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NEW ECIPE STUDY

The Doha Round: “Death-Defying Agenda” or “Don’t Do it Again”?

Almost eight years after the launch of the Doha Round in November 2001, the World Trade Organisation negotiations remain mired in a swamp of detail, with many participants unwilling or unable to make the hard decisions which would bring the Round to a conclusion. G20 leaders renewed at the Pittsburgh summit the call to successfully end the Doha Round, but it remains to be seen if the new call will be more successful than previous G20 declarations. In a new study by ECIPE, the former Chairman of the WTO General Council, Stuart Harbinson, takes stock of the Doha Round and examines why WTO members have failed to successfully conclude the Round.

In early November it is eight years since the Doha Round of trade negotiations was launched in the Qatari capital. Meanwhile, the world has changed dramatically with the onset of a global economic crisis of proportions seldom, if ever, seen before. This has radically changed the context within which the Round is placed and may lead to fundamental rethinking of its future.

In this paper, Stuart Harbinson examines the origins of the Round and concludes that, at the time, its launch was well-founded. Harbinson traces the twists and turns in the negotiations since then and finds that, while progress has been incremental, it has also been painfully slow. Decisive action has been avoided.

The paper addresses three issues:

- *Is it, in current economic circumstances and given the long but inconclusive history of the negotiations, important to complete the Doha Round and if so, how this could be achieved?*

It is simply not acceptable to abandon the Doha Round. First, serious imbalances remain in the system, particularly in relation to the trade of developing and least-developed countries. The most egregious examples are to be found in agricultural subsidies and in agricultural and non-agricultural market access through tariff peaks and escalation. Secondly, the expansion of international trade and the globalization of production (with attendant overall benefits for development) are being distorted through myriad preferential trade agreements and the misuse of rules for protectionist purposes. Thirdly, now more than ever, in the midst of the worst economic crisis in decades, WTO Members need to demonstrate in practice their commitment to positive international economic cooperation and their rejection of protectionism.

Yet these reasons have so far not persuaded members to make the extra efforts to conclude the Round. Overall, explicit abandonment of Doha is still extremely unlikely. Hopes are pinned on conclusion in 2010.

However, the more time that elapses without genuine re-engagement and substantial further progress in the negotiations, the more likely it seems that either there will have to be some tinkering with the structure of the Round or that, in the longer term, it will start to fall apart.

➤ *Are there alternative approaches to WTO negotiations that could be explored for the future?*

There are two interesting ideas to consider: loosening the single undertaking and opting for so-called “variable geometry”.

Single undertaking: Looking ahead, the feasibility of single-issue or small packages of negotiations may have been underestimated and seems worthy of closer examination for the future. The absence of a formal single undertaking would not mean that issues under simultaneous negotiation would not be linked, but this linkage would be more informal in nature. This might provide a more flexible dynamic for the conclusion of single issue negotiations, or for small packages of issues. Meanwhile, negotiations would be ongoing, open-ended in a sense but naturally limited by Members' capacity and will. The concept of overall balance would not be lost but, without being formally stated, would indeed be integral to making consistent progress over time. If Members had confidence that the WTO would provide a permanent forum for negotiations in this manner, there would be less pressure to include all issues in a “big bang” round, with the consequent difficulty in obtaining a launch and in concluding negotiations. This more modest, incremental approach could therefore pay dividends.

Variable geometry: It is useful to reflect on the extent to which “variable geometry” has already become an accepted feature of multilateral trade negotiations. As the putative outcome of the Doha agriculture negotiations, flexibilities of one type or another would apply with respect to a lower tariff-cutting formula for developing countries; to sensitive products for developed and developing countries; to special products for developing countries; through a special safeguard mechanism for developing countries; in addition to which recently acceded Members and small and vulnerable economies will also have some special flexibility; the erosion of tariff preferences will be taken into account to some extent; and least-developed countries will not be required to make tariff cuts. The geometry here already seems highly variable!

➤ *What might a future negotiating agenda look like?*

What might the balance be between market access and rules issues in a new phase of negotiations? The Doha outcome on market access may not be as significant as originally hoped and indeed it has been cogently argued that “real” liberalization is more likely to emerge from autonomous domestic reforms than from multilateral negotiations. On the other hand it is evident from the very brief survey above that there are many pressing rules issues to deal with. A balance needs to be struck. While the emphasis may be more on rules than in the recent past, improved market access will need to remain a significant component of the WTO's future work. The more so now that protectionism has thrown down the gauntlet. Market opening need not be sudden or even necessarily very “real”. It should be seen as a gradual but continuing process, in which tariff building is given due weight.

In the light of prevailing economic circumstances, could it be that a future negotiating agenda would essentially be an exercise to create additional flexibilities and exceptions to current rules and commitments? The answer may depend on timing. If new negotiations were to be launched in the immediate future, it seems quite possible from the survey above that the general direction could be trade-limiting rather than trade-opening, and towards a negative unilateralism rather than multilateralism.

However it also seems possible or even probable that, as time goes by and disillusion with unilateral protectionism sets in, governments will put renewed emphasis on economic development, trade expansion and multilateralism in order to generate growth. This could create very fertile conditions for new negotiations.

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