

Financial Times
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From Mr Kevin P. Gallagher.

Sir,

Martin Wolf chides the global justice movement for arguing that developed countries should respect developing countries' right to decide on trade policies that will help them to end poverty ("The fighters for trade justice have misread the battlefield", November 23).

If Mr Wolf looked at the latest World Bank projections of the economic benefits of the likely outcome of the Doha trade round, he would understand why developing countries want to draw a line in the sand.

According to new numbers released by the World Bank, developing countries stand to gain only \$16bn, or less than a penny per person a day in the year 2015. What is more, a small number of the largest developing countries would capture most of the developing country benefits (Brazil, Argentina, China, India, Thailand, Vietnam, Mexico and Turkey). Contrary to Mr Wolf's column, the impacts on poverty are very small, with projected reductions of less than 1 per cent in the number of people living in poverty. Two years ago, World Bank models suggested 144m people would move out of poverty; now the "likely Doha scenario" lifts up just 6m people worldwide. Regarding reductions in northern agricultural subsidies, developing countries stand to gain just \$9bn from agricultural trade reform, and only \$1bn from subsidy reduction - a gain of less than 0.01 per cent.

These small gains of \$16bn will come at considerable costs. The losses in tariff revenues alone will be more than twice the benefit, or \$32bn. Developing countries rely on tariffs revenue for 20 per cent of all government revenue, and therefore development policy.

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