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CIVIL SOCIETY TEAM

A "Bottom Line" Perspective on the Doha Development Agenda: Aid for Trade, Enhanced National Revenues, and Debt Sustainability

September 22, 2005 / Room MC CC1-100

MEETING NOTES[1]

The purpose of this panel was to examine key items of the Doha Agenda from the perspective of whether they are likely to influence the mobilization of resources for poverty reduction in the developing world.
The session was organized by *InterAction* and *International Working Group on Trade and Finance Linkages,* in cooperation with the World Bank and the International Monetary Fund.
The session was chaired by Liane Schalatek (*Henrich Boell Foundation*), and composed of the following panelists: Uri Dadush (Director of the International Trade Department at the *World Bank*), Nancy Alexander (Director of *Citizens' Network for Essential Services*), Hans Peter Lankes (Division Chief of the Trade Policy Division at the *IMF*), and Sony Kapoor Senior Advisor Christian Aid UK and International Tax Justice Network.

Moderator Liane Schalatek opened the session by emphasizing that the bottom line of today's discussion is what resources are to be mobilized for development and poverty reduction. She clarified that what is to be discussed is sustainable development which integrates social and environmental costs, as opposed to a narrower concept of development defined by economic rules.

Ms. Schalatek stressed that following the G8 summit in Gleneagles, and in the context of upcoming Doha meetings in Hong Kong, we are at a critical juncture as expectations are very high and it is important to deliver on promises that have been made in the past year. She summarized the progress that has been made in terms of commitments for debt relief and explained that the issue in question was how the expected multilateral debt relief is to be financed. She stated that although some progress was made during the recent UN Summit, it was also confirmed how wide the gap for reaching the Millennium Development Goals was, and noted that reaching the MDGs would in fact represent only the absolute minimum of what is actually needed in terms of eliminating poverty even if they were fulfilled.

The moderator then brought the focus back to trade by stressing the importance of a breakthrough on agriculture in the upcoming Sixth WTO Ministerial Conference. She said that the importance of trade in contributing to achieving poverty reduction and development is probably not questioned by any of

[1] These summary notes were taken and drafted by a consultant, Zuzana Boehmova, and reviewed and edited by the speakers. Attribution is given only to the panelists since it was not feasible to allow audience participants to review the draft text of the questions and comments before posting this note on the web. If any of the participants have comments or suggested edits to this text we ask that they send an email to the Bank's Civil Society Team at civilsociety@worldbank.org

the four speakers, but that may possibly be the end of their agreements. Ms. Schalatek suggested that the center of the debate might be on what kind of trade rules and regimes are necessary to achieving wide poverty reduction and holistic development. Should developing countries consider liberalizing trade unilaterally, as recent World Bank publications on agricultural trade had suggested they do, even in the absence of advances in the current trade round as opposed to waiting for an agreement with developed countries? Another suggestion for discussion would be to address the redistribution of income within societies after they liberalize trade, and how to mitigate some of the impacts of lost tax revenue. Or does trade only contribute to development and poverty reduction under very specific circumstances and rules not given as of yet and in a system of global governance different from the current one? Ms. Schalatek then went on to introduce the speakers.

PRESENTATIONS:

Uri Dadush started by stating development is working. Mr. Dadush maintained that developing countries are growing in rapid rates, and summarized some of the economic indicators to support his main message. Developing countries, as a whole, have grown over 6% in the last year and the median growth in Africa has gone up to 2%. For the bulk of people in developing countries, there has been an unprecedented improvement in income per capita. He emphasized that these trends have been in large part caused by policies that the developing countries have pursued. Inflation has been cut in half, budgets deficits have been significantly reduced, and average tariffs of around 30% in developing countries 30 years ago are today around 10%. The reduction in tariffs and increased international competition that they have implied has been a part of a greater reliance on the private sector and a move towards market economy.

Mr. Dadush made three main points. His first point was that trade works. The fact that people in China, India and Russia are able to access world products at competitive rates, and that their firms are subject to international competition has been highly beneficial. This is why we need to place a lot of pressure on the Doha process. His second point was that the World Bank has been very active in advocating development-supporting solutions in the Doha negotiations. This effort has two elements. First, the industrialized counties need to significantly reduce the protection of their agriculture, so farmers in the developing countries are not penalized by protection or subsidies in the rich countries. Second, all countries need to participate in the Doha round negotiations. Everyone should seek concessions form their trading partners, and should participate by opening their own markets. At the end of the day, countries benefit most from their own liberalization, as part of a broader framework of macro-stability, private sector enhancement and improvement in the investment climate. As his third point, Mr. Dadush's advocated the viability of Aid for Trade. He noted that he will develop this point briefly, and Hans Peter Lankes will later elaborate on the adjustment aspects. The Bank and the Fund have advocated two main proposals: enhancements to the Integrated Framework for Trade-Related Technical Assistance and a possible multilateral fund to respond to regional and cross-border Aid for Trade needs.

Mr. Dadush explained that the principle of Aid for Trade is increasing of aid to developing countries to support their trade reforms and their competitiveness. Despite the extraordinarily positive impact trade has had, there is a number of poor countries falling behind in this race. Even though these countries have undertaken trade reforms of their own, they have not been able to take advantage of trade opportunities due to fundamental weakness in capacity and infrastructure. Moreover, these countries have very little confidence that they can obtain benefits from free trade and they are rather defensive in the Doha Round negotiations. It is for this reason that the World Bank and the Fund propose to enhance assistance to those countries in two ways. First, by significantly scaling-up the Integrated Framework for Trade-Related Technical Assistance – from $30 million at the moment to $200-400 million. The proposal would strengthen the diagnostic processes and the ability of these countries to include trade-related investments and reforms in their national development strategies, where they would be better positioned to attract additional donor funding - a number of donors had indicated that they were increasing the resources devoted to Aid for Trade in their programs. Second, as the Bank and the Fund recognize that there may be a large uncovered area in terms of strengthening capacity for trade where issues are not country-based but cross borders (as in the case of landlocked economies that rely on cooperation of their neighbors) or are regional in nature. The two institutions propose to study what the needs are in terms of regional or cross-border Aid for Trade, whether these needs are going unmet, and what the international community can do about that.

<u>Nancy Alexander</u> countered Mr. Dadush's point that trade works by claiming that a Trade Progress Report authored by the World Bank two years ago writes that there has been a 60% decline in Africa's share of world exports over the past three decades. She continued to say that this decline in Africa's market share represents staggering income losses, and maintained that not much has changed only because there have been a couple of good years in terms of growth. Moreover only a fragment of growth has reached the rural areas and it is necessary to follow the patterns of growth and identify who really benefits and who loses.

Then <u>Ms. Alexander</u> moved onto the main focus of her presentation, which was the conflict of interest inherent in the IMF and the Bank's role in providing advise and conditionalities vis-à-vis trade reforms. According to <u>Ms. Alexander</u>, there are situations when a developing country's trade minister attends to trade negotiations and bargains for certain advantages within the WTO, and the same country's finance minister is going to negotiations with the World Bank and the IMF and has to give the advantages away. The conflict of interest is embodied in the fact that the main shareholders of the Bank and the IMF are the same entities who face developing country governments at trade negotiations.

<u>Ms. Alexander</u> maintained that contrary of the statements that the trade conditionalities have declined, the institutions' overall influence on developing country trade policy is in fact increasing. For instance, the World Bank prepares ratings of government performance, the Country Policy and Institutional Assessment, that judge performance relative to trade policy. This ex-ante conditionality affects a government's access to credit and its debt threshold as well as future loan conditions.

She referred to the Princeton Survey Research Associates' report to the World Bank as saying that *"most opinion leaders think the World Bank forces its agenda on developing countries. This finding is consistent and overwhelming in all regions and in virtually all countries*". Furthermore, the IFIs often require that Executives make controversial changes in trade policy by "Executive" or "Supreme Decrees." A 2004 loan to Mozambique by the World Bank required that government issues seven decrees. The practice of issuing Decrees by-passes legislatures and, hence, undermines democratic practice.

According to Ms. Alexander, there are three areas where conflicts of interest are evident: 1) For twenty-five years, donors and creditors promoted unilateral liberalization and privatization of assets by developing countries without reciprocal concessions, for example access to industrialized country markets. Ms. Alexander voiced her disappointment over the fact that WTO does not provide developing countries with a mechanism through which to claim credit for unilateral liberalization. 2) The International Financial Institutions promote premature trade liberalization and privatization, which causes the collapse domestic enterprises that are unprepared for "blasts of international competition". 3) The IMF and the Bank require the implementation of measures that were rejected for negotiation by the developing country members of the WTO.

According to the case study on Mozambique in the Operations Evaluation Department's 2005 publication, Capacity-Building in Africa, the Bank put "significant pressure" on the government for years to liberalize procurement. Such measures are highly controversial in industrialized countries. For instance, some 36 states in the U.S. have introduced legislation that would prohibit liberalization of government procurement, due to the impacts relating to local provision of goods and services.

She pointed to a 2002 World Bank study by Dollar and Kraay that shows poor growth rates in countries dubbed "non-globalizers" as compared to "globalizers" with open regimes. What the study omits to mention is that the "non-globalizers" are commodity producers with long-term declines in international prices. The study also fails to mention that successful countries reduced trade barriers after years of growth. Hence, openness is a result of growth rather than a driver of growth.

Ms. Alexander's next point was the existence of double standards. A review of average tariffs in developing countries shows that at 30%, India's average tariff is about 20 points higher than the average. India is the top borrower from the World Bank, yet it has been able to violate all the premises of IMF's and Bank's "ideal" trading regimes. Although, by their charters, the IFIs are required to treat all members equally, they do not. For instance, Malawi followed many practices which India employs with regularity, such as subsidizing parastatals, yet the IMF used its capacity to nearly cut off Malawi's aid from December 2001 to August 2005 when the country's famine reached extreme levels.

Ms. Alexander also addressed Aid for Trade-related capacity-building. She said that according to the OED, although the Bank has spent about $1 billion in support of capacity-building, the institution has not tracked, monitored or evaluated its programs in this area. Finally, she criticized the incorporation of Diagnostic Trade Integration Studies into PRSPs without any popular consent.

Hans Peter Lankes started by noting that on the part of the IMF, there has been an increase in advocacy of trade over the past 4 years, which has been largely linked to the Doha round, which the Fund sees as a great opportunity for developing countries. The Fund's engagement takes several forms. It has a significant element of trade surveillance in large industrialized countries such as the US, the EU, Japan and Canada. Every staff report in the Article IV consultations process has contained a significant section on trade, with a focus on systemic issues, including what impact the policies have had on developing countries. Also, the number of speeches by IMF management on trade issues has significantly increased. The IMF also stepped up research on trade-related vulnerabilities, and it also introduced a couple of new financing mechanisms. The objectives of this work have been threefold. First, to increase pressure on large countries to reform what the Fund considers damaging policies on their part. Second, to convey to developing countries that multilateral engagement in trade is in their interest. Third, to address specific adjustment concerns that developing countries had in regards to loss of tariff revenues, on preference erosion, on the impact of the expiry of textile quotas, and on changes in food terms of trade.

Mr. Lankes continued by saying that the use of conditionalities related to trade has also changed and declined. There has been a shift towards broader management issues in the trade area, particularly related to customs. Conditionality relating to traditional trade policy instruments, such as tariffs and non-tariff barriers, had peaked in the mid-1990s but had become rare in recent years as a result of the Fund's broader effort to subject conditionality to much stricter relevance and ownership tests.

Furthermore, together with the Bank, the Fund responded to increased willingness, especially from the UK, to step up Aid for Trade. There is a broad willingness to do more in this area, and the Bank and the Fund tried to propose ways in which Aid for Trade could be increased. Mr. Lankes pointed out that there are examples of countries with legitimate concerns and of countries that are facing large adjustment challenges in case of a multilateral liberalization. The example of that would be countries that benefit from the distorted sugar and banana markets, countries that benefit from preferences in the textiles market, or countries that depend very heavily on tariff revenue for financing their budgets and are concerned about lost revenue. The IMF's view is that these countries should be assured of transitional support from the international community. It is essential that the countries with adjustment problems are clearly identified, and to help them obtain assistance.

In order to address these concerns, it is suggested in the Aid for Trade paper that the Bank and the Fund work with countries bilaterally to asses the nature of their adjustment needs and to work with the countries on policies to address the adjustment problems. Further to provide assistance under existing mechanisms, and finally if a country is found to have severe problems that cannot be easily resolved under the existing mechanisms, to coordinate with donors to get additional assistance.

In his remarks, Sony Kapoor voiced several concerns. He was skeptical of broad, generic statements that development and trade are working. In response to Mr. Dadush's statement that things are looking better for developing countries now, Mr. Kapoor pointed to the potentially large influence of exogenous factors such as commodity prices as being the main factor responsible for this. He then stated that growth rates, for example in Latin America, have actually slowed down in the last 25 years under trade liberalization and "neoliberal" policies having come down from high levels to near zero levels in the late 1990s. If trade did really work, the question was what form of trade we had in mind. He thought it necessary to differentiate between the trade the Bank and the Fund are talking about, and the trade that Oxfam and Christian Aid are talking about.

Mr. Kapoor summarized his presentation in several points. 1) The benefits of the Doha round are vastly exaggerated. 2) The pitfalls of revenue losses and negative impacts on agriculture and on employment are usually understated. 3) Countries are caught in vicious cycles of unilateral import liberalization which results in the worsening of terms of trade, which results in current account deficit, which results in countries having to borrow more, and they end up in debt which allows for the Bank to impose more conditionalities, which makes them even more vulnerable and they land in a debt trap, leaving them without the resources to pursue domestic development.

The speaker also addressed the use of trade conditionalities by the Bank and Fund, noting that Christian Aid and he not perceive it to be on a decline. Rather, it seems a mere shift in rhetoric, while the only change is that the forms of conditionality have been transformed.

While discussing the issue of lost government revenue, Mr. Kapoor maintained that incomes from tariffs are essential for the poorest countries, and the role of their governments is absolutely paramount so that they are able to finance basic health and educational needs of their citizens. The reduction of government revenue increases both aid dependence, and debts. He compared this situation to progressively running faster and faster while still staying in one place.

Mr. Kapoor also identified capital outflows as one of the costs associated with liberalization. In an attempt to attract investment and to have a more open capital account like the Bank and the Fund recommend, the opportunity for the flight of capital has gone up sharply. The capital flight from developing countries has been estimated by Raymond Baker at the Brookings Institute to be as high as $800 billion dollars annually. Therefore, for every dollar that flows to the developing world as aid, at least ten dollars flows out in the form of capital flight. Here he sees the role for the Fund in action against tax havens, or in trying to get more cooperation against banking secrecy, which would provide developing countries with more policy space.

Mr. Kapoor concluded with pointing to the countries that are currently wealthy, and argued that they attained that status by pursuing policies that are no longer an option for developing countries. He pointed to the restriction of monetary, fiscal, trade and industrial policy space through the combined effect of WTO, IMF, World Bank and donor country policies. The restriction comes about in the form of both conditionality as well as the incentive system that has been put into place by donors "to encourage certain limited models of economic development as determined by primarily neoliberal underpinnings that have little or no basis in empirical proof".

After the panelists' comments, the moderator invited them to provide rebuttals to each other but the speakers agreed to open the floor to questions instead.

QUESTIONS AND COMMENTS FROM THE AUDIENCE (first round):

1. I understand that trade works. There is no growth without trade. But the focus of our discussion should be on whether the current trade relationship is working. The notion of fair and equitable trade should be the focus of the discussion.
2. We have had the WTO in place for over 10 years. There is a substantial problem in implementation of the Uruguay Round. I am wondering why is it only now that the Bank/Fund realized that we need Aid for Trade. I consider the fact that they have not recognized this earlier a mission failure. Are you they to take responsibility for this?
3. What needs to be discussed as well is the decline of commodity prices. Can the Bank/Fund explain why the Aid for Trade framework does not address this?
4. If trade is working, why is there such a fierce battle going on as part of trade negotiations? If trade is working, how come that everyone is not happily liberalizing?

5. If there are adjustments necessary as part of Aid for Trade, how much money is going to allocated to this approach? Can it ever be enough? It would be more important to get the policies right.
6. I am struck by the absence of non-trade concerns in the Aid for Trade paper. This seems to be in contradiction to the alleged holistic approach to development preached by the World Bank.
7. This paper assumes that growth equals poverty reduction. Trade should lead to poverty reduction, but it also leads to negative externalities. It seems like the answer from the Bank's and Fund's intervention would be to make adjustments. But that means more grants and loans, and more debt. Wouldn't it make more sense to have an integrated approach, and try to incorporate non-trade concerns such as labor laws, environmental and health standards?

Mr. Uri Dadush was the first one to respond: He clarified that while he believes that trade works, he does not consider the current trading system fair. Currently it tends to discriminate against developing countries, since agricultural subsidies are damaging and there is a lot of other asymmetries. The Bank's first objective in this area is therefore to make the current trading system more supportive of development.

On the issue of declining commodity prices: this is not what this paper is about. The Bank has done a lot of other research on declining commodity prices, and papers on this topic are available. This phenomenon is in fact not a recent thing. Commodity prices have been declining since 1850. Aid for Trade may in fact help some counties diversify if it is successful in its approach.

Mr. Dadush agreed that the Aid for Trade approach could have been introduced sooner, but urged participants to support it now.

In regards to trade conditionalities, he maintained that from his experience at the Bank, he does not remember a case in which there would be trade conditionality used. There has been a recent review that verifies that there is very little trade conditionality, if any. The ones who have made this point are fighting battles of 20 years ago. He emphasized that he would be very grateful if the critics could instead use their energy to help in the advocacy of Aid for Trade.

With regard to whose agenda is being pushed, the Bank hopes that it is the countries' agenda. The Bank has tried to encourage participation of civil society in the trade diagnostics work, and extensive guidelines for involving civil society are in place. The goal is to integrate trade within the PRSPs.

In terms of non-trade concerns, the Bank has addressed these issues in other papers as well. The bottom line of this topic is that rich countries should not be trying to impose the labor and environmental standards on developing countries. They can be encouraged towards better standards, but should not be forced to develop measures that they cannot afford, and which are not appropriate for their stage of development.

Nancy Alexander was next to respond: She mentioned various studies that document that various trade conditionalities are still in place. One of the Bank's major publications, Review of World Bank Conditionality, discusses the extent of it. It depends however, if the broad or narrow definition of trade conditionality is used, and her side prefers to use the broad one

"Country Policy and Institutional Assessment" is a very important document for anyone who wants to understand trade conditionality. For example, it establishes the principle that countries can get more aid if they get a high grade. If countries do not get a high grade, they will have more conditionality. Conditionality comes in a variety of forms. What should be included for example is the design of agricultural producer prices, which are profoundly trade-related. Of all case studies that Ms. Alexander worked on, Mali's case stood out the most. There was a host of conditionality imposed on Mali, including the IMF's requirement that the government includes a cotton-pricing mechanism, which would adjust the prices of Mali's producers to the international level. This mechanism was designed by IMF, World Bank, the government of Mali, the EU, and authorities from France and the Netherlands. These entities are designing a producer price which establishes how much expendable income there is in the budget. On the other hand, if the people of Mali were designing the support program, they would tailor it according to the needs that they have as producers. Because of the major trade losses, most of the poverty programs are being closed down in Mali by the IMF and the Bank.

In response, the moderator suggested that rather then going on about specifics, it would be a good idea to distribute some of the papers on this topic to the participants. Then she asked Hans Peter Lankes to address the question regarding the levels of adjustments as part of Aid for Trade, and whether the adjustment can ever be sufficient or if it would not be better to design another policy.

Hans Peter Lankes began by saying that financing of this nature should be associated with policy measures that would over time eliminate the need for such adjustments. The Trade Integration Mechanism, for example, is designed to provide finance in the transitional period in order to soften the adjustment. Another example is the issue of revenue losses: governments can take measures to make up for the lost income by indirect domestic taxation. Countries have been taking these measures throughout history, and what used to be a significant source of budgetary income for countries that are industrialized today does not exceed 1.5% of their fiscal revenue. Countries need to engage in a process of strengthening other revenue measures. If this is done very quickly, there are obviously adjustment costs. These costs would be under the Aid for Trade framework subsidized for a limited period of time. He confirmed that trade liberalization should not be infinitely funded by taking on more debt.

In response to claims that poor countries have not been able to replace their revenues by more then 1/3, Mr. Lankes maintained that in fact there is a simple division: the countries that strengthened domestic taxation and actively tried to bring more money into the budgets made up for the revenue losses, whereas countries that did not increase domestic taxation did not. There are various reasons why some of the countries did not actively look to replace the lost revenue, for example when they had access to significant grant funds for budget support. Nevertheless, the IMF can significantly help countries in replacing revenue losses, and had done so in a large number of cases.

In regards to issues of cotton, he reiterated that the policies of subsidies in the US and the EU are extremely damaging, and inconsistent with the rhetoric on aid and development. At the same time, West African countries have not had the same increase in productivity as India, China or Latin America. Second issue to consider is what countries do while cotton prices are low. A gap is created if they decide to maintain domestic prices. He questioned whether money to finance the difference should come from education, or health budgets, from higher borrowing or elsewhere, and pointed out that there is always a need for difficult trade-offs. The notion that the IMF is pursuing an elimination of social protection systems so that it can allow for the prices to fall is completely misconstrued.

Finally, he fully agreed that the Bank and the Fund should have a more integrated approach to trade issues. Even before the PRSPs, there has always been an effort to integrate different policy areas. The Comprehensive Diagnostic Trade Integration country study is in fact the first step that is carried out after a country joins the Integrated Framework. Once completed, the DTIS are discussed at a national workshop with the participation of all stakeholders, a model that is based on the PRSP concept.

Sony Kapoor stated that trade liberalization has resulted in a serious loss of government revenue and that the IMF's own work showed that the that the best case scenario was for poor countries to recover less than 30% of their lost revenue through increased indirect taxation that is regressive. He reiterated that most countries had not succeeded in recovering this lost revenue and that the countries that had followed IMF advice did no better than the ones that did not.

In regards to conditionality, he agreed that forced conditionality has decreased, yet what has not changed is the incentive system. Certain steps that finance ministers take get rewarded with more aid, while non-compliance may result in more debt and reduced and volatile aid flows that could destabilize the economy. Going back to the issue of lost revenue, he stated that one of the reasons why countries cling on to tariff revenue is that tariffs are one of the easiest taxes to collect. Proposals to replace lost tariff income by taxes such as a value-added-tax which is extremely regressive do not help developing countries which actually need a redistributive tax structure. On the issue of Aid for Trade, he emphasized that trade related reforms have high social and economic costs and what the discussion of the issue shows is that this has now been formally recognized at the highest levels, including at the Bank and Fund. This recognition was a good thing; yet the belief that there exist only temporary adjustment costs is wrong. He pointed to examples of countries that after trade liberalization and structural adjustments lasting more than 20 years were still paying the costs.

QUESTIONS AND COMMENTS (second round, addressed to Uri Dadush):

1. Why continue to build on the Integrated Framework when it has not been a successful concept?
2. An OED review shows that a lot of diagnostics has not been followed by countries. Why would it be different in the future?

Uri Dadush first reacted to remarks that Nancy Alexander made on Review of World Bank Conditionality, and stressed that the conclusion of this project was that the frequency of trade conditions and benchmarks has declined so significantly that it is no longer a relevant component.

In addressing the questions, Mr. Dadush explained the Bank and the Fund advocate the Integrated Framework because it has already brought some good results. One of the positive outcomes has been that it brought onto the radar screen the fact that there are a significant number of countries that have not benefited from the current trading system despite the reforms they have undertaken and despite the preferences they have received. It is an imperfect framework, but at least we have pledges from the donors to enhance the framework by $200-400 million of additional funding to build capacity and to respond to the technical needs of the countries in question. As of next week, a concerted effort to rethink the management of the Integrated Framework will begin, with the aim to come up with a better organizational structure.

[At this point the session was scheduled to adjourn and Mr. Uri Dadush had to leave. Only three remaining panelists answered questions for the extended period.]

QUESTIONS AND COMMENTS (third round)

1. I was very disappointed to read the Aid for Trade document. There is nothing in it that the developing countries are asking for during the Doha development round. There is nothing on the 86 implementation issues they brought up at the WTO. Can you make a symbolic oath [for the World Bank and the IMF] that the rich countries will not be left off the hook and interests of the poor countries will be pursued?

Nancy Alexander reminded again that there is a narrow and a broad definition of trade conditionality with 'guidelines of engagement" for middle income countries being in fact conditionality. She expressed disappointment over the fact that hardly any of the questions she raised have been answered by the Fund and the Bank, especially how can it be legal for the institutions to implement agreements that the developing countries rejected for negotiation.

In response to the question of whether the IMF and the Bank are missing points that countries really care about, such as the 86 implementation issues that were raised, Hans Peter Lankes clarified that the institutions are not part of the Geneva negotiating process. Within their mandate and expertise is to help trade facilitation, help with adjustment financing, and with the balance of payments. The institutions should be involved only in areas where they can make a difference.

In addressing the issues of whether the Bank and the IMF are driving down commodity prices, Mr. Lankes stated that the countries that have expanded their commodities exports the most have not had IMF programs with trade content. In fact, Brazil is probably the main culprit of driving down the world commodity prices, and the IMF program in Brazil had nothing to do with this. Vietnam has been driving down coffee prices through a government subsidized program which the IMF has been advising against.

For his concluding remarks, Mr. Kapoor framed his position by stating that it is his job as a CSO advocate to critically evaluate the "establishment" and push the boundaries of what the Fund and the Bank can do for developing countries, and that his remarks should not be taken personally. He proposed that another meeting be scheduled to follow up on this session to discuss the trade agenda in more detail.

He noted that the issue of what sort of resource implications the Doha round will have for developing countries has not been resolved, and that it was clear that there was no guarantee that trade liberalization and the implementation of the Doha agenda would bring about sustainable growth, and expressed concerns over possible structural deficits and their impact on developing country policy space.

In her closing remarks, moderator Liane Schalatek mentioned that it will be beneficial for the panelists to reconvene and discuss the issues again, and appreciated the participation of the audience and thanked the panelists.