

Bumpy Road ahead of the DDA(Doha Development Agenda)

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Background

- DDA: Doha Development Agenda
 - Why “Development” in the multilateral trading negotiation?
 - Refer to Uruguay Round
- DDA negotiation
 - Deadlock now
 - Advanced economies vs developing countries
 - Agriculture issues; tariffs, subsidy, food security, etc....
 - Any path-through?

New Power: Third Countries

- US, EU: Unlike past, limited leadership in multilateral arena
- New powers: China, India, Brazil, Argentinian, ASEAN countries, African counties...
- The Singapore issues(1996)
 - Investment, competition policy, government procurement and trade facilitation

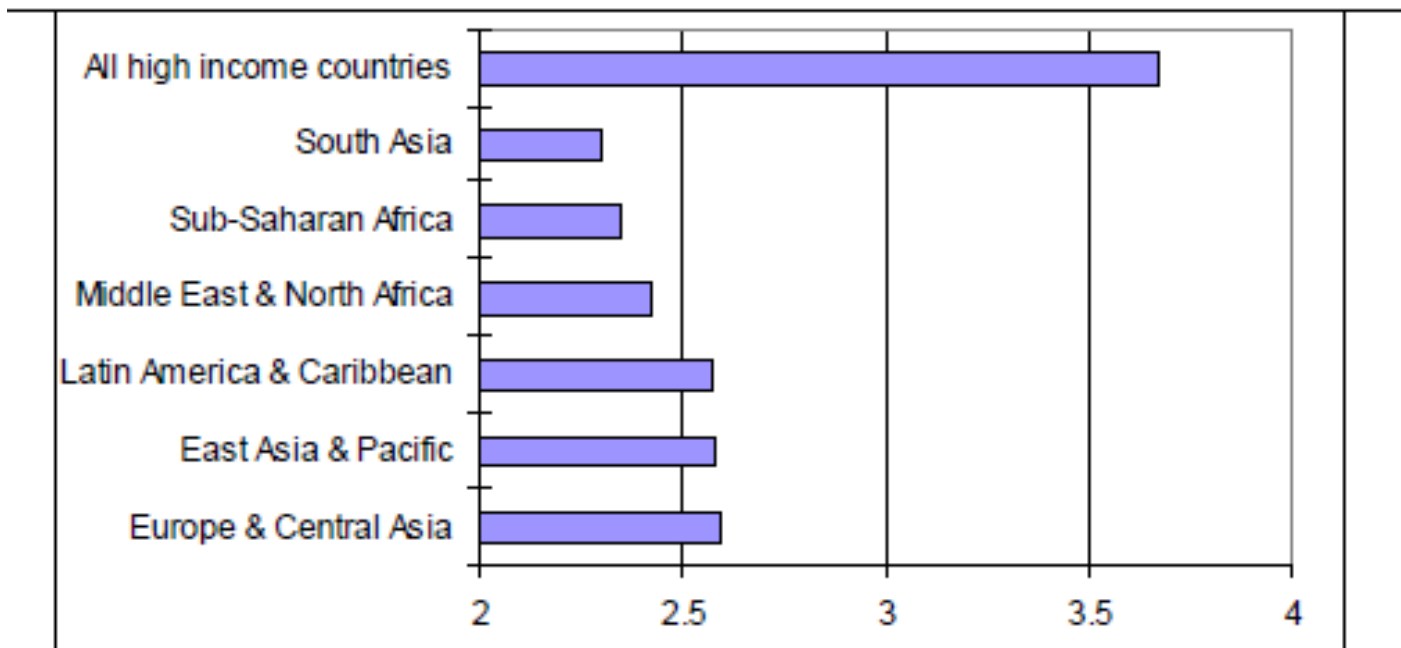
- The Singapore issues
 - were pushed at successive Ministerials by the European Union, Japan and Korea, and opposed by most developing countries. The United States was lukewarm about the inclusion of these issues, indicating that it could accept some or all of them at various times, but preferring to focus on market access.
- Doha (2001) WTO Ministerial Conferences

A Path finder

- Supporting the Development of the Third Countries
- Which sectors?
 - Industry sector? Agriculture?
- Improving Logistics
 - Beneficial for both of supporters and receivers
 - More serious trade barriers for both
 - Huge costs for developing countries

Importance of Logistics

Figure 2: International Logistics Performance Index (LPI)



Source: ADBI(2010), Accelerating Regional Integration: Issues at the Border

Scenarios for Experiment

- 3 Scenarios
 - The DDA conclusion
 - Advanced countries' supports for the logistics infrastructure in third(developing) countries
 - Combination of DDA and logistics

Scenarios for Experiment

- **Logistics**

- **tshock atall(MARG_COMM,TRAD_COMM,Third,Advan) = uniform 10 ;**
- **tshock atall(MARG_COMM,TRAD_COMM,Advan,Third) = uniform 10 ;**

- **DDA trade liberalization**

- **tshock tms(TRAD_COMM,REG,Advan)**
= calculated to cut taxes by $\frac{1}{2}$;
- **tshock tms(TRAD_COMM,REG,Devel)**
= calculated to cut taxes by $\frac{1}{4}$;

Shocks – Logistics

- *Improved logistics in transportation*
- *Positive tech change in shipping of goods between developing region (**South East Asia, Center South America**) to Advanced economies (**Oceania, North America, European Union**)*
- Means less margins services needed per-unit of trade flows
- Ad-hoc value (10%) from 2012-2020

Baseline

(GDP growth, % change per-year)

Time	2002-05	2006-10	2011-15	2016-20
Oceania	3.42	3.59	3.43	3.40
China	3.89	3.46	3.47	3.64
EastAsia	3.87	3.44	3.46	3.67
SEAsia	4.82	4.86	4.67	4.65
India	5.91	5.69	5.36	5.25
SouthAsia	5.91	5.68	5.34	5.27
NAmerica	3.15	3.17	3.24	3.23
CSAmerica	2.64	3.40	3.38	3.36
EU_27	1.77	2.44	2.29	2.29
Turkey	4.59	3.53	2.89	2.89
Africa	3.76	3.93	3.89	3.94
RestofWorld	4.60	3.52	2.87	2.89
World	3.08	3.19	3.14	3.17

Scenarios for Experiment

- **Logistics**

- **tshock** atal(MARG_COMM,TRAD_COMM,Third, Advan) = **uniform 10** ;
- **tshock** atal(MARG_COMM,TRAD_COMM,Advan, Third) = **uniform 10** ;

- Third: SEAsia, CSAmerica
- Advan: Oceania,NAmerica,EU_27

Shocks - Logistics

- *Margins proportion to market world prices (%)*
 - *South East Asia to North America and EU_27*

	NAmerica	EU_27
food	2.7	3.2
extract	0.4	2.6
LghtMnfc	3.5	21.0
mnfc	1.2	5.6

- *CSAmerica to North America and EU_27*

	destination	
	NAmerica	EU_27
food	8.3	20.3
extract	24.7	31.6
LghtMnfc	67.2	41.6
mnfc	3.0	3.8

Results Logistics

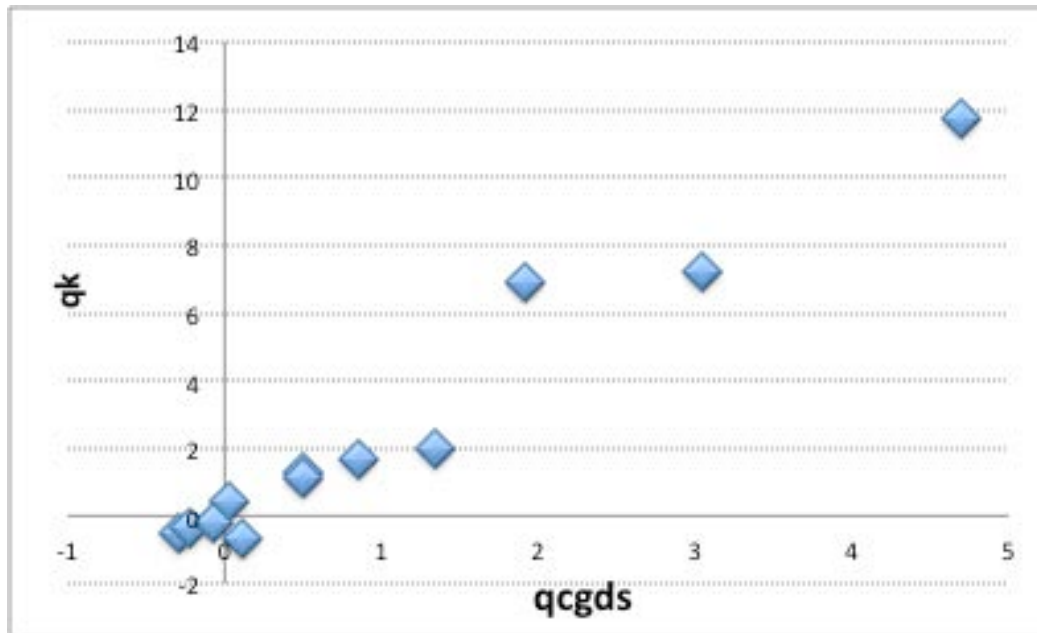
- Cumulative Growth 2011-2020 (% change above baseline)

	SEAsia	CSAmerica
GDP	0.15	0.17
Capital Stock	0.32	0.27
Investment	1.10	0.94

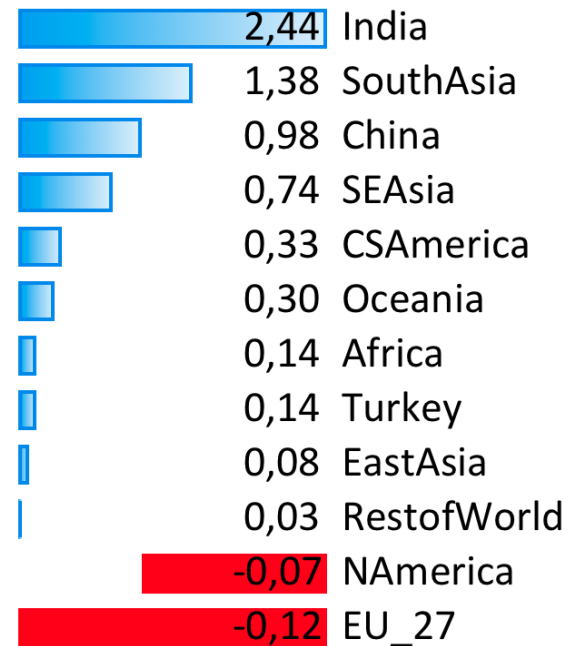
Shocks – DDA

- *25 % cut on import tariffs from all regions to Advanced economies (**Oceania, North America, European Union**)*
- *50% cut on import tariffs from all regions to other (non advanced) regions*

Results – DDA (acum. 2020)



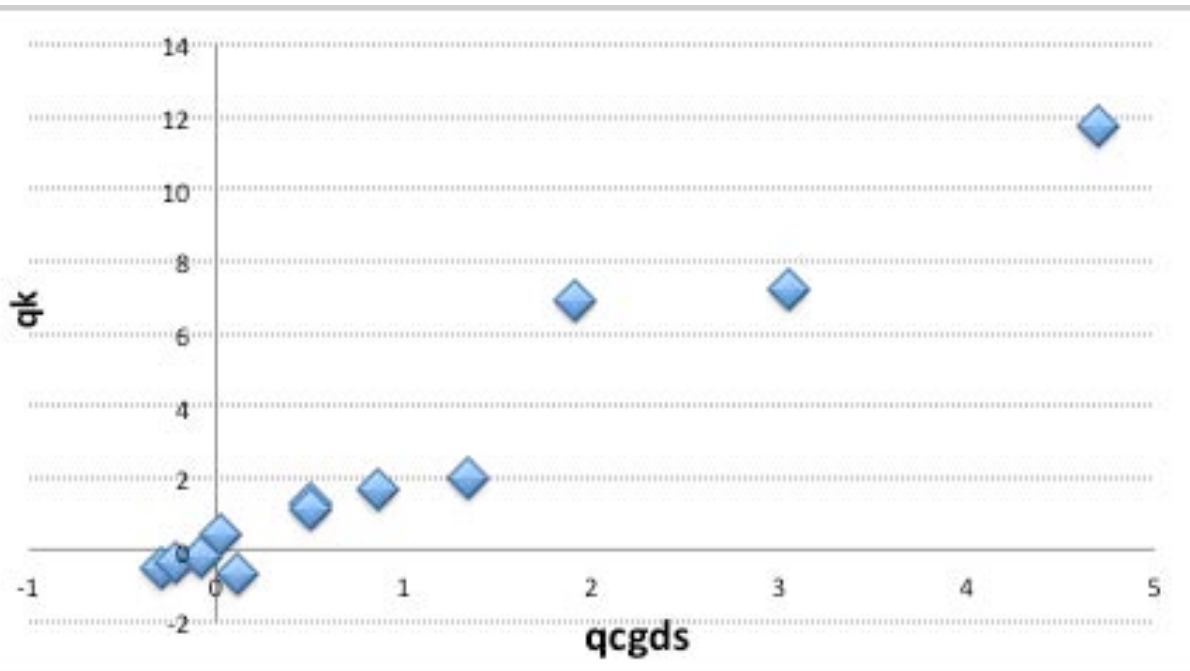
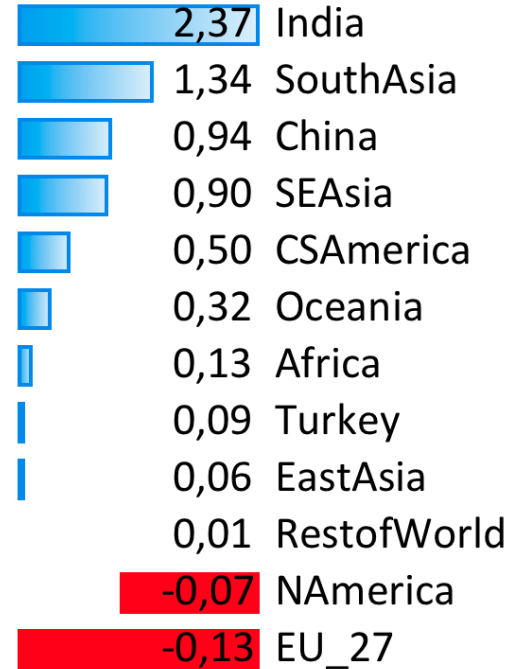
qgdp



GDP (% change)

Results – DDA+Logistics

qgdp



Results DDA+Logistics

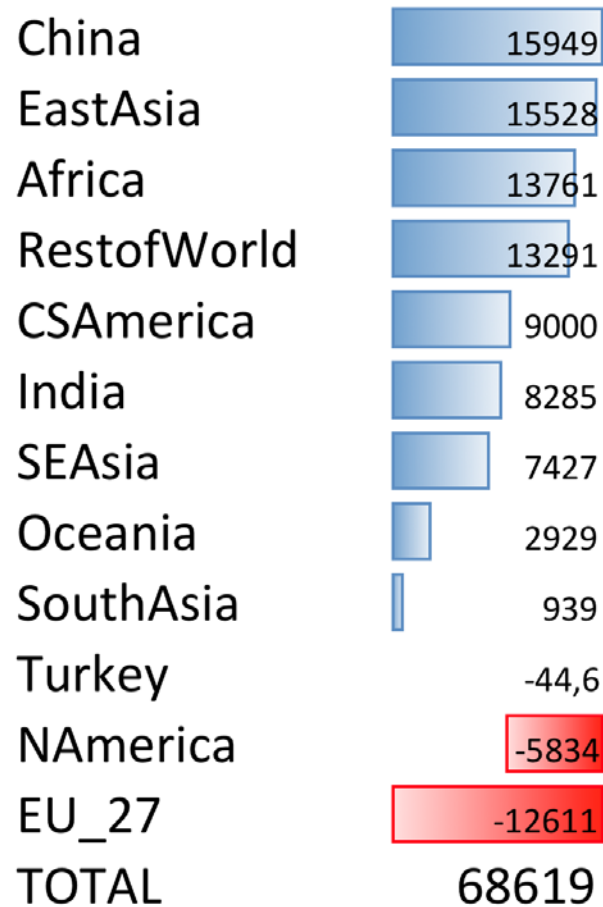
- the bumpy ahead

- Cumulative Growth 2011-2020 (% change above baseline)

	GDP	Capital Stock	Investment
N. America	-0.07	-0.30	-0.57
EU	-0.13	-0.25	-0.42

Results DDA+Logistics - the bumpy ahead

Welfare Gains in 2020 (US\$ millions)



Welfare Decomposition

Region	TOTAL	Allocative	Technology	Terms of Trade	Capital Goods	Foreign Equity
China	15949	10125	0	4664	-822	1982
EastAsia	15528	7293	0	4787	484	2963
Africa	13761	5796	0	7624	-2174	2515
RestofWorld	13291	3770	0	8180	988	354
CSAmerica	9000	7932	2443	-18,3	-274	-1084
India	8285	8862	0	-2576	1483	516
SEAsia	7427	3381	1056	811	423	1756
Oceania	2929	1389	185	1332	-196	218
SouthAsia	939	1570	0	-301	-95,7	-235
Turkey	-44,6	169	0	-306	-1,37	93,6
NAmerica	-5834	1776	2649	-10992	-653	1386
EU_27	-12611	268	1990	-13220	-1914	266

- SEAsia, CSAmerica: around 30% of welfare gains come from Tech. (logistics)

Thanks!