

G-20 LEADERSHIP LACKING ON THE DOHA ROUND

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Promises, promises—that’s all the G-20 has delivered so far on the Doha Round of global trade negotiations. At Toronto, leaders will hopefully stop issuing empty pledges to finish the Doha talks and show some meaningful action.

Now in their eighth year, the Doha negotiations suffered the latest in a series of setbacks last month at meetings in Geneva and Paris. Officials from leading members of the World Trade Organization again failed to make progress on a deal that would cap tariffs and farm subsidies—just as they’ve previously failed in Cancun, Geneva (three times) and Potsdam. According to reports from last month’s Geneva meeting, participants were stunned at the depth of their divisions, from substantive issues to how to conduct the negotiations.¹ The result was a crowning blow to the G-20’s avowed goal of completing the round in 2010.

The endless wrangling has become a menace to the credibility of the WTO—and thus to the overall health of the world trading system. The Geneva-based WTO is the institution that ensures countries abide by rules in international commerce and keep lids on their import barriers. When disputes arise, members bring complaints before WTO tribunals rather than engaging in tit-for-tat trade wars. The WTO’s ability to continue performing those valuable functions will be imperiled if Doha fails; the organization must appear capable of forging new agreements and modernizing its rules, or its authority to arbitrate disputes and enforce rules will erode. The WTO’s centrality to the trading system has already been weakened by a proliferation of bilateral and regional trade agreements in recent years.

To be sure, the world has avoided an eruption of 1930s-style protectionism, and for that, the G-20’s repeated commitments to maintaining open global markets deserves some credit, as does the WTO itself. Trade specialists—including this author—who worried that the financial crisis might lead coun-

tries to raise import barriers *en masse* now appear to have been overly alarmist. The WTO's latest assessment shows that trade-restricting measures taken by member countries have declined in the last six months compared to the previous period.² The World Bank recently released a report showing that for two straight quarters, industry demands have declined globally for duties on imported goods that have been allegedly "dumped" or for "safeguard" duties on imports that are surging.³ Even the vigilant watchdog group Global Trade Alert, which has compiled data showing nearly 500 "beggar-thy-neighbor" policies adopted by governments since November 2008, recently found that the total number of such measures is apparently starting to wane.⁴ Sensibly, Global Trade Alert qualified its findings with the caveat that it is "still too soon to declare victory over protectionism," especially given mounting worries that the world could fall into a double-dip recession.

Although protectionist demons may have been kept at bay for the time being, the Doha Round's travails remain and they pose deeper problems for the trading system as things drag on. Waiting even longer to strike an agreement would expose the WTO to ridicule that it spent more than a decade laboring over a deal that only modestly alters trade barriers; the accord that is on the table would do little to achieve the round's initial aim of making global trade more beneficial for poor countries. Furthermore, a number of thorny issues have arisen during the time the Doha negotiators were haggling—issues that cry out for negotiated rules, including controversies over currency manipulation, carbon tariffs and restrictions on imported food. The WTO cannot deal with these issues effectively while the Doha talks are hanging fire.

At their first G-20 Summit in November 2008, leaders pledged that for 12 months, they would "refrain from raising new barriers to investment or to trade in goods and services." That vow was reaffirmed and extended at the 2009 Summits in London and Pittsburgh. A number of the G-20 countries violated this promise, in spirit if not in letter, but the vow had its intended effect of helping to keep protectionist impulses in check.

It is in their Doha sections that the G-20 communiqués have been full of hot air. At the November 2008 Summit, leaders said they would "strive to reach agreement this year on modalities"—that is the numeric formulas for cutting tariffs and farm subsidies that are the core of any future deal. When that goal proved unreachable, they declared at Pittsburgh last September that they "are determined to seek an ambitious and balanced conclusion to the Doha Development Round in 2010."

At Toronto, leaders will hopefully recognize that additional promises of this nature will only undermine their credibility. They should now clearly raise the prospect of inviting a detailed, compromise proposal from WTO Director-General Pascal Lamy, whose predecessor offered an important compromise in 1991 during the previous round. Major WTO member countries, including the United States, don't want Lamy to intervene so actively; they fear being put in a position where they will be compelled to choose between accepting a deal they don't like or walking away from the talks. That's understandable, but they have shown themselves incapable of meeting deadline after deadline. So they should try forcing themselves to negotiate in greater earnest, by declaring that if they cannot finish a modalities deal by the Seoul Summit in November, Lamy should present a compromise.

To show that they really care about the rules-based multilateral trading system, the leaders should also vow that as soon as the Doha Round is finished, they'll start negotiating in the WTO on the pressing issues that aren't on the Doha agenda. And they should instruct their trade ministers to stop launching new bilateral and regional trade deals. It's the multilateral system that needs shoring up.

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1. "Deeply Divided, WTO Members to Search for Common Ground on Doha," Bridges Weekly News Trade Digest, <http://ictsd.org/i/news/bridgesweekly/76609/>
 2. "Report to the Trade Policy Review Body from the Director-General on Trade-Related Developments," World Trade Organization, June 14, 2010.
 3. Bown, Chad P. (2010) "First Quarter 2010 Protectionism Data: Requests for New Trade Barriers Fall for Second Consecutive Quarter; Newly Imposed Barriers Also Fall," A Monitoring Report to the Temporary Trade Barriers Database, The World Bank.
 4. "Africa Resists the Protectionist Temptation: The Fifth GTA Report," <http://www.globaltradealert.org/gta-analysis/africa-resists-protectionist-temptation-5th-gta-report>