
Doha Policies: Where are the Pay-offs?

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The Doha Round could promote development.¹ But it will fall significantly short if it does not liberalize agriculture and include some effort by developing countries as well as high-income countries. The potential gains from full multilateral trade liberalization range from \$290 to \$460 billion (Anderson, Martin and van der Mensbrughe 2006a). According to the simulations reported here, a Doha agreement that makes significant cuts in WTO-agreed ceilings (bound rates) for tariffs could bring those gains within reach.

The need for deep cuts in bound rates is especially acute in agriculture, where protection is far higher than in manufacturing and where bound rates exceed applied rates by especially large margins. Two measures are important for capturing potential benefits: (i) capping maximum tariffs and (ii) resisting the temptation to exclude a large number of products from cuts. Exempting even 2 percent of tariff lines could eviscerate the round.

But cuts in bound rates must be more than broad and deep; they must apply to developing as well as developed countries. The benefits to developing countries of an ambitious Doha agreement will come as much from reform in the South as from reform by high-income countries. For that reason, developing countries must participate fully in the round by offering larger tariff cuts and making real reforms rather than seeking shelter under the banner of special and differential treatment (SDT).

This note presents results from modeling five scenarios to assess the effect of different magnitudes and types of cuts in agriculture and nonagricultural products. Before presenting details of these scenarios, we survey the potential gains in both a dynamic and static sense, to provide an idea of what is possible from the right agreement and to lay down a benchmark against which to evaluate possible outcomes of the Doha Round. We then analyze the five scenarios to illuminate some of the major issues that will determine the success of the Doha Round.

The range of the possible: What could full multilateral liberalization deliver?

Full removal of protection—both domestic and at the border—on trade in goods would raise global real income by an estimated \$287 billion in 2015, relative to a baseline scenario and assuming that trade reform has no impact on underlying productivity.² The gains would be higher for high-income countries in dollar terms,

but as a percentage of initial income they would be larger for developing countries (table 1).³

The gains in various parts of the world can be decomposed by source (table 2). At the global level, nearly two-thirds of the gains would be derived from the complete removal of protection on agriculture and food, with 14 percent generated by removal of remaining protection on textiles and apparel and only 23 percent by removing protection in all other manufacturing sectors. Agricultural protection is equally important for the gains to developing and high-income countries, accounting respectively for 63 and 64 percent of the regional gains. About 50 percent of the gains to developing countries come from removal of barriers on trade among developing countries. This is also true for agricultural reform. Developing countries gain just about as much whether high-income countries liberalize agriculture and food or developing countries do so.

These estimates of gain assume that trade opening has no impact on productivity and that the only dynamic effect of the gains comes from relatively small changes in investment volumes and structural shifts. In an alternative specification, the change in trade openness—as measured by the export-to-output ratio at the individual sector level—is linked to a change in productivity. The alternative scenario assumes that if trade openness leads to larger export volumes as a share of total output, sectoral productivity will increase. The linkage between exporting and productivity can be motivated by a combination of effects—among them matching international standards, overcoming threshold effects, reaping scale economies, taking advantage of network effects, and learning by doing.⁴ The effects of this linkage between trade and productivity can be seen in the columns of table 1 labeled “Full-reform, dynamic.” The global gains from this scenario would rise to 1.1 percent relative to the baseline, compared with a rise of 0.7 percent without the productivity boost. However, the gains for developing countries more than double—from \$86 billion to \$200 billion—as the impacts of reform lead to a higher relative shift to exports compared to the high-income countries.

These simulation results cover only a narrow, if important, set of issues in the context of international trade negotiations. For example, services—which account for between 50 and 80 percent of national output and have high entry barriers—are not covered, nor is trade facilitation. Other factors can influence the size of the gains in merchandise trade reform. For example, the results may be understated because of the assumption of full utilization of preferences, and the pernicious effects of high tariffs may be dampened through product and country aggregation. On the other hand, the gains to low-income countries may be overstated if anticipated supply responses do not materialize—hence the importance of the “aid for trade” agenda being developed to encourage supply responses.

Table 1. Change in real income in alternative Doha scenarios, 2015

a. Dollar change (in billions of 2001 dollars) compared to baseline scenario

Country group	Full reform, static (1)	Full reform, dynamic (2)	Scenario 1 Ag only (3)	Scenario 2 Ag-SSP (4)	Scenario 3 Ag-SSP+cap (5)	Scenario 4 Ag+nonag (SDT) (6)	Scenario 4 + Productivity (7)	Scenario 5 Ag+nonag (all) (8)
High-income	201.6	261.1	65.6	18.1	43.2	79.9	95.8	96.4
Developing	85.7	200.1	9.0	-0.4	1.1	16.1	29.9	22.9
Middle-income	69.5	145.1	8.0	-0.5	1.0	12.5	22.3	17.1
Low-income	16.2	55.0	1.0	0.1	0.0	3.6	7.6	5.9
World	287.3	461.2	74.5	17.7	44.3	96.1	125.7	119.3

b. Percentage change compared with baseline

Country group	Full reform, static (1)	Full reform, dynamic (2)	Scenario 1 Ag only (3)	Scenario 2 Ag-SSP (4)	Scenario 3 Ag-SSP+cap (5)	Scenario 4 Ag+nonag (SDT) (6)	Scenario 4 + productivity (7)	Scenario 5 Ag+nonag (8)
High-income	0.62	0.81	0.20	0.06	0.13	0.25	0.30	0.30
Developing	0.84	1.97	0.09	0.00	0.01	0.16	0.29	0.22
Middle-income	0.85	1.77	0.10	-0.01	0.01	0.15	0.27	0.21
Low-income	0.82	2.79	0.05	0.01	0.00	0.18	0.38	0.30
World	0.67	1.08	0.18	0.04	0.10	0.23	0.30	0.28

Source: Authors' simulations using World Bank Linkage model.

Table 2. Regional and sectoral source of gains from full liberalization of global merchandise trade, developing and high-income countries, 2015

Change in real income in 2015 relative to the baseline scenario

	Gains by region (US\$ billions)		
	Developing	High-income	World
Developing countries liberalize:			
Agriculture and food	28	19	47
Textile and wearing apparel	9	14	23
Other merchandise	6	52	58
All sectors	43	85	128
High-income countries liberalize:			
Agriculture and food	26	109	135
Textile and wearing apparel	13	2	15
Other merchandise	4	5	9
All sectors	43	116	159
All countries liberalize:			
Agriculture and food	54	128	182
Textile and wearing apparel	22	16	38
Other merchandise	10	57	67
All sectors	86	201	287
	Share of global gain (percent)		
	Developing	High-income	World
Developing countries liberalize:			
Agriculture and food	33	9	17
Textile and wearing apparel	10	7	8
Other merchandise	7	26	20
All sectors	50	42	45
High-income countries liberalize:			
Agriculture and food	30	54	47
Textile and wearing apparel	15	1	5
Other merchandise	3	2	3
All sectors	50	57	55
All countries liberalize:			
Agriculture and food	63	64	63
Textile and wearing apparel	25	8	14
Other merchandise	12	28	23
All sectors	100	100	100

Note: Small interaction effects are distributed proportionately and numbers are rounded to sum to 100 percent.

Source: Authors' simulation using World Bank's Linkage model.

Modeling possible Doha scenarios

The Doha Round was launched at the WTO's meeting of trade ministers at Doha in late 2001. The following ministerial meeting, in Cancún in September 2003, ended in acrimony and without an agreement on how to proceed. At Cancún, developing countries made it abundantly clear that further progress would not be possible without a commitment by developed countries to significantly lower their agricultural subsidies (notably for cotton). An intense period of consultations in July 2004 ended in the early hours of August 1 with a decision on how the Doha work program should proceed (WTO 2004). The so-called July Framework Agreement hints at how a Doha agreement might be structured. What emerged with respect to the three major agricultural issues, or pillars, is especially important.⁵

To illustrate the different issues involved in a possible Doha outcome, we look at five reform scenarios. The first three deal with different aspects of agricultural reform, which, as noted above, is particularly important as a source of potential gains. The alternative agricultural scenarios show the impacts of allowing for exemptions for so-called special or sensitive products, and allowing for a cap on the highest tariffs. The final two scenarios add manufacturing (also known as NAMA, for nonagricultural market access) to the mix, with the final scenario showing the relative importance of special and differential treatment (SDT).

Underlying these scenarios are the levels of protection actually imposed. One of the key features of protection is the difference between the so-called bound level of protection and the applied level of protection. A country may have an actual tariff of 20 percent on an item, whereas the bound tariff is 100 percent. This allows the country to raise tariffs to 100 percent under current WTO rules. The difference between the bound tariff and the actual tariff is called the "binding overhang." Because the negotiations focus on the bound tariffs, which are substantially higher than applied tariffs in most cases, the proposed reductions will have to be high if any measurable liberalization is to occur. In the case of the example above, even an 80 percent cut in the bound tariff would lead to no liberalization. A cut of 90 percent in the bound tariff would lead to a 50 percent cut in actual protection.

The scenarios envisaged reflect the following assumptions:

- In terms of domestic agricultural support, where there is a huge gap between bindings and actual support, we assume cuts relative to actual support of 28 percent in the United States, 16 percent in the European Union, 10 percent in Australia, and 18 percent in Norway, corresponding to a cut of 75 percent of the bound rates for countries with AMS notifications⁶ above 20 percent of the value of production and cuts of 60 percent for all other countries. These assumptions affect only the four economies mentioned.
 - Export subsidies are eliminated as inconsistent with WTO rules.
 - A Harbinson-type formula (WTO 2003b) is used for agricultural tariffs—that is
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top-down progressivity, but on a line-by-line basis rather than an average-cut basis; with greater cuts than in the original Harbinson formula to achieve more impact with respect to market access; and on a marginal-cut basis (as in a progressive income tax) to avoid discontinuities. The simulations are based on a 45 percent, 70 percent, and 75 percent bound-rate cutting rule for developed countries; a 35 percent, 40 percent, 50 percent, and 60 percent cutting rule for developing countries; and no cuts for least developed countries.

- Negotiations on *nonagricultural market access* have lagged behind those on farm products, so in the absence of any clear guidance we assumed a 50 percent cut in bound tariffs by developed countries and 33 percent by developing countries other than least developed (from which no cuts are being demanded).

How high are the tariffs from which these cuts will be made? We draw on the dataset compiled by the Centre d'Etudes Prospectives et d'Informations Internationales (CEPII) for 2001 and use the World Bank's LINKAGE model to project the world economy first to 2005, taking into account the complete implementation of the Uruguay Round, the accession to the WTO by China, and the eastward expansion of the European Union to 25 members. The tariffs so generated are assumed to remain unchanged to 2015 in our baseline scenario (table 3, column 1). The tariffs for farm products are more than three times the average for all goods and so promise to be a major source of gains from reform.

The core agricultural reform scenario (Scenario 1) would reduce tariffs on farm goods by one-third globally but by very little in developing countries because of SDT and a large degree of binding overhang (table 3.a). If "sensitive" and "special" farm products are subjected to smaller cuts, as in Scenario 2, the drop in farm tariffs would be far less. Even when a cap of 200 percent is applied, as in Scenario 3, only some of that effect is restored. When nonagricultural tariffs are also cut, as in Scenario 4, the global average tariff on all goods—4.7 percent in the baseline—falls to 3.5 percent (table 3.b). It would fall even further if developing countries fully engaged in Doha reform, as in Scenario 5; indeed their average tariff would fall nearly as much again in that scenario as by moving from Scenario 1 to Scenario 4.

Estimates of welfare and trade impacts of prospective Doha reforms

Scenario 1 focuses first on agricultural reform alone. Column 3 of table 1 suggests that agricultural liberalization using the harmonizing tiered formula (Scenario 1) would generate a global gain of \$75 billion even without the inclusion of nonagricultural tariff reform (column 6)—translating into 80 percent of the gains when NAMA is included. But almost all of those benefits accrue to the reforming high-income countries, such that developing countries would gain only \$9 billion

Table 3. Average applied tariffs under different Doha scenarios, 2015a. Percent tariff rates
Agriculture and food

Country group	Baseline	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
		Ag only	Ag-SSP	Ag-SSP+cap	Ag+nonag (SDT)	Ag+nonag (all)
High-income	15.9	8.4	13.5	11.5	8.2	7.5
Developing	14.2	12.5	13.4	13.3	12.4	10.6
Middle-income	12.1	10.4	11.4	11.2	10.3	8.9
Low-income	22.0	20.7	21.5	21.5	20.7	17.5
World	15.2	10.0	13.5	12.2	9.9	8.8

b. All merchandise

Country group	Baseline	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
		Ag only	Ag-SSP	Ag-SSP+cap	Ag+nonag (SDT)	Ag+nonag (all)
High-income	2.9	2.3	2.7	2.5	1.6	1.6
Developing	8.4	8.2	8.3	8.3	7.5	6.8
Middle-income	7.2	7	7.1	7.1	6.3	5.6
Low-income	15.5	15.3	15.5	15.4	14.6	13.4
World	4.7	4.2	4.5	4.4	3.5	3.2

Note: Baseline uses tariffs in 2005. Scenario 1 assumes cuts in agriculture only using a modified Harbinson tiered formula with higher percent reductions for higher tariffs. Scenario 2 is the same as Scenario 1, but with exemptions for special or sensitive products. Scenario 3 is the same as Scenario 2, but with a 200 percent cap on the highest tariffs. Scenario 4 is the same as Scenario 1, but includes reductions in manufactured tariffs. Scenario 5 is the same as Scenario 4, but drops special and differential treatment for developing countries.

Source: Authors' simulations using World Bank Linkage model.

because their tariff binding overhang is so great as to lead to almost no cuts in applied tariffs.⁷

In Scenario 2, we consider the effects of allowing countries to exempt up to 2 percent of tariff lines as sensitive products (and another 2 percent in developing countries for “special” farm products). Under this scenario the global gains from a Doha Round would shrink to just \$18 billion (column 4 of table 1), and developing countries as a group would be worse off because of deteriorating terms of trade, with little offsetting expansion of export volumes in other areas.

If such exceptions are to be made, it would be important to exploit the opportunity—provided for in the July 2004 Framework—to cap bound tariffs. Scenario 3 shows that even a cap as high as 200 percent on exempted products would restore at least half of the welfare gain foregone by allowing exceptional treatment (column 5 of table 1).

The final two scenarios add nonagricultural tariff cuts to the agricultural reforms in the preceding scenarios. In Scenario 4, the gain to developing countries doubles by adding nonfarm reforms, relative to Scenario 1 where only agriculture is cut, contributing one-third of the extra boost to global welfare (\$7.1 billion out of the \$21.6 billion difference between the global gains from Scenarios 1 and 4).

Scenario 4 also assumes a productivity boost from trade openness, as in the global reform scenario. In this case, the global gains would increase to \$126 billion, an increase of 31 percent over the static gains, but a near doubling of the gains for developing countries (column 7 of table 1).

In Scenario 5, the developing countries (including the least developed) fully engage in the reform process, forgoing the lesser cuts provided for in Scenarios 1 to 4. That boosts their welfare and global welfare substantially, because their cuts in bound tariffs lead to considerably larger cuts in applied tariffs. In percentage terms, the gains for the low-income countries are higher than for the middle-income countries. The deeper cuts from Scenario 5 allow developing countries to reap greater efficiency gains, overcoming potential losses from negative terms-of-trade effects on food-importing countries and losses from preference erosion.⁸

What effect would the reforms discussed here have on agricultural net income (value added by the farming sector)? Agricultural value added would fall in those regions with the highest agricultural protection (Western Europe, Northeast Asia, and, to a lesser extent, the United States). However, in the Doha reform scenario (Scenario 4)⁹ none of the developing countries or regions, except for the richer countries of Eastern Europe and Central Asia, would suffer a decline in agricultural net income, despite the lowering of their own agricultural tariffs (table 4). The reason their farmers would fare better than protected rich-country farmers—even though the average agricultural tariff in developing countries is nearly as high as that in high-income countries (14.2 percent compared with 15.9 percent in the baseline)—is that a much larger proportion of developing-country agriculture is internationally competitive and so need not be protected from imports. This result has clear implications for poverty alleviation, given that perhaps as many as 70 percent of the world's poor live in farm households in developing countries.

The trade consequences of Scenario 4 are summarized in table 5. The first column shows that by 2015, annual developing-country exports would be greater by \$41 billion for agricultural products, \$25 billion for textiles and clothing, and \$12 billion for other manufactures. The total increase of \$78 billion is smaller than that for high-income countries (\$135 billion), but that difference is less when expressed in percentage terms (a 2.6 percent increase for developing countries, compared with 3.1 percent for high-income countries). This scenario thus takes global merchandise trade one-fifth of the way to where it would be with completely free trade in merchandise by causing average real export prices of numerous farm products to rise at least part way toward where they would be in international markets under free trade (figure 1). For other products where export supplies expand more easily, it is the volume of global exports that would rise, rather than their price. This is true particularly for the most-protected farm products—rice, sugar and beef (figure 2a). The percentage increases in developing-country exports of

Table 4. Impact of reform scenarios on agricultural value added, 2015
Changes in value added relative to baseline

	US\$ billions, 2001	
	Scenario 4	
	Full global liberalization	Ag+nonag (SDT)
High-income	-74.6	-34.2
Developing	35.6	24.8
Middle-income	45.3	20.9
Low-income	-9.7	3.9
East Asia and Pacific	5.5	3.9
South Asia	-18.1	1.2
Europe and Central Asia	-4.5	-0.3
Middle East and North Africa	0.3	1.0
Sub-Saharan Africa	4.3	1.1
Latin America and the Caribbean	45.0	16.7
World	-39.0	-9.5
	Percent change	
	Scenario 4	
	Full global liberalization	Ag+nonag (SDT)
High-income	-19.4	-8.9
Developing	2.9	2.0
Middle-income	5.3	2.4
Low-income	-2.5	1.0
East Asia and Pacific	1.1	0.8
South Asia	-6.8	0.5
Europe and Central Asia	-4.0	-0.3
Middle East and North Africa	0.3	0.9
Sub-Saharan Africa	6.7	1.8
Latin America and the Caribbean	27.4	10.2
World	-2.4	-0.6

Source: Authors' simulations using World Bank Linkage model.

those products would be even larger. Cotton export volume would rise more than 16 percent (figure 2b).

Of particular interest to trade negotiators are changes in *bilateral* trade. Negotiators want to see the extent to which an exchange of market access will be "balanced." Under Scenario 4, developing countries expand their exports of agricultural and textile products to high-income countries more than they expand their imports of such products from high-income countries. But the opposite is true of other manufactures, so that for merchandise trade in total the difference is not great. In f.o.b. terms developing countries would sell \$62 billion more to high-income countries in 2015, and would buy \$55 billion in return, under Scenario 4 (table 4, columns 2 and 3). This small gap might be tolerated by high-income countries

Table 5. Gains in bilateral trade flows from Doha Scenario 4, 2015
Difference in bilateral trade flows at FOB prices compared to baseline
(US\$ billions)

Exporter	Importer		
	World	High-income countries	Developing countries
Agricultural products			
World	56	46	9
High-income	15	15	0
Developing	41	31	10
Textiles and clothing			
World	41	28	12
High-income	16	5	11
Developing	25	23	2
Other manufactures			
World	117	68	49
High-income	105	60	44
Developing	12	8	5
Total			
World	213	142	71
High-income	135	80	55
Developing	78	62	16

Note: Aggregations exclude intra-EU trade.

Source: Authors' simulations using World Bank Linkage model.

as a concession to development, but if necessary it could be narrowed through greater developing-country reform in goods or by having developing countries give more than they get in the opening of trade in services.

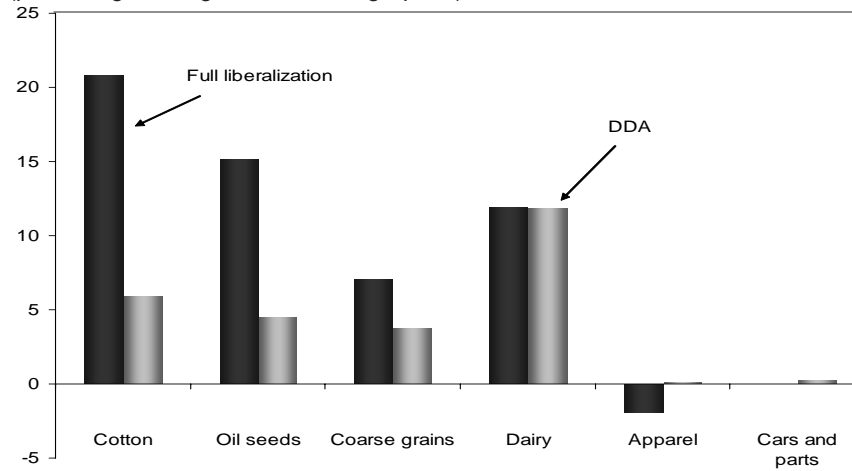
Implications for developing countries: What's important?

Among the many policy implications of our analysis, several are worth highlighting. First, with so much to be gained from implementing the July 2004 Framework Agreement (global gains of \$95–120 billion per year, or more if dynamic gains are taken into account), the political will must be found to bring the Doha Round to a successful conclusion, and the sooner the better. Multilateral cuts in tariff bindings are helpful because they lock in previous unilateral trade liberalizations that otherwise would remain unbound and hence vulnerable to reversals to higher protection; they also can be used as an opportunity to multilateralize previously agreed preferential trade agreements, thereby reducing the risk of trade diversion caused by those agreements.

Second, agricultural reforms need to be significant if the Doha agreement is to be pro-development and pro-poor. Outlawing agricultural export subsidies is the obvious first step. Doing so will bring agriculture into line with the basic GATT rule against such measures and, in the process, limit the extent to which governments

Figure 1. Effects of Doha Scenario 4 compared with full trade liberalization on world product prices, 2015

(percentage change in the average price)



Source: Authors' simulations using World Bank LINKAGE model.

Figure 2a. Effects of Doha Scenario 4 compared with full trade liberalization on global export volumes, 2015

(percentage changes)

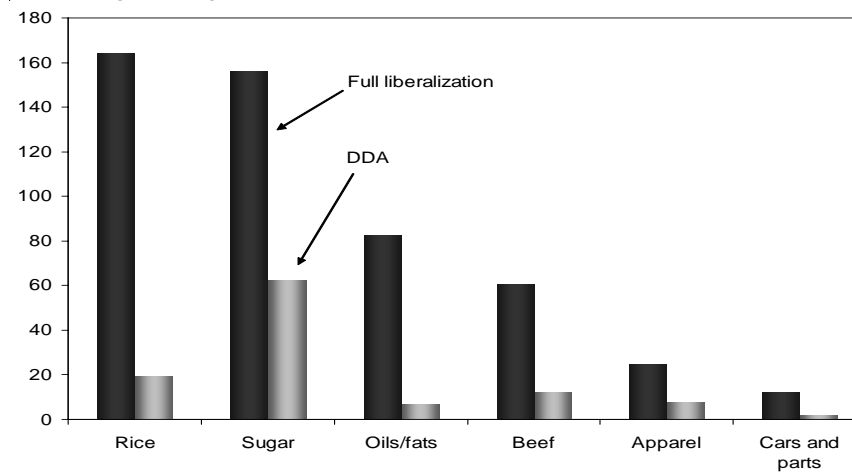
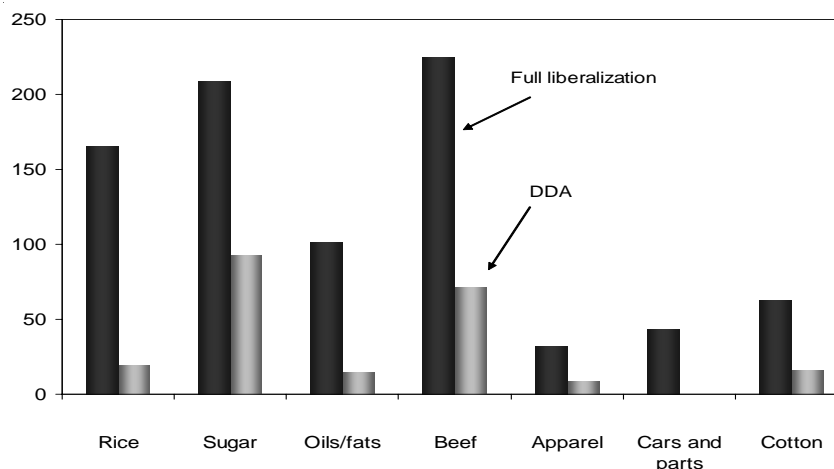


Figure 2b. Effects of Doha Scenario 4 compared with full trade liberalization on export volumes for developing countries, 2015
(percentage changes)



Source: Authors' simulations using World Bank LINKAGE model.

encourage agricultural production by other means (since it would remove one option for, and hence raise the cost of, surplus disposal). Concurrently, domestic support commitments must be cut very substantially to reduce binding overhang. In so doing, the countries with the highest subsidies need to reduce their support, not just for the sake of their own economies, but also to encourage developing countries to reciprocate by opening their markets as a *quid pro quo*. Even more important, agricultural tariff bindings must be cut drastically—so that some genuine market opening can occur. Allowing lesser cuts for even just a few “sensitive” and “special” farm products would greatly reduce the gains from reform, given the tariff peaks currently in place. If it turns out to be politically impossible *not* to designate some products as “sensitive” and “special,” it will be imperative to impose a cap, so that bound tariffs in excess of the cap, regardless of the product involved, would have to be reduced.

Third, expanding nonagricultural market access at the same time as reforming agriculture is essential for a balanced exchange of “concessions”—and more than textiles and clothing must be involved. The additional benefits of including other merchandise and services in a liberalization deal are that the resulting trade expansion would be many times greater for both rich and poor countries and the welfare gains substantially larger for developing countries.

Fourth, South–South “concessions” also are needed, because half of the potential benefits to developing countries are to be gained from trade within the developing world. That means reconsidering the extent to which developing countries liberalize. They are trading much more with each other now than in the 1980s and now stand to benefit most from reforms in their own regions. Even least developed countries should consider reducing their binding overhang. Doing so in the context of the Doha Round allows them to demand more concessions (compensation for erosion of preferences or other damage to their terms of trade), something they will not get if they hang on to the opportunity, provided in the July Framework, not to engage in reform.

What emerges from our analysis is that developing countries would not have to reform very much under the most likely Doha deals, because of the large gaps between their tariff bindings and applied rates. But to realize more of their potential gains from trade, they would need to commit to additional trade (and complementary domestic) reforms. High-income countries could encourage them to commit to greater reform not only by being willing to widen access to their own markets but also by providing more targeted aid. To that end, a new proposal has been put forward to reward developing-country commitments to greater trade reform with an expansion of trade-facilitating aid. The new aid would be provided by a major expansion of the current Integrated Framework, operated by a consortium of international agencies for least developed countries (Hoekman and Prowse 2005). This proposal may provide an attractive path for developing countries seeking to trade their way out of poverty. It also is potentially a far more efficient way for developed countries to assist low-income countries than the current systems of tariff preferences.¹⁰

Notes

1. The authors are grateful for the collaboration of numerous colleagues, especially Tom Hertel, and for research funding from the UK Department for International Development. The views expressed here are the authors' alone. More detailed analysis is can be found in Anderson, Martin, and van der Mensbrugge (2006a), available at www.worldbank.org/trade/wto.
2. The baseline scenario is a projection of the global economy between 2001 and 2015 that includes some major policy changes—among them the European Union's recent expansion to 25 members, China's WTO accession commitments, the elimination of the quotas on trade in textile and apparel, and final implementation of the other Uruguay Round commitments. These policy changes are phased in between 2001 and 2005. All other policies are fixed at their initial levels.
3. Van der Mensbrugge (2005) compares the global gain of \$287 billion with past World Bank estimates and with other widely cited simulation results.

4. Other potential channels link trade openness and productivity. See Anderson, Martin, and van der Mensbrugghe (2006b) for an overview.
5. More detail on the July 2004 Framework and the importance of the three pillars is available in Anderson, Martin, and Valenzuela (2005).
6. The aggregate measure of support (AMS) is a summary indicator of the level of support accorded a sector and notified by member countries to the WTO.
7. We use World Bank definitions of developing countries. Thus the high-income countries include protective Republic of Korea and Taiwan (China) as well as Hong Kong (China) and Singapore.
8. For more details of our results for Sub-Saharan Africa, see Anderson, Martin, and van der Mensbrugghe (2005c).
9. The remainder of the discussion focuses on Scenario 4. This scenario reflects perhaps the most positive reading of the July 2004 Framework—though other positions have been set forth that reflect even greater reforms—and without the potential eviscerating effects of sensitive and special product exemptions.
10. See also Nielson (2005) in this volume for more on the aid-for-trade agenda.

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