

## Time is of the Essence for Doha Round Negotiations

By Claire F. Selsky\*

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On Thursday, February 23, 2006, representatives of the World Bank, the European Commission, the Embassy of Argentina, and the Council of the Americas gathered at The George Washington University to discuss the outlook for the Doha Round negotiations and its implications for the Western Hemisphere. The program was sponsored by GW Seminar Series and the U.S. Department of Education. Dr. James Ferrer, Director of the Center for Latin American Issues, welcomed the speakers and the guests to the Elliott School of International Affairs. He also introduced the moderator, Patrick Kilbride, Director of Government Relations at the Council of the Americas, who introduced the other speakers.

Uri Dadush, the Director of the International Trade Department of the World Bank, discussed key trends in world trade over the past two decades. He noted that developing countries are exporting more and that a greater percentage of these exports is manufactured goods. He urged the audience to consider that while bilateral and multilateral institutions and agreements have brought about trade reform, developing countries have also liberalized autonomously. In terms of the "bad news," Dadush stated that one-third of developing countries have not benefited significantly from growth in international trade, as they often face supply constraints and infrastructure bottlenecks that hamper their integration into the world economy. Therefore, while trade negotiations are important to advancing trade reform, Dadush suggested that improving trade logistics (ports, customs, and transportation) can be just as important as cutting tariffs.



**Dr. Uri Dadush provides overview of Doha Round**

Dr. Dadush discussed the accomplishments of the WTO (World Trade Organization) thus far. The WTO has secured an end date for the elimination of exports subsidies: 2013. Also, the members of the WTO have come to an agreement on how to proceed on a fast-track approach with respect to cotton. In addition, the WTO countries have adopted the duty-free/quota-free proposal for least developed countries. Also, the WTO now has a text that can serve as a platform to move forward on services.

Speaking of the challenges the Doha Round negotiations now face, Dr. Dadush noted that time itself is a constraint; the year 2006 is critical for the WTO. In 2007, the United States' Trade Promotion Authority (TPA) will expire and may be difficult to renew in the U.S. Congress. This would mean that the incentives for other countries to negotiate with the United States would be reduced, as absent TPA, any agreement would be subject to unilateral amendment by the U.S. Congress. Also, Dadush expressed that there is a concern about the feasibility of completing the Round by the end of the year, especially as no major player has assumed a leadership role in pressing toward a conclusion of the negotiations.

Dr. Dadush offered three potential scenarios for the outcome of the Doha Round. The first scenario posits an ambitious outcome in which there would be significant cuts in tariffs, in agricultural export and production subsidies, and in other areas covered by the negotiations. The second scenario is the "minimalist outcome" in which there would be limited market liberalization in agriculture, non-agricultural market access (NAMA) would stay at current levels, and the multilateral trading system would "survive." Skepticism about the benefits of a rules-based trading system (particularly among developing countries) would increase. Dadush called the third scenario "Drift," in which the WTO countries would miss the deadlines for reform and the USA's TPA would expire. The delay would feed skepticism worldwide about the benefits of the multilateral trade system and foster a search for alternative options (e.g., preferential trade agreements). The "Drift" scenario does not guarantee that a "bad outcome" will not emerge in the end.



**Moderator Patrick Kilbride offers some insights**

Mr. Kilbride offered some U.S. business perspectives. He felt that the WTO involves so many nations that it is often difficult to reach a consensus or to be comprehensive. For this reason, he concluded that subregional and bilateral agreements are of great importance to the U.S. business community, as they can be more comprehensive. He stated that without these regional agreements, the WTO member countries would not be as close to reaching an agreement. However, he noted the importance of the WTO to many least developed countries, as they have not all engaged in regional, subregional, and bilateral negotiations. For these countries, the WTO negotiations are their sole mechanism for international trade reform. Kilbride posed the following questions to the panelists: At what point is there too much on the table for countries to walk away from the WTO? How do we reach that point? What are the implications of the failure of the Doha Round?

The first panelist to respond was Angelos Pangratis, the Deputy Head of the Delegation of the European Commission to the United States. He stressed the importance of looking not only at the technical aspects, but also at the underlying politics in understanding the

Round. For example, the EU has participated in the Doha Round with a preoccupation about job loss.

Pangratis averred that the European Commission is more committed to the WTO framework than to bilateral agreements. He stressed that the trade liberalization which will offer the maximum benefits will come from multilateral agreements. He stated that participating nations must be realistic in their demands of other WTO nations and be ambitious in making their offers.



**Ambassador Pangratis describes EU position**

Alejandro Casiró, the Minister of Economic and Commercial Affairs at the Embassy of Argentina, spoke next. He explained that the WTO countries are not starting from a balanced situation in their negotiations. While, in general terms, all the nations involved agree there is a need to move ahead, they disagree on “where [they] are coming from, where [they] are standing, and where [they] need to be.” Casiró noted that free trade agreements (FTAs) do not cover all of the issues of multilateral agreements. For this reason, it is necessary to have a multilateral agreement that is comprehensive in scope. He believed that as most gains would come from agricultural reform, this issue must be addressed in the Doha Round. Casiró also stressed the importance of development, stating “if this is a development round, we cannot ignore the development dimension of the Round.”



**Argentine Embassy Trade Minister Alejandro Casiró argues his case**

Following their initial interventions, the panelists discussed the implications for Latin America. Pangratis suggested that the cost of non-agreement would be significant to Latin America,

where democracy has advanced but economic progress has been weak and uneven. He stressed that the Round would not solve “all the problems of Latin America,” but that it would help to promote economic growth. Casiró noted that the nations of Latin America negotiate individually for the most part; there is not a regional stance, as is the case for Europe. Dadush added that half of the gains from liberalization would come from what developing countries do themselves, noting the importance of autonomous liberalization for many of the countries in Latin America.

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