



## The future of the Doha Round

Economists are virtually unanimous that freer trade benefits all countries. However, the gains from trade are spread unevenly, both within countries and across them, which complicates political agreement on reducing barriers. Realising further gains from global trade will require new political momentum, as well as an appreciation of the changing world economy.

### Background

After the end of the Cold War, the free trade agenda experienced a period of unprecedented growth. The 1990s saw tariff barriers on traded goods fall considerably, notably after the successful completion of the [Uruguay Round](#) of multilateral trade negotiations in 1994. The World Trade Organisation (WTO) was formally established a year later. Everything appeared to point to further gains for free trade at the time the Doha Round was launched, in November 2001.

But already the politics had begun to change. The tragic events of 11 September 2001 - initially a unifying factor - led to political frictions and a shift in US foreign policy priorities. By 2003, serious impasses had become evident in the negotiations. By the mid-2000s, many analysts remained hopeful that with a change of government in the US in 2008, the momentum for further trade liberalisation would return.

However, this too failed to materialise. The recession of 2008-2009 again shifted policy focus away from free trade, and increased negative sentiment towards globalisation.

The new, more powerful role played by emerging economies such as China, India and Brazil proved to be another complicating factor, changing their trade priorities as well as those of other developing countries.

### Renewed energy in 2011?

In 2011, key EU leaders called for a resumption of negotiations. However, the most recent effort, a ministerial level meeting in July 2011, did not achieve any meaningful progress. Another meeting is planned in December

2011, but analysts see little hope for a breakthrough.

In September 2011, WTO chief Pascal Lamy travelled to India, a key voice among developing countries, in an attempt to prepare the ground for the December meeting. Some sources say officials will lower their ambitions, in an attempt to clinch a more modest trade deal.

### Main issues for negotiation

At its inception, the Doha Round set out to tackle a wide range of issues. The focus was to be on "development", and negotiations were to cover everything from intellectual property to services to non-tariff barriers.

However, it became apparent that no agreement would be possible on the more contentious "Singapore Issues" including investment, public procurement, trade facilitation (i.e. customs issues) and competition policy. A divide emerged between developed and developing countries.

By 2004, therefore, negotiations focused on issues where a deal seemed possible: agriculture, manufacturing and services. But even so, agreement proved elusive. Developed countries opposed cutting agricultural subsidies, while developing countries resisted deregulation in their services sectors.

### Global trade policy beyond Doha

The failure of Doha has not coincided with an increase in protectionism, but rather a shift in trade policy from a global, WTO approach towards regional and bilateral deals.

The EU has also moved towards a policy of preferential trade agreements as a response to the lack of progress at WTO level. Thus, the stalled Doha Round is both a cause, and an effect of the rise in regionalism and bilateralism.

Some commentators have called for the end of the Doha approach and the creation of a new trade diplomacy framework with changed, expert leadership and less frequent summits.