

The Uruguay Round: What's In It For The Developing Countries?

This Commentary briefly addresses what the Uruguay Round has to offer the developing countries. In mid April 1994, ministers will sign the Final Act embodying the results of the Uruguay Round. The results of the Round will subsequently be submitted to national governments for formal approval. It is proposed that the newly agreed to World Trade Organization (WTO) and its constituent agreements on goods, services, intellectual property, investment and trade rules will take effect in 1995. The OECD has estimated that reductions in tariff and non-tariff barriers negotiated in the Round will increase world GDP by at least U.S. \$270 billion annually by the year 2002, with the non-OECD countries receiving about U.S. \$86 billion of these benefits. This LDC share is greater than their receipt of Official Development Assistance from OECD countries, which amounted to approximately U.S. \$56 billion in 1991.

For a variety of political and economic reasons, there is speculation about the Round's "winners" and "losers", including among the developing countries. Given the complex and often unmeasurable nature of the outcome of the Uruguay Round, any assessment of "winners" and "losers" involves drawing broad conclusions and the recognition of a number of critical caveats (there is no a priori method, for example, of capturing the undoubtedly important value of improved rules on subsidy and countervailing duty practices). The core interests of the developing countries in the Uruguay Round were textiles and clothing, agriculture, general access to the developed countries' markets, reform of trade rules, and the strengthening of dispute settlement procedures to the overall benefit of the multilateral trading system. One thing is clear--a failure of the Round would not have been in the developing countries' economic interests.

Avoidance of the Erosion of the Multilateral Trading System

- The outcome of the Uruguay Round must be considered in the context that the status quo was not a rational, economically sound option. The failure of the Round would have signalled that the European Union (EU) and the U.S. saw alternatives to the multilateral trading system as more viable options than they have in the past. This would have begun the erosion of the multilateral trading system, and the rise in unilateralism and bilateral fixes to the detriment of smaller economies.
- A failure of the Uruguay Round would have given domestic producers an opportunity to exert more pressure on governments in developed countries to resort to discriminatory, if not outright protectionist, trade policies.