

## Briefing note 1

### **World trade - what happens after Cancún?**

*The UN General Assembly dialogue on Financing for Development is the first global inter-governmental meeting after Cancún and the Bretton Woods meeting in Dubai to consider trade policies in their financial and development aspects. The structure of the dialogue, and the UN's overarching mandate and universal participation, may prove helpful to the WTO as it takes on the twin challenges of improving its decision-making mechanisms and fulfilling the development promise of Doha.*

Trade was one of six major areas under consideration in Monterrey, Mexico, at the March 2002 International Conference on Financing for Development. A unique development summit attended by 50 Heads of State and hundreds of ministers of finance, trade, foreign affairs and development cooperation, it covered the gamut of development concerns at a time of shrinking assistance, volatile global finance and mixed signals on international trade policy.

While the Monterrey meeting is largely remembered for pledges of increased development assistance and reform of the international financial architecture, speeches by heads of state and by UN Secretary-General Kofi Annan focused at least as much on issues relating to expanded trading opportunities. At that time, the promise of negotiating a "development round" of trade agreements, brokered at the November 2001 World Trade Organization meeting in Doha, was still fresh in international consciousness.

Unfortunately, the momentum of Doha faltered at the September 2003 WTO Ministerial Meeting in Cancún.

In his statement to the Development Committee of the Bretton Woods institutions at their September meeting in Dubai, UN Under-Secretary-General for Economic and Social Affairs José Antonio Ocampo said that "the Doha negotiations must be continued as expeditiously as possible. However, future success requires that they be recognized not as just another round of negotiations on mutual concessions but rather as a universal effort to ensure that the impediments to development in the present international trading arrangements are removed."

### **Potential assistance from "FfD"**

One of the attributes of the intergovernmental discussions on "Financing for Development" (FfD) is recognition of the interrelated nature of trade, finance and development policies. Trade protectionism that holds back developing country exports, for example, will undermine the effectiveness of official development assistance. If private financing for supply-expanding investment is unavailable, it will stifle trade opportunities. Building on the political commitment in the Millennium Declaration, the Monterrey Consensus built a global alliance for development by bringing all the major players in international economic policy-making into one room to maximize development opportunities.



The General Assembly end-of-October debate on FfD is the first global intergovernmental meeting after both Cancún and Dubai to discuss in a comprehensive manner issues of coordination and coherence between global financial and trade policies. It is also a review of implementation of the commitment in Monterrey to spur pragmatic and innovative proposals to enhance the participation of developing and transition economies in international dialogue and decision-making. In this context, the heads of state and other senior officials at Monterrey had encouraged the WTO “to ensure that any consultation [process] is representative of its full membership and that participation is based on clear, simple and objective criteria”.

The issue of representation and a number of substantive areas appear to go to the heart of the difficulty that WTO members encountered in reaching agreement at Cancún. The Monterrey recommendation was a response to unclear and non-transparent practices that governed the appointment of chairs, facilitators, selection of “Green Room” participants and the drafting of new texts. All had been common in the WTO and its predecessor General Agreement on Tariffs and Trade. In the aftermath of the Uruguay Round of negotiations, many developing countries decided that these practices were unfair, did not serve their interests and resulted, among other things, in implementation burdens that exceeded their institutional and human resource capacities.

In the case of the World Bank and the International Monetary Fund, the political commitment made in Monterrey has intensified discussions relating to how developing countries might strengthen their role in the decision-making process. In the same manner, the UN discussion may give political impetus to the search for a solution for this problem within the WTO.

The General Assembly Dialogue precedes the 15 December 2003 General Council meeting of WTO at Senior Officials level, which will plan how to conclude negotiations by the end-of-2004 deadline.