an open, rules-based multilateral trading system. Priority shall also be accorded to small, vulnerable, and **transition economies**, as well as to Members and Observers without representation in Geneva. We reaffirm our support for the valuable work of the International Trade Centre, which should be enhanced.*”

This paragraph is the only one in the Declaration referring to the term “*transition*”, which indicates that there is a WTO distinction made in principle between the developing, least developed and so-called transition countries, and that they can receive technical assistance as a matter of priority. Moreover, the WTO considers them as a category of countries that can receive technical assistance and to which priority should be given.

Nonetheless, the very limited use in the WTO Declaration of the term “*transition*” already suggests a lack of definition of the issues faced by economies falling into that category. It can therefore be deduced that, within the WTO context, transition economies are liable to be split between developing and developed countries depending on their economic developmental level.

³¹ WTO Ministerial Declaration of the Ministerial Conference, Fourth Session, Doha, 9-14 November 2001, paragraph 42.

Up until now there has been limited analysis or defence of transition economies' needs within the WTO and their participation is still rather undefined in comparison with that of developing and industrialized countries. Moreover, historically speaking, transition economies became independent less than one decade ago and therefore may need more time to develop adequate confidence and expertise to ensure their participation on equal grounds with other countries during international trade negotiations.

During the Doha negotiations it was evident that while the two main actors of the Fourth Ministerial Conference were the so-called developing and industrialized countries, there was no specific "bloc" defending the interests of transition economies. Moreover, the WTO declaration consequent to the DOHA Conference only once mentioned the "transition" countries.

Transition economies showed a lack of lobbying power in Doha that was reflected in their incapacity to actively enter the talks to promote their special interests. Moreover, many of them recently acceded to WTO and are still negotiating the accession in itself, which means their involvement in the Doha talks could only be limited.

Decisions made at Doha may affect somewhat the negotiation process for the transition economies that are not yet members, but the overall strategy for accession should not change³².

3.3 How can transition economies better prepare for the next trade round?

Doha was important because it fixed the parameters for the next WTO Trade negotiations. The liberalization efforts in the new Round will focus mainly on three areas:

- **Agriculture:** This is a very protected sector. Liberalization would benefit the exports of developing countries and many transition economies. Tariffs are still three times higher on agricultural products than on industrial goods³³.
- **Industrial tariffs:** They are still very high for certain items. The European Union and the United States of America, for instance charge duties of more than 20% on truck imports and in the US more than 48% on sports footwear³⁴. Antidumping measures are another big barrier.
- **Services:** This is the fastest growing sector of activity, but since the events of 11 September 2001, the US and other countries may be reluctant to lower barriers in some areas such as air transport.

Transition economies should be actively concerned about the next round of negotiations. It will probably bring at least some decisions on social and environmental issues and these could have short - term negative effects on trade for countries with low wages and low environmental costs. In addition, the direction of negotiations on all issues, but particularly in agriculture, industrial tariffs and services could have important economic consequences for transition economies and their future development.

It is noticeable that, in Doha, both developed and developing countries formed two blocs that were rather

³² Kozlov, V., "Russia progresses slowly towards WTO membership", The Russia Journal, 22 November 2001.

³³ "A deal that had to be done", Guy de Jonquieres, Financial Times, 28.11.01

³⁴ "A deal that had to be done", Guy de Jonquieres, Financial Times, 28.11.01.

cohesive and well aware of their issues, and that this strategy brought some results. Transition economies that are WTO members could adopt a similar strategy for the next trade round: speaking as a united block to underline and defend shared concerns. However, the extent of their common interests is not easy to define. Those central and eastern European countries hoping to join the EU in the near future may not wish to align their trade interests with, for example, Central Asian economies.

In a world of globalization, it seems quite clear that regional agreements are becoming more and more important. According to the WTO, 43% of trade occurs inside regional trade agreements (RTAs) between two or more countries and this figure may rise to 51% by 2005 (the RTAs in force and notified have grown from 113 to 180 just between 2000 and 2001)³⁵. The Doha Ministerial Declaration emphasized that “*regional trade agreements can play an important role in promoting the liberalization and expansion of trade and in fostering development.*”³⁶

Transition economies need to learn how to handle trade problems while respecting WTO disciplines. It may also be useful for some countries to establish more bilateral links with industrialized countries in order to learn from their experience. On the other hand, developing countries could teach them how to lobby for their interests and to set up coherent trade policies in this context.

In Doha the negotiations were limited in time, but participants were numerous. Transition economies must therefore target with precision the issues they want to negotiate on, as well as their resulting, specific requests. This is one reason why developing countries succeeded much more in Doha than in the past: it was because of their active lobbying on selected issues. A scheduled programme of priorities as well as prospects for the near future should form the basis of negotiating agendas for the transition economies.

4. CONCLUSION: LESSONS FROM DOHA AND RESULTING RECOMMENDATIONS

The main conclusion is that transition economies' participation in Doha went generally unnoticed. At least based upon the substance of the WTO Ministerial Declaration and an analysis of media reports, very little appeared specifically to focus on transition economies' positions, points of view, and participation in the talks.

More concretely, the most important issue and challenge for transition economies in the future trade round will be to participate in a more effective way, perhaps by uniting into one or more small trading blocs and, as a bloc, aligning themselves with either developed or developing countries or taking an independent stance, depending upon their own interests. Moreover, as the EU enlargement process progresses, many central and eastern European countries will be integrated into the EU negotiating position.

³⁵ “Popular trend is at odds with global free trade”, by Guy de Jonquieres, Financial times, 28.11.2001, <http://specials.ft.com>

³⁶ WTO Ministerial Declaration of the Ministerial Conference, Fourth Session Doha, 9-14 November 2001, paragraph 4

Full members of the WTO must comply with all agreements in force within the framework of the multilateral trading system. Therefore, the decisions in future rounds will be of particular importance and the first real opportunity for transition economies to try to influence the decisions that will be made and will have a direct effect upon their trading systems.

The problems and economic costs faced by a country as a result of the accession process should be offset in the long term, due to the efficiency of the WTO system. However, it is in the interest of transition economies, as it is in the interest of all countries, to minimize those costs, and to weigh carefully benefits versus costs for various measures within their own domestic contexts. This can only be achieved by participating in an effective manner in the negotiations under the next trade round.

For those transition economies that are not yet WTO members, they also need to determine their policy priorities. If they choose to pursue WTO membership, then they need to prepare their economies for the consequences of implementing open market conditions. In this context acceding countries may find it useful to:

- Create an effective mechanism within their governments to conduct the negotiations on accession to WTO.
- Begin already to adjust their legislation to meet WTO obligations so that their national trade policies and regime do not contradict WTO rules and agreements and so that the necessary economic adjustments can be made over a longer period.
- Improve the transparency and predictability of their national trade regimes and begin already to practice the trade rules accepted in the international rules and provisions of WTO.
- Attempt to influence negotiations in support of their own economic interests and priorities given that acceding countries will be governed by and will have to adhere to the results of current negotiations once they become members.
- Make the greatest possible use technical assistance and advice from WTO members and other international organizations³⁷. In particular, as the number of WTO members with transition economies increases, the possibility of obtaining relevant advice and learning from the experience of others also increases.
- The successful accession of transition economies to the WTO is still a very short-term experience; but it is a good example to study for the transition economies that are not yet members. In addition, if they were to forge closer links between one another, these new transition economy members and observers might be able to reinforce one another during negotiations.

³⁷ United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), "Accession to the WTO: the case of Kyrgyzstan", Anarkan Rahmanova, Head of External Economic Relations, Trade and WTO issues, Ministry of External Trade and Industry, Bishkek, Kyrgyzstan, June 2001, page 44-45

In general, current economic reforms will help transition economies to accede to the WTO. Moreover, most of the central and eastern European countries are already members of the WTO. Therefore, the transition economies still outside of the WTO should consider accession as a step towards the reconstruction of trade links with traditional trading partners as well as being a way to open and further trade with the rest of the world³⁸.

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³⁸ Medvedkov, M., "Is Russia In or Out?", The Russian Issues, www.therussianissues.com

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