

THE LIMITED (BUT NOT SUFFICIENTLY SO) ROLE OF THE WTO

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Summary

The WTO has 109 developing and transition economy members. On January 1, 2000 at least 80 of them will be in violation of the SPS, customs valuation and the TRIPS agreements. (For the 29 least developed country WTO Members, the TRIPS deadline is 2005.) To implement their obligations would require investment in buildings, equipment, training, etc. that would cost each of them \$150 million—for many of the least developed countries, a full year's development budget.

Would this money be well-spent? For perhaps 20 of them—mostly the developing and transition economies that will make their implementation deadlines—it might well be. For the other 80 or 90, it would be a bad investment. Other alternatives, e.g., basic education for women and girls, would have much more attractive rate-of-return numbers. Even within, say, customs reform, what the WTO mandates does not address the problems that developing countries are trying to overcome. (Customs reform projects are under way in some 25 developing countries.)

The GATT began as a forum to negotiate reciprocal liberalization of trade restrictions. Though lots of money flows in different directions as a result, implementing such liberalization commitments requires no more than a minister's or a legislature's signature. Trade liberalization is a win-win proposition, for the concession giver and for the receiver. It costs nothing to implement, so there is no need for a rate-of-return calculation.

The WTO is now writing rules that will cost money to implement. Customs reform requires buildings, equipment, staff training, implementing new technical or sanitary standards requires laboratories, equipment, etc. At the Uruguay Round, international negotiations did not prove to be an effective way to make such investment decisions.

The GATT was a card of professional wrestling, put on for a good cause. The political groans and grimaces that kept the true believers at the edges of their seats, an economist knew, were fake. In GATT, the pains that participants complained about were mere politics. A government might protest having to cut its own tariffs, but an economist knew that these cuts would make the economy more productive, not less. The political discomforts were growing pains perhaps, surely not warning signs of injury.

While the GATT was a game that an economist (without being a sadist) could enthusiastically cheer, the WTO is something else. Some of the concessions the WTO asks (or assigns) are indeed economic costs, not mere mercantilist misperceptions. While it did not make sense for an economist to ask about the GATT, *Is it worth it?*, it does make sense to ask that question about the WTO.

What the Paper Is About

The distinction I allude to above between the WTO and the GATT is more precisely between liberalization of border measures such as tariffs and quantitative restrictions—the business on which the GATT was built—and the creation of rules on non-border measures that affect trade. The latter is a considerable part of the WTO. At the Uruguay Round, countries took on major commitments to modernize regulations/institutions of trade administration—e.g., customs valuation. They also took on obligations in areas usually thought of as domestic regulation—e.g., intellectual property rights; industrial standards; sanitary and phytosanitary standards. (A complete list is provided as an annex.)

New WTO issues are different from old GATT issues

These matters, I will suggest, are different in two ways from reducing trade restrictions:

1. Implementation costs money, and therefore
2. Alternative uses are relevant—the money might be better spent elsewhere.

Put another way, GATT-mandated reforms were a gift horse, and no economist would look a gift horse in the mouth. For what the WTO offers, one has to pay, so it makes

sense to ask not only if this is the best horse for the money, but also if buying a horse is really the best use of the money.

Trade liberalization is a good thing

None of the problems I will take up here involve developing countries' commitments on trade liberalization. Indeed, on trade liberalization the developing countries' commitment—tariff reductions and elimination of quantitative restrictions—is now in place (January 1, 2000 deadline) and in scope as large as the industrial countries' commitment. The major part of market access concessions received by the developing countries is still to be implemented: Multifiber Arrangement elimination, deadline 2005; and agriculture, liberalization yet to be negotiated. Trade liberalization by developing countries is a good thing—and is proceeding apace of obligations.¹

Lessons From the World Bank Experience

As noted above, WTO member countries took on at the Uruguay Round obligations in several areas of “domestic” regulation or trade process. For many of the less advanced members, meeting these obligations will require changes, installations of systems and of enforcement processes not now in place. To learn something about what was involved in this implementation a colleague, Philip Schuler, and I reviewed World Bank project experience in customs reform, sanitary and phytosanitary measures, and intellectual property regulation. In each of these areas we went through our review with four questions in mind:

1. How much does it cost?
2. What are the problems developing countries face in these areas?
3. Does the WTO agreement correctly diagnose these problems?
4. Does the WTO agreement prescribe an appropriate remedy?

¹ Finger and Schuknecht (1999) provide details.

“Appropriate” in the third question refers both to correct identification of the problem and to recognition of the capacities (resource constraints) of the least developed countries.²

The major lessons we drew from our review are the following.

It costs money

The project costs we have identified provide a first approximation of the investments needed to implement WTO obligations on SPS, IPR and customs reform. To gain acceptance for its meat, vegetables and fruits in industrial country markets, Argentina spent over \$80 million to achieve higher levels of plant and animal sanitation. Hungary spent over \$40 million to upgrade the level of sanitation of its slaughterhouses alone. Mexico spent over \$30 million to upgrade intellectual property laws and enforcement that began at a higher level than are in place in most developing countries. Customs reform projects can easily cost \$20 million. Those figures, for just three of the six Uruguay Round Agreements that involve restructuring of domestic regulations, come to \$130 million.³ One hundred thirty million dollars is more than the annual development budget for seven of the twelve least developed countries for which we could find a figure for that part of the budget.

These Therefore Are Investment Decisions

Tariff reductions, removal of quantitative restrictions, etc., can be put in place by the stroke of a minister’s or a legislature’s pen. Money may flow in different directions because of these policy changes, but implementation itself costs nothing. But implementation of customs reform, TRIPS, etc., will cost money—will require purchase of equipment, training of people, establishment of systems of checks and balances, etc. Questions of project design and of rates of return as compared with alternative uses of capital are therefore relevant. A decision to give a concession on market access is based on what a trading partner will give in return. Exchanging reductions of trade barriers on

² To take a brisk 30-minute walk every day would not be a good prescription for a paraplegic.

³ The experiences we have reviewed were in the more advanced developing countries. The costs could be higher in the least developed countries who will begin further from the required standards.

this basis has worked—not because the decision process brings forward the relevant costs and benefits, but simply because it moves toward a good result. For investment decisions, the same decision schema—comparing the market access impacts given and received—is not the way investment decisions are usually made, and, existentially speaking, Uruguay Round experience suggests that it does not lead to good investment decisions.

In sum, implementation will cost money; therefore, it is relevant to ask what return the investment will provide—likewise for alternative uses of the money. Implementation is in significant part investing the development budget, and that task is part of the World Bank's expertise.

Lessons From Customs Reform

Our review suggests that reform is needed and that reform will cost money. Next question—do the Uruguay Round Agreements correctly identify where developing countries' priorities should be, i.e., what reforms should be made?

- Do the WTO agreements appropriately identify the problems faced by developing countries?
- Given the least developed countries' needs and their resource bases, do the agreements provide the most effective remedy?

The WTO customs valuation agreement extends the Uruguay Round concern to control import restrictions by developing countries—bound ad valorem tariffs are not constraining if valuation is not constrained. But from the perspective of the least developed countries' need for customs reform the WTO agreement provides neither appropriate diagnosis nor appropriate remedy.

The valuation process the Uruguay Round agreement obliges is one that complements customs systems in place in most of the advanced trading nations (including both developing and industrial countries). That system is based on familiarity with auditing techniques and generalized use of electronic information management—not only to process customs information but to arm auditors with the information they need. Trade in these countries takes place in large lots and duty rates are generally low. In this

context, departure from routine practice is costly for traders, relative to what is at stake in paying the duty. In poorer countries, incentives are different. At a duty rate of 50 percent, the duty on the number of televisions one person can transport on a bicycle-jitney can come to a year's wages.

Effective customs administration has both physical and administrative dimensions. The WTO agreement presumes that the physical dimensions are under control. In poorer countries they often are not. A Bank project to increase trade among Eastern European countries by improving procedures at land crossings, found that the local citizens assigned highest priority to building bathrooms. Trucks wait 8 to 12 hours, there are no toilets for the drivers, the alleys and roadways are foul. Next priority: many of the crossings have no electricity or telephones.

Customs processes in poorer countries exhibit many interacting weaknesses—excessive procedures (re: international guidelines) that are not codified, ineffective provision for appeal, poorly trained officials, a civil service system that does not pay a living wage and depends on officials receiving side-payments for performing their functions. Bert Cunningham, in an assessment of several least developed countries considering customs reform, observed that systems appeared to have evolved to maximize the number of steps and approvals—to create as many opportunities as possible for negotiation between traders and customs officials. The Uruguay Round negotiations, however, paid attention only to customs valuation, ignoring the dimensions of customs reform where the critical developing country problems exist.

The above information comes from projects in poor countries that want to improve. The Uruguay Round agreement addresses only customs valuation—perhaps an inch of the whole yard of problems that these countries have. In most of the countries, to put the WTO-prescribed valuation system on the physical and administrative base that currently exists would make things worse, not better. Administratively, it would increase rather than reduce the potential for customs valuation to be negotiated rather than objectively determined. Physically, it would install computers in border posts without electricity and without telephone lines. For the poorer countries, the WTO customs valuation agreement provides inappropriate diagnosis and inappropriate remedy.

Lessons From Trips

The WTO TRIPS agreement covers the seven main areas of intellectual property: copyright, trademarks, geographical indications, industrial designs, patents, layout designs of integrated circuits, undisclosed information including trade secrets. TRIPS also obligates WTO members to provide for protection of plant varieties, either by patent or by an effective *sui generis* system such as the plant breeder's rights established in the International Union for the Protection of New Varieties of Plants (UPOV) convention.⁴

In each area, the agreement specifies standards of protection that governments must provide and requires governments to provide procedures to enforce.

The minimum standards are similar for each of the areas. They cover, in the instance of patents: (a) what is patentable, (b) what rights flow to the owner of a patent: government is obligated to prevent unauthorized persons from using, selling or importing the patent, the patented process, the patented product or the product or products directly made from the patented process, (c) what exceptions to those rights are permissible—e.g. compulsory licensing may be required—and (d) how long the protection lasts.

The enforcement provisions require that a member provide civil as well as criminal remedies for infringement of intellectual property rights. They also obligate members to provide means by which right-holders can obtain the cooperation of customs authorities to prevent imports of infringing goods.

Extension of IPR obligations

The TRIPS agreement builds on standards expressed in relevant international conventions such as The Paris Convention for the Protection of Industrial Property and The Treaty on Intellectual Property in Respect of Integrated Circuits. TRIPS requires

⁴The TRIPS agreement provided the following transition periods:

- industrial countries, until 1 January 1996,
- developing countries and transition economies, up to 1 January 2000,
- least developed countries, up to 1 January 2006—and may be extended on “duly motivated” request by a least developed country.

Developing countries that at present provide patent protection to processes and not to products, for example in the food, chemical and pharmaceutical sectors, can delay up to 1 January 2005 the application of the obligation to protect products. Even here, governments must provide that inventions made 1995-2004 will be able to gain patent protection after 1 January 2005.

each WTO member to adhere to the provisions (with a few provisions excepted) of such international IPR conventions, whether or not the member is party to those conventions. This is a major extension for many countries. For example, when TRIPS came into force the treaty on integrated circuits had only nine signatories, of which only one had ratified. Another example: the Rome Convention that establishes rights of performers, producers of sound recordings, and broadcasters has few signatories, particularly among developing countries. The TRIPS agreement creates an obligation on each Member to provide the means through which a recording company from another Member can attack unauthorized reproduction and sale of its products within the first, i.e., a recording company located in Country A may use the legal mechanisms of Country B to attack unauthorized copying or sale by Country B citizens entirely within Country B.

The TRIPS standards are sometimes described as “minimum” standards, but they are “minimum” only in the sense that each Member must provide at least the specified levels of protection and coverage. For perhaps every Member, even the industrial countries, they represent an expansion of intellectual property rights in favor of intellectual property providers over users.

As with the customs valuation agreement, we found that the investments required for TRIPS implementation did not match the priorities revealed by actual developing country decisions. Generally, most countries have been at an advanced stage of development before they provided the mandated level of protection for producers of intellectual property. France and Germany, for example, introduced pharmaceutical patent laws in 1960 and 1968, respectively, Japan in 1976, Switzerland in 1977, Italy and Sweden in 1978.⁵ One analyst described the coverage of TRIPS as “the standards of protection on which the industrial countries could agree among themselves.”⁶ Again for the poorer countries the WTO agreement on intellectual property rights provides inappropriate diagnosis and inappropriate remedy as to where their investment budget should be allocated.

⁵ Juma, 1999, p. 3.

⁶ Reichman, 1998, p. 586.

Wiggle room?

Because TRIPS builds on international conventions developed in large part by the industrial countries and on the enforcement practices they employ, the default mode for meeting its obligations is to copy industrial country intellectual property law. While legal scholars point out that the agreement allows for the possibility of adopting intellectual property law that is friendlier to users and to second comers,⁷ they also point out that the benefit of the doubt is on the side of copying present industrial country approaches.⁸ The mandate the industrial countries have delivered through TRIPS is “Do it my way!” A developing country that opted to develop its own alternative would add to the cost of implementation both the cost of developing that alternative and the cost of defending it—in WTO’s political and in its legal processes.

Sanitary And Phytosanitary Measures

The World Bank has assisted many countries to implement sanitary and phytosanitary regulations. The projects covered a range of activities, among them: upgrading veterinary services, building or upgrading quarantine stations; certification of disease-free and pest-free zones; staff and equipment for research aimed at reducing chemical residues in exported meat.

Bank projects supporting SPS systems have typically placed these measures in a general development context of ensuring food security, increasing agricultural productivity and protecting health, rather than focusing on the narrower objective of meeting stringent requirements in export markets. None of the projects we reviewed had meeting WTO requirements as one of its objectives, though several were built on the realization that diversification into higher value-added exports such as processed meats,

⁷ Reichman, 1998, and references cited there.

⁸ Legal scholars go farther and argue that the balance institutionalized in the industrial countries’ intellectual property rights law is tipped toward the interests of commercialized producers of knowledge and away from users—tipped past the point of optimality even for the community of interests that make up industrial country societies. . Reichman for example urges that “the logical course of action for the developing countries in implementing their obligations under the TRIPS Agreement is to shoulder the pro-competitive mantle that the industrial countries have increasingly abandoned. (p. 589) Templeman argues that there is no public justification for the level of intellectual property rights defined by industrial countries’ laws.

seeds, and horticultural products required producers to meet more stringent quality control standards.

Nature of the SPS Agreement

The SPS Agreement elaborates on the provision in GATT Article XX that governments may restrict trade when necessary to protect human, animal or plant life or health, provided that the measures: (a) are not applied in a manner that unjustifiably discriminates between countries with the same conditions, and (b) are not applied as a disguised restriction on trade.

The agreement specifies that SPS measures in conformity with relevant international conventions⁹ are to be deemed necessary to protect human, animal or plant health, and presumed consistent with the relevant parts of the SPS agreement and of the GATT.¹⁰ Industrial countries have been leaders in establishing these international conventions, the resulting conventions being in significant part generalizations of their practices and standards.

The SPS Agreement is less intrusive than TRIPS. TRIPS mandates the intellectual property rights regime that a country applies in its domestic economy while SPS obligations concern only SPS measures that are applied the border. The SPS Agreement provides a basis for a country to defend import-restricting measures it applies (as consistent with the agreement) and to challenge through the WTO dispute settlement mechanism restrictions other countries apply to its exports (as inconsistent with the agreement).

Lessons

Implementation will be expensive. To gain acceptance for its meat, vegetables and fruits in industrial country markets, Argentina spent over \$80 million to achieve higher levels of plant and animal sanitation. Hungary spent over \$40 million just to upgrade the level of sanitation of its slaughterhouses. Generally speaking, technical assistance

⁹ The SPS agreement specifically recognizes the Codex Alimentarius Commission, the International Office of Epizootics and the International Plant Protection Convention, including subsidiary, regional, etc. parts thereof.

¹⁰ Article 3.2.

provided by industrial countries has been tied to the interests of industrial country enterprises.

Deriving benefits for the local economy from the technical assistance that is applied is an issue. A number of industrial country processed food companies have facilities in developing countries from which they export to their home countries; meeting home country SPS standards has been built into the construction of these facilities. The next challenge is to pass mastery of this technology to indigenous enterprises. Some technical assistance has been aimed at expanding industrial country exports. An African food scientist who had been invited to attend a training session in an industrial country remarked to me in conversation, “They want us to implement SPS so that we will import more chickens.”

Uruguay Round Generated No Least Developed Country Ownership of the Rules

In the GATT/WTO political/legal system, the central organization has limited power to enforce. Unless a country has the “political will” (reverting to an older synonym) to implement its obligations, GATT/WTO legal mechanisms are not likely to be able to force meaningful implementation. Thus, national “ownership” (switching to the newer synonym) of the rules is a necessary element in the functioning of such a system of rules. Participation in establishing the rules is an important part of building among members a solid sense of owning them. While the Uruguay Round has been celebrated for the active participation of many developing countries, that participation included a small part of the current 109 developed country and transition economy WTO Members.¹¹ Active developing country participation in the technical negotiations was particularly limited.

There are four factors behind the lack of developing country ownership of their Uruguay Round obligations:

- Incomplete negotiating delegations,
- The “Do it my way” approach of the industrial country negotiators,
- Creation of the WTO, which significantly changed the options that the developing countries faced.

Developing country delegations

The African Economic Research Consortium's evaluation of sub-Saharan African countries' participation in the rules making exercises of the Uruguay Round found that their participation was minimal. The reasons behind this: (a) Geneva delegations were small and lacked persons with the technical backgrounds needed to participate effectively;¹² (b) links between WTO delegations and the relevant agencies at home hardly existed, e.g., health and agriculture ministries with negotiations on sanitary and phytosanitary standards, the customs agency with the customs valuation negotiations; and (c) stakeholders, e.g., the business community, were minimally involved.

Do It My Way

This point has two related dimensions, relating to attitude and content. The content of industrial country proposals on customs valuation, intellectual property rights and sanitary and phytosanitary measures were very much modeled on their own systems and institutions—already in place. SPS and TRIPS allow for the possibility of approving developing country indigenous systems, but gaining approval would be expensive. For example, the basic metric of SPS implementation is risk assessment, the risk of establishment or spread of a disease or pest. International conventions deal with both the scientific method for measuring risk and the appropriate levels for regulation. A country may adopt other methods or other levels, but to apply such standards at the border the WTO agreement places on the country the burden of demonstrating their scientific merit and appropriateness.

¹¹ If we include Observers, many of whom are negotiating accession, the number of developing and transition economies involved is 144.

¹² Of 65 developing country GATT/WTO members when the Uruguay Round began, 20 did not have delegations in Geneva. Of the 20, 15 were represented from embassies in other European cities, and 5 by delegations based in their national capitals. Furthermore, developing country delegations were notably smaller than those of the industrial countries. In 1987, when the Uruguay Round began, the EU had in Geneva a delegation of 10, EU Member States' delegations included an additional 57 persons. The US delegation numbered 10, the Japanese, 15. Only 12 developing countries had delegations of more than three persons. The larger ones: Korea, Mexico and Tanzania, 7 each; Brazil and Indonesia, 6 each; Thailand, Hong Kong and Egypt, 5 each. Of the 48 least developed countries, 29 are WTO members, but only 11 of these maintain delegations in Geneva. As of January 1999, 6 least developed countries were negotiating accession to the WTO, another 6 were observers, not negotiating accession.

As to attitude, the record of negotiations over customs valuation shows that industrial country negotiators were unfamiliar with the conditions under which customs officials in developing countries operated and were unwilling to learn. U.S. and EU differences on customs valuation were resolved in part by the EU customs officials making a four-week study tour of Canada and the U.S. (at EU expense). None of the industrial countries supported a proposal to organize in Geneva a workshop (under the GATT technical assistance budget) that would have included both developing and industrial country customs technicians. Vinod Rege, who served on the GATT Secretariat staff to support these negotiations, concluded:

In hindsight, it would seem that if the EC officials who came back from the visit to the U.S. customs services, satisfied that the U.S. valuation system was not after all as arbitrary as they had thought, had also visited the customs services in a few developing countries, there would have been a better appreciation of the views of the developing countries' negotiators. This would have facilitated more informed communication and, thus, created a basis for more fruitful dialogue. (p. 74)

The WTO Changed Options

Because the Tokyo Round codes were part of the GATT, the GATT nondiscrimination obligation (Article I) required that signatories to any code apply the code in their dealings with all GATT Contracting Parties, not just with other signatories—i.e., non-signatories were entitled to the benefits (in the mercantilist sense) of a code without accepting the obligations. The agreement to establish the WTO provided an all-or-nothing option, it did not allow a country to accept some of the constituent agreements (e.g., on customs valuation, on intellectual property rights) and reject others. Industrial country negotiators, who might have been focused on getting a select list of twenty or so developing countries to accept the new disciplines on customs valuation or on intellectual property, found that they now had a way to insist that all of them accept. To developing country negotiators, the diplomatic value of becoming a WTO member weighed heavily. In many countries the obligations that came with it were not carefully considered. Ogunkola concluded that “the ratification of the agreement and the single undertaking clause made the implementation of the agreement almost non-negotiable.”

An Overly Legal View of How the GATT/WTO System Works

I suspect, but have not documented, that industrial country negotiators may have misread the historical record of how effective creating legal obligations has been in forcing changes of national policies. The following, from an industrial country document on trade facilitation, illustrates what I consider an incorrect view of causation:

To succeed ... requires political commitment ... The creation in WTO of basic rules ... will underline and secure the political commitment of WTO Members ...

The reverse, that political commitment can lead to the creation and observance of meaningful rules, seems more consistent with the historical record. Robert Hudec, in a review of the first three years of the WTO dispute settlement mechanism, a review that drew on Hudec's quarter-century as an analyst of GATT/WTO dispute settlement, concluded as follows:

A third lesson suggested by the GATT's experience is that political will is really more important than rigorously binding procedures—that strong procedures by themselves are not likely to make a legal system very effective if they do not have sufficient political will behind them. ... When we ask whether or not the new system will work, therefore, we have to begin by asking what kind of political will stands behind it. The current fascination with the novel WTO procedures tends to obscure the importance of this first and most important condition of success. (p. 11)

Bound Commitments to Implement in Exchange for Unbound Commitments of Assistance to Implement.

TRIPS, the customs valuation agreement, the SPS agreement and several others suggest that industrial country members furnish technical assistance to developing country members that so request it. This provision, however, is not a binding commitment. In effect, the developing countries have taken on bound commitments to implement in exchange for unbound commitments of assistance to implement.

Without ownership (political commitment) among the Members, WTO rules are not likely to be implemented. Imposing the rules in the “Got ‘ya!” fashion of the Uruguay Round negotiations did not provide that ownership.¹³

¹³ More appropriate than a 5-year implementation period might have been a 5-year cooling-off period.

Conclusions

The WTO has 109 developing and transition economy members. On January 1, 2000, 80 or 90 of them will be in violation of the SPS, customs valuation and the TRIPS agreements.¹⁴ To implement their obligations would require investment in buildings, equipment, training, etc. that would cost each of them \$150 million—for many of the least developed countries, a full year's development budget.

Would this money be well spent? For perhaps 20 of them—mostly the developing and transition economies that make their implementation deadlines—it might well be. For the other 80 or 90, it would be a bad investment. Basic education, particularly for women and girls, would have much more attractive rate-of-return numbers.

Reform Is Needed

The above does not imply that no reform is needed to improve developing countries' customs procedures, food safety systems, systems for generating and for using intellectual property. Developing countries are willing to borrow money to finance improvements in these areas; hence, it is evident that they, themselves, see a need for reform. "Not to reform" is an untenable option. Questions about implementation are questions that identify where developing country needs are, and which determine developing country priorities, methods and ownership-motivation.

Delay Is Not an Asset

We should be careful not to be lulled into the ethic of a reciprocal negotiation in which delay, of itself, is a victory. As we have already stated several times, the less developed economies need improvements in the areas that are new to the WTO—to delay these improvements is to lengthen the time that the people in these countries remain poor. Time will be needed for implementation; but, implementation periods should be based on considerations of the appropriate priorities for the available development budget and on the engineering requirements to accomplish the required construction. They should not be handed out as second prize in a tough negotiation.¹⁵

¹⁴ For the 29 least developed country WTO Members, the TRIPS deadline is 2005.

¹⁵ One of Robert Hudec's favorite stories illustrates the attractiveness of delay. The story is about a condemned prisoner who accepts a 6-month reprieve in exchange for teaching the King's horse to talk.

Problem

Trade liberalization is not a problem; it is good medicine for all WTO Members. Arguments that GATT obligations (trade liberalization) were good medicine for industrial but not for developing countries are incorrect. The burden of implementation was a political one, not an economic one.

Many countries now have undertaken other WTO legal obligations that are not in the countries' interests to implement—implementation makes neither domestic political nor economic sense.

I have no solution to offer. My objective in this essay has been to inform that the problem exists, particularly to call attention to the amount of money at stake and to suggest that spending it would not make economic sense.

For the GATT, an economist could urge in good faith that a country—industrial or developing—overcome opposing domestic politics and meet its obligations. For the WTO, one cannot.

What to do when the 6 months is up? Bob quotes the prisoner, “Who knows? The horse may learn to talk.” (in Robert Hudec, “The New WTO Dispute Settlement Procedure: An Overview of the First Three Years,” Minnesota Journal of Global Trade, v. 8, issue 1, winter 1999, p. 14.).

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