

# A New Hope for the WTO Doha Round



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A new leadership, a new ministerial venue and, hence, renewed hope for concluding the beleaguered Doha Round of trade negotiations: this is the most optimistic way of thinking for those who want an early conclusion of these trade negotiations.

The Doha Development Agenda, launched with much fanfare in December 2001 with a strong resolve to focus on development, has not made much progress since talks collapsed in December 2008 over the treatment of agriculture subsidies and tariff reduction. The previous two WTO ministerials, held at Geneva in 2009 and 2011, failed to break the logjam.

Unlike the previous two ministerial meetings, WTO members have pinned greater hope on the forthcoming WTO Bali Ministerial Conference. There is near-consensus among members that the Bali meeting should be about deliverables. The three areas on which they have zeroed in on to bridge the gaps are trade facilitation, food security and the development dimension. While trade facilitation is being pushed hard by developed nations, the G33 group of nations have put forward the proposal on food security. The third element is development, which includes LDC specific issues -- namely duty and quota free market access, operationalisation of waiver on services, cotton and preferential rules of origin.

Agriculture has to remain at the centre of discussion. From a development perspective, a key proposal on the

table is from the G33 group of developing countries on stock holding and food aid. This proposal is critical as countries like India, China and Philippines support this view and have food security schemes for the poor.

Trade facilitation is supported primarily by countries with a large export interest. The US and EU have been very keen on pushing this proposal as a core deliverable for the Bali ministerial. It is a critical component of transaction costs for exports and imports and therefore we support any discussion on this issue.

But, given the fine balance needed for success at Bali, an agreement on trade facilitation alone would not be possible. It would also have to be about a balance in the text on trade facilitation itself. There is a need for balance between section 1 and section 2 of the text. Section 2, which provides assistance to developing countries to meet some obligations under negotiation in section 1, is very important. Developing countries cannot invest in infrastructure or technology without raising resources and commitments have to be made to look at funding mechanisms for such investments.



Roberto Azevedo, the new WTO DG, has rightly stressed that not just the Doha round but the credibility of the multilateral trading system is at stake. Already, WTO members are moving towards bilateral/regional preferential free trade agreements. Today, almost 60% of world trade is taking place through the preferential route. The recently launched WTO report on future of trade has also recommended that WTO members engage explicitly to explore ways in which preferential trade agreements and the principles underlying them could increasingly converge with the multilateral system.

The failure to conclude the Doha round after more than a decade of negotiations has had its biggest fallouts on the private sector and other key stakeholders. There has been growing disillusionment about the utility of the multilateral trading system. It has been observed that, in recent years, the private sector both in developed and developing countries has shown greater preference for Free Trade Agreements. This is perhaps one of the key factors why WTO members are struggling to amass political capital critical to conclude the Doha deal.

The new DG has taken welcome initiatives to raise the level of political engagement of capitals. His visit to New Delhi is a critical part of his endeavour to generate enough political capital to ensure a successful outcome at the Bali ministerial.

Consensus over three key deliverables and a strong political message emanating from G20 leaders at St. Petersburg has enthused Indian industry. The time has come to change our mindset so we can collectively reach a consensus without compromising on the developmental aspect, which has been the core of the Doha Round.

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