



Dialogue on
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Multi-Stakeholder Dialogue III
Friedrich Ebert Stiftung
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Global Trade, Economic Growth and the Globalisation of Employment

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Summary Report
FABRICE LEHMANN

Executive Summary: The Doha round of multilateral trade talks, launched in 2001 under the understanding that negotiations would redress imbalances and emphasise the development aspect of international trade, has reached an impasse. It now appears that the expectations raised by the original Doha Development Agenda will have to be compressed by all involved for a final text to eventually be agreed upon. The future credibility of the WTO as a member-driven institution is at play, as commitments made by the international community are not being honoured, largely, but not exclusively, due to disagreements over the final terms of global agricultural trade liberalisation. These will probably define the ultimate ambition of the Doha round. Defensive interests, particularly in the North, are proving to be sufficiently overpowering as to jack the system and weaken the effectiveness of the multilateral framework.

The stalemate in multilateral cooperation is strongly correlated to the difficulty of selling trade-offs to sceptical constituents prone to employment insecurity and market disillusionment. The immediate social implications of globalisation, coupled with the forces of rapid technological change, have led to considerable disquiet over the decreasing employment content of growth and the deteriorating conditions of many domestic labour markets. The political capital necessary to muster enthusiasm for a comprehensive multilateral arrangement will be difficult to find in an environment in which many social subgroups feel hostage to the dynamics of uneven growth. Whether this calls for a trade policy response or not, a greater element of cross-policy-making coherence in global economic governance will have to be sought.

In this light, the concurrent rise of preferentialism, often used as a political tool of immediate expediency with uneven advisory teams and terms between partners, is a counter-productive distraction that should be moderated. The tactical pursuit of these agreements sucks resources and incentives away from the multilateral endeavour while encumbering attempts at future harmonisation, equality and transparency of rules and provisions. At the same time, a healthier maximisation of the gains of discretionary preferential schemes within the MFN structure could be part of the stimulus needed to re-engage in multilateral cooperation. Present trends do, however, raise the issue of intensified regionalism and the codification of prior reforms, as the WTO single undertaking negotiating formula comes up against the heterogeneity of an expanding membership with seemingly irreconcilable priorities.

There still exists little consensus on what a progressive development outcome of multilateral liberalisation would be, how it should be factored into divergent growth paths, and the content of the Doha package it would imply. Imbalanced and unfair rules in effective market access, tariff escalations and agricultural distortions can be redressed in an inclusive decision-making process, while complementary tools of technical and financial assistance, trade facilitation and capacity building to counter supply-side constraints are structured. The shift in the geography of trade also implies that greater attention should be given to the dynamics of South-South integration even as the universality of the export-led paradigm is critically appraised. The issue of trade and labour standards, the developmental impact on employment and labour markets, and the amplified risk of worker right violations cannot be ignored.

Finally, the increasingly globalised nature of domestic labour markets is part of a new reality that requires concerted supervision, as the international migration dimension of trade, development and the globalisation of employment is leading to push and pull generated asymmetries accompanied by intense political and social pressures. The gap can be bridged between national and international policy on cross-border migration and immigrant rights, with Mode 4 discussions within the WTO representing a tentative step in that direction. The profound global economic and social restructuring that is leading to growing supply and demand for both high and low wage workers originating outside national borders implies a recognition on the part of sending and receiving countries of the interconnection of social outcomes previously considered unconnected.

The third Multi-Stakeholder Dialogue was convened by Friedrich Ebert Stiftung and the Evian Group at IMD in Lausanne, during a trying period in which the fragmentation of trust within the global community and increased systemic fragility, as manifested in part by the suspension of negotiations under the Doha round within the World Trade Organization, are a source of considerable unease and future uncertainty. There is a pressing need for new ideas and open communication to confront the many challenges that lie ahead, for which the active engagement of stakeholders from all regions of the world with conflicting demands emerging from diverse constituent representation demonstrates clear benefits.

The Dialogue encouraged the contestation of assumptions that saturate expert group discussions while clearly highlighting the need for better coherence in cross policymaking along presently disjointed realms and specialist areas. Within the general theme of global trade, economic growth and the globalisation of employment that was covered during the event, many practical preconditions for support of globalisation and the reform incentive were brought to the fore; most notably the need for action to redress deteriorating labour market conditions. Finally, the multi-stakeholder debate acted as a valuable catalyst on the exchange of perceptions pertaining to the important and unprecedented parameters that are changing the international political economy and the attention that needs to be given to them in terms of global governance and future policy orientations.

This report will attempt to synthesise some of the core findings and sources of contention to have surfaced from the intensive three-day exchange. First, some of the reasons behind the Doha Development Agenda negotiating impasse will be covered followed by related considerations on growing social apprehension towards liberal market reforms and poor employment conditions. The systemic implications to come out from discussions on the rise of preferentialism will then be analysed as will the need to re-define the link between global trade and development. The interfaces of international migration, development and trade under the globalisation of employment will then be dealt with. A few general remarks will be offered in conclusion.

What is going wrong with Doha?

The Doha Round of trade negotiations was launched in November 2001 at the Fourth WTO Ministerial Conference in the midst of an imme-

diated post-9/11 environment of international solidarity and outreach between all the major trading nations. While initially reticent to embark so soon after the Uruguay accord on a new round of trade liberalisation – the first to be orchestrated by the World Trade Organization as the successor body to the GATT – many developing countries agreed to participate in this multilateral undertaking on the explicit understanding that negotiations would put a strong emphasis on the development aspect of international trade. This development dimension of the multilateral trading system was understood to encompass fair trade, capacity building, balanced rules, and a transparent and inclusive system of decision-making. The goodwill that characterised the birth of the Doha Development Agenda (DDA) very quickly evaporated through a succession of missed deadlines and reached a climax with the collapse of the Cancun Ministerial meeting in September 2003 in large part due to acute disagreements over agriculture, cotton, and the Singapore issues.¹

After a period of finger pointing and acrimony, negotiations resumed to eventually reach a framework agreement in Geneva in 2004 known as the “July Package”. This framework included a negotiating structure open to wide interpretations on reform of global agricultural trade, tariff cuts and the elimination of barriers pertaining to non-agricultural market access (NAMA), limited recommendations concerning services and development-related issues, as well as modalities for negotiations on trade facilitation. Although this package gave a new lease of life to the round, negotiations proceeded at snail pace through a further chain of deadline failures, including the Sixth WTO Ministerial Conference held in Hong Kong in December 2005, which was then perceived as the last gasp opportunity of finalising all outstanding issues before the expiration of the US President’s Trade Promotion Authority in the summer of 2007.

A final effort was made to reach an agreement in the spring of 2006 at which point Director-General Pascal Lamy called for a suspension of the Doha negotiations in July of that year until renewed political will, leading to more flexible negotiating positions on the part of the major players, could be found to move out of the impasse. Most analysts and negotiators now concur that the successful completion of an ambitious and meaningful round of multilateral trade

¹ For a review of the Singapore Issues see WTO http://www.wto.org/english/thewto_e/whatis_e/tif_e/bey_3_e.htm. Of the four Singapore Issues only the fourth, trade facilitation, was subsequently maintained in the negotiating framework and has become quite a dynamic element of multilateral discussions.

liberalisation, one that lives up to the expectations raised under the prerogatives of the original Doha Development Agenda steered by a single undertaking negotiated formula is either unattainable – in which case expectations will have to be compressed by all involved –, or it has been postponed for at least two to three years, if not more.²

The suspension of the Doha Development Agenda is of considerable importance as the future of multilateralism and the credibility of the WTO as an institution will in large part be shaped by the ultimate outcome of this protracted negotiating process. Should the Doha round reach a dead-end, the WTO would lose a lot of its authority, as the guardian of a strong rules-based multilateral trading system guided by the principle of non-discrimination, and its relevance would be eroded.³ So what is going wrong?

The central fault line as defined by the Directorate General essentially hinges around a relatively simple trigonometry of agricultural market access in the EU, agricultural domestic support in the US – more specifically trade-distorting export subsidies –, and market access for industrial goods in the G20 group of developing countries.⁴ Beyond this lies an essential ingredient attendant to the many trade-related development challenges faced by LDCs and the “small, weak and vulnerable developing countries” including preference erosion, special flexibilities, and development aid. However, the level of ambition

of the Doha Development Agenda – and the eventual resumption of official negotiations – will in all likelihood be defined by the triangular interactions of the big players on agriculture and NAMA, with the tremendous politics of agricultural negotiations between the US, the EU and India acting as a swinging tightrope.⁵

In order to strengthen the multilateral framework and create more balanced rules that redress the bias ingrained in current agreements, it is generally felt that developed countries are going to have to start moving away from their mercantilist and protective aspirations, as defensive interests in the North could be so overpowering as to jack the system. As one editorial eloquently remarks, “rarely can there have been a bigger contrast between the remarkable resilience of the world trading system and the pusillanimity of the politicians nominally in charge of bolstering it.”⁶ We are very far from the commitments made by the international community five years ago, and in this period of introspection, back-room discussions, and reflection, the opportunity could be taken to seek the manners in which the WTO as an institution can be made more effective while recapturing the mechanisms of multilateral trade’s developmental and welfare-enhancing role.⁷ WTO members need to ponder on the alternatives to the present impasse and the dangers of losing one’s way, as the cost of cooperation and development is rising in terms of distortions, disappointed expectations, and a spectrum of failed opportunities.

Employment angst and market disillusionment

A dimension of the present stalemate in multilateral cooperation and Doha deadlock – referred to by a minority as a crisis of globalisation – that was underscored in different guises by a number of participants at the Multi-Stakeholder Dialogue, is that despite an extraordinarily dynamic international trading environment and sustained levels of global economic growth, there is a degree of angst about the global lib-

² Expiry of US TPA, the conditions under which it could be renewed, the politics of extension of the US Farm Bill in 2007 under a new Congress, important presidential elections in France and the United States, as well as timelines for CAP reform and EU Budget review are some of the dynamics which imply that the political leadership required to move forward appears unlikely within a shorter time horizon. While this report is being drafted a final thrust is being made to produce a complete Doha text on the back of which negotiations could resume in earnest before US TPA expiration.

³ Although it was suggested that the core functions and mandates, such as the Trade Policy Review Mechanism and Dispute Settlement, that make the WTO a permanent negotiating forum would support the future relevance of the institution.

⁴ With only 2 to 5 percent of their population employed in agriculture yet organised in powerful lobbies, the EU and the US capture an astonishing 50 percent of world trade, which gives quite a clear indication of the distortions at play as well as one of the main reasons behind the current log-jam. The G20 has become an influential voice in agricultural negotiations by positioning itself as the “pragmatic voice” of the South, through a global coalition of countries with both offensive and defensive interests in agriculture, although it must be stated that tensions exist within the group.

⁵ As Simon Evenett comments in ‘Global Europe’ (<http://eviangroup.org/p/1456.pdf>),

“For the last 18 months it has been necessary to ask only one question concerning the fate of the Doha Round: what domestic political factors in Washington, New Delhi, and in European capitals, have changed so as to make a successful outcome possible?”

⁶ *Financial Times*, ‘Multilateral muscle needed for Doha’, 3 January 2007

⁷ See Faizel Ismail, ‘From The Hong Kong WTO Ministerial Conference to the Suspension of the Negotiations: Developing countries re-claim the development content of the WTO Doha Round’, *World Economics*, 7:3 (2006)

eral market economy over the last two to three decades that is unparalleled.

Due to over-blown expectations, poor performances, or unfairness, many doubts are resurfacing in developing countries about the appropriateness of openness and liberalisation policies. Prescriptions for development policy could start shifting from the export-led paradigm to one that embeds more import-substitution strategies with a greater emphasis on national and regional competition. Concurrently, middle- and high-income countries are facing a persuasive and mounting popular backlash to the immediate social implications of free trade coupled with the forces of rapid technological change, international financial liberalisation, and the emergence of new trading powerhouses with an exceptional shift in the geography of trade. In other words, the “global commons of ideas” could be swinging towards a far more apprehensive and distrustful perception of the potential benefits of a liberal economic order.

Many reasons can be ascribed to this defensive response to the dynamics of globalisation. A recurrent theme to run throughout the Dialogue was first, disquiet over the decreasing employment content of growth around the globe, and second, the deteriorating conditions of domestic labour markets; be they related to unemployment or precarious employment, growing disparities in income distribution, waning labour rights, or median wage trends lagging far behind recent productivity growth.⁸ The downward pressure on the relative incomes of unskilled labour, decreased job security, rising wage inequality, and the growing tensions in world labour markets related to global sourcing and the dynamics of interplay of technology diffusion with China and India, imply that it is difficult to see where the political capital necessary to muster enthusiasm for a multilateral arrangement on international trade that is comprehensive, inclusive, and fair is going to be found.⁹

⁸ See for example Larry Summers, ‘The global middle cries out for reassurance’, *Financial Times*, 12 July 2004

⁹ The latest *World Bank* ‘Global Economic Prospects 2007: Managing the next wave of globalisation’ (www.worldbank.org/prospects) while sketching a generally optimistic scenario for further integration, rising average incomes, and poverty reduction during the coming 25 years, identifies growing inequality, labour market pressures, and threats to the global commons – in the form of environmental degradation, fisheries depletion, and the spread of infectious diseases – as likely to become far more acute over the coming generation. It concludes on the observation that “all these developments are pieces of the new burden lying on the shoulders of

Clearly there are winners and losers in the complex narrative of contemporary economic integration and technological change, which is being scripted in *impromptu*. The winners include the millions, essentially in China, who have managed to heave their heads out of the trenches of absolute poverty. They also include skilled service providers in emerging powers like India who can take full advantage of ICT developments, and the virtually free cost of communication combined with comparatively low wages and high levels of competencies. At the top end of the pyramid can be found the owners of valuable assets and scarce resources who have prospered with the opportunities offered by rising global demand, expanding markets, and decreasing factor costs. Most other social subgroups, on the whole, have either seen their absolute or relative welfare decline given the tendency of globalisation – and technological innovation – to produce uneven growth.¹⁰ With on the one hand rising inequalities and high levels of unemployment within developing countries leading to social tensions which could cancel the beneficiary effects of growth – mainly poverty reduction and employment creation –, and on the other a deteriorating environment for many workers in the North and the South associated with workers rights, insecurity, dislocations, and poor quality or insufficient employment growth, the preconditions for support of global integration and trade reform are flimsy.¹¹

Whether or not these negative developments call for a trade policy response,¹² they do imply that a shrewd, coherent and long-term agenda to smoothen labour market conditions will probably be necessary if further substantive international market integration – with the attendant opportunities and possible wealth dissemination effects – under the auspices of the WTO is to proceed. National policies of worker and social protection, along with infrastructural and educational investments that provide opportuni-

national policy makers: to manage globalisation or risk being run over by it.”

¹⁰ See World Commission, ‘A fair globalization’ (www.ilo.org/public/english/wcsdg/docs/report.pdf), *ILO* (2004), ‘Global Economic Prospects’, *World Bank* (2007), and ‘Making Global Trade Work for People’ (www.undp.org/dpa/publications/globaltrade.pdf), *UNDP* (2003)

¹¹ For an overview of the academic literature on trade and employment, see the joint study of the ILO and the Secretariat of the WTO, ‘Trade and Employment: Challenges for Policy Research’ (http://www.wto.org/english/res_e/booksp_e/ilo_e.pdf), *WTO*, (2007)

¹² Not surprisingly a matter over which there was little agreement during the Multi-Stakeholder meeting.

ties are one side of the coin. A fairer international environment governed by constancy and predictability is the other. It emerged strongly from the Multi-Stakeholder Dialogue that deepened economic integration necessitates better multilateral cooperation infused with a far greater element of cross-policymaking coherence in global economic governance.¹³

The concurrent rise of preferentialism

The recent surge in preferential trade agreements – in itself not new as the proliferation of regional trade agreements (RTAs) coincides with the establishment of the WTO – can be seen as an offshoot process of the coherence and leadership problems mentioned above. It poses a considerable threat to the core principle of Most Favoured Nation (MFN) underlying WTO rules and commitments, as it does to the eventual conclusion and substance of the Doha Development Agenda.¹⁴ There is an inherent contradiction in seeking arrangements, which foster the type of investment and trade patterns and policies that are contrary to that which would be sought in a global and multilateral framework. This begs the question as to the WTO's contribution to a world increasingly characterised by preferentialism, both from within and outside the institution.¹⁵

Far from spurring “competitive liberalisation”, the tactical pursuit of bilateral and regional trade deals on the part of the US, closely followed by the EU – with the contagion spreading to Japan, India and China –, has sucked time, effort, resources, incentives, and political will away from the multilateral endeavour. By locking-in competing regulatory practices and a complex hierarchy of preferences and rules of origin, these agreements could seriously encumber attempts at future harmonisation of standards and practices vital to the transparent and fluent opera-

tion of the multilateral system.¹⁶

An overall consensus could be delineated from the Multi-Stakeholder Dialogue that this bilateral activity must be brought back to Geneva, and an effort should be made to create greater discipline and coherence between multilateral norms and RTAs that impose WTO+ obligations with WTO- rights, or the introduction of environmental and labour standards, and questionable investment treaties at huge cost to developing countries caught in an unequal bargain. Uneven advisory teams and inadequate review processes imply that many developing partners – enticed into agreements by dependency concerns over preference erosion within the multilateral agenda and the expectation of foreign investment flows – find themselves at a disadvantage in the negotiating process.

The substance of these agreements needs to be monitored with a proper surveillance mechanism to ensure they do not represent a regression into an endemic and politically or socially motivated organism of systemic discriminations based on immediate expediency. A better assessment of the potential and value of preferentialism – often driven by perceptions rather than reality –, while polishing the tools for a healthier maximisation of the gains of discretionary preferential schemes within the MFN structure, could be part of this review process that reinforces incentives to engage in multilateral liberalisation. Without this stimulus, the edifice of the Doha round could end-up becoming little more than the Potemkin village of a discriminatory wilderness, as one participant candidly remarked.

The present drive towards preferential trade agreements stems in no mean measure from the perception – or discernment – that any final Doha agreement will probably offer international business very little in terms of what it wants.¹⁷ This raises the issue of instrumentality

¹³ An example of which in the context of the WTO mandate is the Integrated Framework for Trade-Related Technical Assistance to least-developed countries (<http://www.integratedframework.org/>), although not always to most efficient collaboration.

¹⁴ The combined issues of agricultural subsidies, domestic support and market access on which much of the ambition of the DDA depends can only be dealt with through multilateralism.

¹⁵ Exceptions to MFN within WTO rules include Generalised System of Preferences (GSP) schemes granted to developing countries on selected products, and Special and Differential Treatment (SDT) offered to Least Developed Countries over a wider range of products with deeper market access. Not to be confused with these preferences, GATT Article 24 on Customs Unions and Free Trade Areas (FTA), including regional trading blocs, governs a further exception to the MFN clause in goods.

¹⁶ A concern raised by a number of participants relating to new RTAs was the inclusion of dispute settlement and competition provisions that are in potential conflict with WTO understandings, and RTAs containing preferential anti-dumping clauses. A body of thought, also present at the meeting, emphasised that strengthened intellectual property rights, customs reform and trade facilitation induced by RTAs could lead to an improvement in trade practices and that this learning could be applied to multilateral dynamics. It was further suggested that these agreements could be used as leverage to get negotiations back on track.

¹⁷ The lack of business vision in engaging in the DDA and getting their governments to support specific demands – essentially because much of what is on the deck appears insufficient in terms of market access and is not what drives business in contrast to the intellectual property and

and codification linked to the political reality of present social dynamics. A question that was much discussed at the meeting in this context of global harmonisation, or fragmentation, was whether the role of the WTO would essentially boil down to that of binding and locking existing reforms. Should the mercantilist motor of reciprocal tariff concessions that has underpinned the historical logic of multilateral trade negotiations have run out of steam, with the inability to reach a consensus due to the structural heterogeneity of an expanding membership, the trend towards regionalism could accelerate as the WTO is increasingly perceived as ineffective in adapting to rapidly evolving business needs and the reality of contemporary economic interactions.

The depth of coverage of the single undertaking beyond tariff reductions – in which countries cannot self-apply exceptions of their choice –, implies that implementing rules that reconcile the ambitions and priorities of nations spread across both extremes of the income ladder has become extremely problematic and highly politically charged.¹⁸ An emphasis on bindings and the codification of prior reforms within the Doha round – while valuable in providing greater certainty and strengthening Dispute Settlement procedures – would neither meet the demands of business in terms of further liberalisation, nor redress the imbalances, omissions, and distortions that Trade Ministers pledged to tackle when the Doha Development Agenda was launched in 2001. If it is accepted that the greatest challenge of globalisation is to spread welfare, stimulate employment growth and diffuse opportunities to counter poverty, insecurity and inequality – and that this is the very rationale behind deeper trade liberalisation and the incentive to open and reform under the Doha Development Agenda –, then by their nature RTAs can only address this on a highly selective and politically random basis.

services agreements of the Uruguay Round – means that an insufficient effort is being made to create the political space to move from hardened negotiating positions in multilateral posturing rather than politically convenient liberalisation through bilateral deals. See for example Alan Beattie, 'Business chiefs hit at Doha progress', *Financial Times*, 03 May 2006

¹⁸ For a discussion of these different perspectives on the health of the multilateral trading system from systemic crisis to business-as-usual see Carlos A. Prima Braga and Elwyn Grainger-Jones, 'The Multilateral Trading System: Mid-Flight Turbulence or Systems Failure?', in R. Newfarmer (ed), *'Trade, Doha and Development'* (2005)

Redefining the link between global trade and development

When the Doha negotiations commenced, flamboyant statistical estimates of potential welfare gains and dynamic developmental models were produced well before the scope and exact nature of the reform strategies to be defined by the final agreement were known. Since then, there has been a sizeable watering-down of expectations, in line with the limited ambition that the eventual substance of the round promises to deliver. There still appears to be little understanding or consensus on what exactly a progressive development outcome would be and the content of the package it would imply.¹⁹ There was nevertheless a shared awareness at the Multi-Stakeholder Dialogue that the scattered fragments of the original Doha development spirit should be preserved as the implications and dangers of failure would extend beyond the multilateral trading system and represent a serious set-back.

The extent to which a clear development agenda should – or can – become a priority for the WTO probably subsumes a rethinking of the link between multilateral trade and development. This implies that balanced and fair rules with particular reference to market access, tariff escalations – especially affecting labour-intensive manufactures and processed foods –, and agriculture should take centre stage in a transparent and inclusive decision-making process.²⁰ Complementary tools of technical assistance, trade facilitation and capacity building to counter supply-side constraints and reap the potential benefits of market access can then be considered. Finally, for Least Developed Countries and the most vulnerable economies a further apparatus of special flexibilities, a coherent system of preferences – that dispels the moral hazard of negative lock-in effects –, and aid for trade to take advantage of these opportunities should also be emphasised.²¹

¹⁹ Roderick Abbott, 'The Doha Development Agenda: revisiting the development agenda' (<http://eviangroup.org/p/1168.pdf>) (2005)

²⁰ The institutional process is clearly linked to final substance, as highlighted by most panellists, and it can only be hoped that the exclusion of the poorest countries in current trilateral high-level consultations is not a poor indication of things to come.

²¹ An important aspect of the development dimension of the DDA includes international migration and the mobility of workers under GATS rules, which will be discussed in the following section. The fundamental issue of public health, in which the exercise of intellectual property rights must be balanced in such a manner that they do not adversely impact the access of poor people in developing countries

Most participants present at the Dialogue agreed that as a member-driven organisation, the main contribution of the WTO to development is that of providing market access through a continuous engagement in negotiations that aim to infuse an element of justice and certainty in a fairer global trade regime that sets the standard for welfare enhancement under trade reforms. However, beyond this, there was considerable divergence on the controversial propositions related to the extended functions and responsibilities of the organisation, the strict paradigm being exposed of export-led development, the constraints imposed by the principle of reciprocity that sustains the status quo and its alternatives – essentially Special and Differential Treatment as a departure from the MFN clause –, and the effective linearity of mechanisms between trade, growth and employment.²²

The nexus of development is quality employment creation and poverty reduction; for which it is the nature and sustainability of growth, defined by domestic macroeconomic management within the restrictions imposed by environmental degradation and resource depletion, infrastructure, social capital, access to finance and credit, and the laws that govern the international environment that matters. Part of the challenge is to mould a system that gives the heterogeneity of developing partners an element of flexibility and “policy space” correlated to specific needs that take into account social and economic realities while minimising adjustment and implementation costs.²³ Recent experience portends to the fact that multilateral trade reform can take a long time to deliver gains to developing countries while the adjustment process can be particularly destabilising in terms of job destruction, especially to those countries home to the

to medicines at reasonable prices, was not covered during the meeting.

²² The functions of the WTO that encapsulate the core purpose of progressive trade liberalisation can be understood to comprise the application of rules in a non-discriminatory manner, dispute settlement (http://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm), and the promotion of transparency through trade policy reviews (http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm). The inclusion of environmental, gender and labour issues in the Trade Policy Review Mechanism was a source of particular contention.

²³ The variety of structural impacts must be considered, most notably in multilateral agricultural liberalisation, between agro-exporting developing nations calling for an ambitious outcome in market access, and those, represented by the G33, that underline the prerogative of protecting subsistence farmers, rural development and livelihoods. The concept of “policy space” generally applies to the enablement of industrial development through targeted government policy and selective barriers to entry.

world’s poorest population and with under-developed financial markets. It was suggested that this could in part be alleviated via the gradual distribution of liberalisation obligations without marginalising the participation of these countries in the global trading system and curtailing their contribution to the round.

An aspect of this mandate that was underlined at the Multi-Stakeholder meeting was the importance of addressing the contemporary dynamics of enhanced South-South integration. Inter-developing country merchandise trade has grown at twice the pace of world trade over the past decade and 70% of the tariffs paid by developing countries are paid to other developing countries. The phenomenal ground-shift that is taking place in international trade patterns related to the global outreach of China and India – in which their sheer size entails daunting implications – has created a new situation for many developing countries at the early stage of industrialisation, which must be factored into their growth path and potential need for market intervention and technical assistance.

In essence, reaping the potential benefits of market access is increasingly problematic as intense export competition is on the rise. There is a further fear that domestic markets could be submerged by imports of cheap manufactured products and that the bulk of foreign investment, know-how, and technological transfer continue to be siphoned towards these large emerging economies. The circumstances surrounding the declining wage content of output, the international phenomenon of jobless growth – or low employment growth –, labour standards, and the general impact of liberalisation on employment – both qualitative and quantitative – were raised within this context; with a particular focus on China. It was surmised that the amplified risk of violation of worker rights being used as an export tool in amalgamation with the disparate application of labour laws as a discriminatory source of unfair competition and protectionism called for greater inter-agency cooperation along presently disconnected policy realms.²⁴

A final component of the redefinition of the link between global trade and development that was

²⁴ The ILO-WTO link was underscored through compliance to ILO labour standards and the impact of WTO rules on employment. The highly controversial and sensitive issue of trade and labour standards or rights, in particular “core labour standards”, has been deferred to the ILO and there is at present no mandate on the subject within the WTO. See for reference the joint ILO and WTO study ‘Trade and Employment: Challenges for Policy Research’, WTO, (2007)

amply discussed at the meeting was the aid for trade initiative.²⁵ The establishment of this new development aid architecture – one that complements improvements in market access and calls upon substantive inter-agency collaboration under the Integrated Framework with the goal of increasing LDC participation in the world trading system while harmonising the objectives of trade assistance providers – could yet represent an important contribution to the Doha round even though its remit falls outside the single undertaking. The objective of the aid for trade agenda, in a nutshell, is to ensure that multilateral trade liberalisation will lead to the attainment of benefits associated with new market opportunities for the world's poorest countries through the improvement of export infrastructure – most notably physical infrastructure and the capacity to produce and distribute quality goods.²⁶

Participants at the Dialogue put forth the many conflicting rationales on the purpose and focus of this new tool – from a politically motivated Doha bargaining buy-out to compensatory notions of redistributive fairness. But on the whole, the idea that it should be seen as creating the 'effective market access' that lies at the centre of the DDA, by improving competitiveness in unison with negotiations on trade facilitation, was not challenged. The core tenets of predictability and coherence that ran throughout the Multi-Stakeholder Dialogue were again reiterated in the effective deployment of an aid for trade agenda, as were the notions of 'country ownership' and 'additionality'.²⁷ It was further advocated that an element of cost sharing and co-financing should be introduced in order to secure commitments and obligations on the part of both recipients and donors, and that ensuring the effectiveness in targeted outcomes of policy disbursements required the establishment of a

monitoring body that extend beyond the WTO.²⁸

The interfaces of migration, development and trade

International migration is fast becoming a critical component of the fragmentary assemblage of globalising trends, with social, political, and cultural repercussions that supersede the limited realm of economic prescription or analysis. It is evident that the management of cross-border human mobility is something the world has no credible answer to despite the fact that it represents one of the defining collective action challenges of contemporary integrative dynamics. The loose and criss-crossing junctions at which intersect migration, development and international trade – with the added burden of modern security concerns, which render the issue that much more problematic and hostage to fear and controversy – are constituents of a global architectural deficiency that calls for far greater international cooperation, coherence, and communication.²⁹

In order to move from what can be described as an irrational "maze of fear in a universe of uncertainty"³⁰, policy-makers must articulate a framework that capitalises on the opportunities presented by labour mobility while meeting the challenges associated with strong migratory pressures.³¹ As the barriers to an ever diversifying and disaggregated array of cross-border trade and financial flows continue to be worn down at the multilateral and regional level, the cross-border movement of people remains heavily controlled, rather than governed. The increasingly globalised nature of domestic labour markets is part of a new reality that requires concerted supervision, and an observation that was echoed by many participants at the Multi-Stakeholder Dialogue was that limited effort is being made on the part of the international community to harmonise emerging requirements or demand of skills with emerging sup-

²⁵ See the 'Recommendations of the Task Force on Aid for Trade'

(http://www.wto.org/english/tratop_e/dda_e/aid4trade_e.htm), WTO (2006). Aid for trade is being negotiated outside the DDA and is one element of the agenda that is currently not in suspension. The question was nevertheless raised whether the task force recommendation that the creation of the landscape for this new development assistance scheme should be taken seriously, or whether it was little more than a theoretical proposition with little substance to it.

²⁶ Article 41 of the WTO Doha Ministerial Declaration "reaffirms... the important role of sustainably financed technical assistance and capacity-building programmes."

²⁷ 'Ownership' by placing trade and aid within the framework of an individual country's general development strategy; 'additionality' by ensuring that this new financial mechanism does not represent a simple trade-off with existing types of development aid.

²⁸ For a further discussion of Aid for Trade see J. Stiglitz and A. Charlton, 'Aid for Trade', *Aussenwirtschaft*, 61:2 (2006)

²⁹ See the UN Report 'Migration in an interconnected world: New directions for action' (<http://www.gcim.org/en/finalreport.html>), *Global Commission on International Migration* (2005)

³⁰ Arthur C. Helton, 'People movement: the need for a World Migration Organisation', *Open Democracy*, 1 May 2003

³¹ See for example 'World Migration 2005: Costs and benefits of International Migration', IOM (2005). For an exclusively economic analysis of the impact of migration on poverty reduction and development see 'Global Economic Prospects: Economic Implications of Remittances and Migration', *World Bank* (2006)

plies from the regions where these skills can be harnessed³² This is a fundamental failing in the international migration dimension of the globalisation of employment that is leading to enormous asymmetries with intense social and political pressures. The challenge of sustaining global patterns of production by either outsourcing or accepting migration as a fact while preserving social cohesiveness, and strengthening – or enforcing – labour norms and rights is a conundrum for which the world appears far from having devised a viable solution.

The discourse on international migration has become an extremely polarised affair with the absence of a common language; one in which public opinion and political rhetoric have become the main theatre in which policy is shaped. At the national level, particularly in European countries, the *raison d'être* of entire political parties can be narrowed down to a single-issue slant on immigration and immigrant populations. At the regional level, southern borders are being militarised to little beneficiary effect in the United States, while the EU, with equal futility, attempts to control entry from its Mediterranean rim by off-shoring detention and screening centres.³³

Globally, the multiple forms of inequities and uneven income effects that have accompanied international and regional integration have become far more visible through new globalised Diasporas and the low-cost distribution of information and communication; hence amplifying the push factor of cross-border migratory flows as inequalities and skewed opportunities become an ever more perceptible and inescapable aspect of daily life. To this push element must be added a rising supply of skills with insufficient outlets in many developing countries, as well as huge demographic pressures with often grossly inadequate employment prospects; particularly

affecting youth in many regions of the world.³⁴ On the pull side, shrinking communities and skill shortages in many OECD countries – soon to be joined by Russia and China – are driving a sustained demand for both high- and low-wage workers.

In reaction to these forces, the management of international migration remains the watchful preserve of sovereign states, for which the main form of institutional response is overwhelmingly through bilateralism – with the notable exception of the denationalising of a new class of transnational and highly mobile professionals who are granted portable rights and protections, inscribed in free trade agreements, that are effective inside signatory countries.³⁵ It appears fanciful to expect in the current climate that national governments would be willing to trade or yield to legally binding treaties that prolong these same rights to low-wage migrants under a multilateral immigrant worker regime that enshrines mobility rights. While top-level professionals are generally welcome and considered economically beneficial, suspicion clouds the aspirations of the lesser skilled for whom the pull factor can too often be the refusal to apply labour rights and standards.

One of the trade policy responses to cross-border migratory flows discussed at length at the meeting was the 'movement of natural persons' under GATS negotiations – known as Mode 4 – at the WTO, although it probably represents a relatively minor part of the international migration problem.³⁶ Within the Doha Development Agenda many countries hold a strong offensive interest in rapid Mode 4 progress and the multilateral implementation of temporary migrant schemes despite the fact that there is, in effect, very little on offer and that prospects for an ambitious deal are not encouraging. One area of concern that arises from present negotiations is the strong skill bias engrained in Mode 4 outcomes that could further reinforce the global asymmetries of polarising income effects

³² The important point was made at the meeting that in conjunction with trends in trade, investment, and the application of labour standards, this dynamic extends beyond the traditional North-South paradigm and ever more into South-South relations. This is also true of remittance flows of which over a third received by developing countries come from migrants in other developing countries.

³³ For an analysis of US border policy see for example Douglas S. Massey, 'Backfire at the Border: Why Enforcement without Legalization Cannot Stop Illegal Immigration', *Cato Institute Trade Policy Analysis* (2005). See also Saskia Sassen, 'Border Battles: The U.S. Immigration Debates', *SSRC* (2006). In an acknowledgment of the failings of border control policy, the EU and African nations convened in Rabat in July 2006 an important meeting at which over 50 governments, promisingly from both sending and receiving countries, discussed a difficult agenda within a common framework.

³⁴ Most markedly in the wider Middle East and Sub-Saharan Africa where the scale and persistence of labour force expansion and compositional shift is unprecedented for any lower- or middle-income region.

³⁵ See for reference 'Multilateral Framework on Labour Migration; Non-binding principles and guidelines for a rights-based approach to labour migration' (www.ilo.org/public/english/standards/relm/gb/docs/gb295/pdf/tmmflm-1.pdf), *ILO* (2006) and for further discussion Saskia Sassen, 'The Bits of a New Immigration Reality: A Bad Fit with Current Policy', *SSRC* (2006)

³⁶ See for reference WTO, http://www.wto.org/English/tratop_e/serv_e/movement_persons_e/movement_persons_e.htm

and create new forms of inequalities.³⁷

Although the migration of workers endowed with high skills can be beneficial to sending countries, the impact on development is far more complex than that of low- and medium-wage labour that induces much clearer poverty reduction effects – through a higher propensity to remit,³⁸ greater domestic labour force participation, and the counter-cyclical nature of remittance flows in response to adverse local conditions.³⁹ There is little doubt that the incapacity to produce a bold and inclusive Mode 4 package under present negotiations will lead to factor and modal imbalances – thus re-offending in the deception of many developing country expectations within the DDA – with systemic implications on the final outcome of the Doha round both within and outside any agreement on services. The challenge faced by negotiators is that of reconciling the consequences of part of the globalisation process with a coherent legal framework based on a broadened and agreed nomenclature of workers with an accepted social floor.

One final important point to emerge from cross expert and multi-stakeholder discussions at the Dialogue on trade and migration was the empirical tendency of temporary worker programmes to lead to permanent settlement – therefore illegal immigration – and that such spot labour schemes often conceal and embed exploitation. The question then revolves around the need to develop jobs for workers with full rights, by reducing discrimination in employment and ensuring that home and host countries work in unison to ensure as far as possible that the temporary nature of contractual obligations remain fixed.⁴⁰ The profound global economic

and social restructuring that is leading to growing supply and demand for workers originating outside national borders implies a recognition on the part of sending and receiving countries of the interconnection of social outcomes previously considered unconnected; with the need to bridge the gap between international and national policy on questions of international migration and immigrant rights.

Concluding remarks, whence forward?

The immense complexities, contradictions, and polarising trends that have accompanied the many benefits of contemporary globalisation and technological change discussed at the Multi-Stakeholder Dialogue imply that, in the new realities of an ever more integrating and interconnected global economy, multilateral cooperation will be of an even higher premium tomorrow than it is today. So as not to discount the critical issues of future linkages and cross-policy coordination – which hovered as a running leitmotiv throughout the meeting – it is important to start chipping away at the mould of the multilateral architecture that could, or should, prevail for the next generation. Coherence is achieved in small and purposeful steps, ones that capture the changing realities, unperceived impacts, and evolving hierarchies of norms derived from predictable and unforetold dynamics.

The World Trade Organization, as a social construct and member driven organisation, can only be entirely ensured of its future significance in the interactive stage of global trade, economic growth and the globalisation of employment if it remains in tune with the evolution taking place in both the geography of trade and the expectations and anxieties raised by the development prefix attached to its obligations under the present round of negotiations. This calls for the sort of leadership, democratic vision and open public debate that so far has been in extremely scarce supply.

The difficulty of selling globalisation induced trade-offs to worried constituents calls for honesty on the distribution and dislocation effects of liberalisation, along with the channels that are being explored to redress them; this includes the provision of individual capabilities on which market-based expansion can draw on. Constituency messaging that infuses a more comprehen-

tion in home countries, paying social payments in joint accounts to be used as a financial lever to return, were all remedies touched upon at the meeting to make temporary programmes more effective and uphold the core principles of labour standards and worker rights.

³⁷ The echo was made at the Multi-Stakeholder Dialogue that it is generally felt that under the present trade round the movement of low and medium skilled workers will not be covered on an MFN basis. Bilateral cooperation will continue to be the main forum of entente between sending and receiving countries with the development of guest, or temporary, programmes that aim to manage or promote flexible and circular migration. See for example 'EU to open job centre for legal African migrants', *Reuters*, 25 Jan 2007

³⁸ International remittances received by developing countries in 2005 reached close to \$170 billion, they are superior to ODA flows, and the full scale of impact is underestimated as many informal channels are unrecorded.

³⁹ Two simple policy responses within the DDA that could ease unemployment pressures leading to low-wage migration would be the eradication of export subsidies in cotton and the erosion of tariff escalations in low value-added manufactures and processed foods.

⁴⁰ Facilitating the portability of social insurance benefits, identifying and providing the micro-finance for job crea-

sive perspective on the benefits open trade can bring combined with adequate social policies, and a better understanding of the systemic nature of current undertakings could potentially alleviate the shortfall of an insufficient leadership reserve to draw on. This would further ease distortionary and unsustainable external pressures that surreptitiously weigh on the negotiating atmosphere.

Regardless of the final outcome of the Doha Development Agenda, a fundamental concern to radiate out of the Multi-Stakeholder Dialogue in terms of legacy is that a very clear signal for the future is going to have to be sent out: it would

be comforting if the message that a long-term effort is being made to move forward on the basis of trust, rather than brinkmanship and beggar thy neighbour attitudes, during the difficult cycles that accompany international cooperation under the parameters of multilateralism. In order to sustain faith in existing institutional processes, the proliferation of unhelpful distractions in the guise of politically motivated preferential agreements and highly dubious bilateral investment treaties, should be moderated. The focus of attention to mitigate unfairness and secure cross-policy coherence in a period of uncertain discontinuities should be the strengthening of the public good provided by multilateralism.

About the author: Fabrice Lehmann is researcher and writer on international economics and politics based in Paris currently working for the Evian Group at IMD. His main region of interest is the Former Soviet Union.

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Friedrich-Ebert-Stiftung
Hiroshimastrasse 17
10785 Berlin
Germany
Tel.: +49 30 26 935 914
Fax: +49 30 26 935 959
E-mail: Roswitha.Kiewitt@fes.de
www.fes.de/globalization

Friedrich-Ebert-Stiftung, Geneva Office
6 bis, chemin du Point-du-Jour
1202 Geneva
Switzerland
Tel. +41 22 733 3450
Fax: +41 22 733 3545
E-mail: info@fes-geneva.org
www.fes-geneva.org