

# Acknowledge Doha's demise and move on to save the WTO



**Susan C Schwab is a Professor at the University of Maryland School of Public Policy, a strategic advisor to Mayer Brown, LLP, and is a former US Trade Representative**

The Doha Round has failed. This article argues that prolonging Doha jeopardises the multilateral trading system and threatens future prospects for WTO-led liberalisation. Negotiators should salvage whatever partial agreements they can from Doha, and quickly drop the rest to ensure the December ministerial meeting focuses on future work plans rather than recriminations over Doha.

The Doha Round has failed. It is time for the international community to acknowledge this sad fact and move on. Prolonging the pretence that the Doha Round will succeed is now a greater threat to the WTO and the multilateral trading system than facing the truth.

A great many smart, hard-working and well-intentioned individuals have worked over many years to realise Doha's potential to contribute to global economic growth and development. But what is on the table in Geneva has failed to deliver any outcome, let alone a meaningful one. It is time for a swift, clean break from the past and to lay the groundwork for a future where the WTO and its members revive WTO-led liberalisation and reform.

## End Doha's stranglehold and build towards near-term wins

To keep the multilateral trading system healthy, it is necessary to end the Doha Round's stranglehold on the system. This should happen quickly in order to ensure that the December 2011 ministerial meeting focuses on future work plans, rather than recriminations about a Doha Development Agenda that has struggled through one failed encounter after another.

Negotiators should refocus their efforts on near-term wins and on building the next Round – which need not be another behemoth, but perhaps a “rolling round” of reforms and new market access, or a few highest-common-denominator plurilateral, or WTO-plus deals. Ultimately, these should lead to a broader-based market access and rules agreement under the multilateral auspices of the WTO.

## The small package possibility

In my recent Foreign Affairs article<sup>1</sup>, I suggested that negotiators should try to salvage whatever partial agreements they can and then walk away from the rest. I mentioned a number of potential candidates, such as trade facilitation and the largely completed agricultural-export pillar (comprising proposed agreements on export credits, food aid, state-trading firms, and the elimination of export subsidies). Negotiators might also try to complete two environment-related agreements, one cutting subsidies to industrial fishing fleets that are overfishing the world's oceans, and the other ending tariff and nontariff barriers to “green” technologies in major producing and consuming countries. Taken together or individually, each of these would benefit countries across the spectrum of economic development.

I am, however, sceptical that even these small agreements are achievable in the current climate of mistrust and entrenched positions. A troubling development during the course of the Round has been how often countries seem to forget or forfeit their own economic interests – let alone the greater good – in the face of peer pressure and group-think. In the current environment, even these smaller deals might prove impossible to achieve.

It is certainly worth trying to achieve a few deliverables by taking a run at a small package, but negotiators should not spend too much time

on it. They already know exactly what the options are; if they cannot get to “yes” in, say, two weeks, they should give up and move on to the real challenge of launching a new series of multilateral negotiations under WTO auspices.

## Getting past Doha

How to conclude the Doha Round? One option would be for the Director-General and a representative sample of WTO Ambassadors to come together in the interest of the institution and to offer a declaration of Doha's demise, along with their pledge to begin building the future. That would enable leaders at the November G20 meeting to pledge their support for the rules-based trading system, the WTO and its next steps, rather than for the ever elusive “balanced and ambitious” Doha outcome.

After a short period of grieving over the death of Doha and an opportunity to get beyond the anger, lead trading nations should refocus on getting the WTO back into its mainstream business of negotiating mutually advantageous market opening, and updating the global “rules of the road”. This approach offers the best promise of a meaningful “development” outcome as well.

## How might this be achieved?

It seems unrealistic to think WTO members would agree to launch another massive all-or-nothing round in the near future. Such broad negotiations, however, will be necessary to tackle some of the world's most important market access challenges in services, manufacturing, and agriculture, along with such issues as farm subsidies. There are ways to build-up to the big-round model again, where countries once more see economic self-interest in the use of broad-based negotiations and trade-offs to achieve both new market access and market reforms. First, however, we must re-establish trust and regain momentum.

One way forward would be for ministers to agree to launch a number of confidence-building negotiations. For example, ministers in December could decide to open talks on expanding the 1997 Information Technology Agreement; a number of nations seem interested and the US Administration already has the authority to implement an enhanced agreement. If negotiators fail to work through the 850 brackets in the current Doha trade facilitation text, that could also be tackled as a stand-alone agreement, since each nation would benefit from more efficient movement of goods and services across borders.

Another confidence-building measure might be a merger of sectoral agreements geared toward a widely-shared objective, such as cheaper, better healthcare. A package that included pharmaceuticals, medical devices, and healthcare services might attract support from the broad array of WTO members across the development spectrum. Given the high-level of public interest in and awareness of environment issues, a sectoral negotiation on environmental goods and services might be another confidence-building deal, once it is removed from the straightjacket that Doha has become.

**“The emerging economies have large markets, represent over half of global GDP growth, and stand to be the biggest winners from any major trade agreement”**

### Lessons from Doha for next steps and the next round

Confidence building agreements would offer modest economic and social contributions, and serve to prepare the atmospherics for launch the next Round. This brings me to my last topic – the lessons we should draw from a decade of Doha talks.

One thing that is quite clear from years of struggling with the basic structure of Doha is that the combination of formula and self-selected flexibilities has not worked. It resulted in a situation where every negotiator had to assume the worst case – knowing the political costs they would pay for their own liberalisation, but expecting their trading partners to use flexibilities to negate any meaningful new market-access. It is possible to draw from the best of the Doha formulas – such as the higher the barrier, the greater the cut – while still creating real negotiations around them through requests and offers delivered using above- and below-formula cuts.

Another key lesson is that lumping the world's very diverse economies into three basic categories – developed, developing, and least developed – is a practice that no longer fits 21<sup>st</sup> century economic and trade realities. Nor is it a structure conducive to negotiations and real progress based on an exchange of market access among nations with large markets. Yes, the advanced economies should be expected to do more than those at lesser stages of economic development, but expectations should also reflect the fact that many emerging

economies are characterised by both poverty and sectors where they are globally competitive trade powerhouses.

The emerging economies have large markets, represent over half of global GDP growth, and stand to be the biggest winners from any major trade agreement. They should be expected to contribute to the next Round accordingly. Major trade agreements generally take at least 12 years to implement from the time they are initially concluded. What should the world trading system look like in 2025 in terms of the absolute and relative responsibilities of key trading nations?

### Concluding remarks

I am optimistic when it comes to the multilateral trading system and the WTO's central role in its governance. The optimistic scenario is that we put the Doha Round behind us. Facing facts can invigorate and strengthen the trading system. If we fail to act, the WTO risks losing its relevance.

The Doha Round – which in my view cannot be concluded as it is conceived today – should not be allowed to continue draining the WTO's credibility and potential progress on the multilateral front. Now is the time to liberate the would-be trade liberalisers from the Doha straightjacket and move on. ■

1. Schwab, Susan (2011). "After Doha: Why the negotiations are doomed and what we should do about it", *Foreign Affairs*, May/June. A version of the editorial was previously published on [www.VoxEU.org](http://www.VoxEU.org)