In mid-1990s, Pradeep and CUTS were ostracised as much as people like me and others who started talking about trade liberalisation as one of the most important components of a new policy framework which would lead to greater growth and pull people into gainful employment, and would generate revenue which, in turn, could be spent on healthcare, education, etc. giving a double dividend and so on. For an NGO to be able to say such things at that time needed real courage.

Trade – basically the multilateral trading system – unfortunately is on ice or in an intensive care unit whichever way one prefers to describe. The Doha Round is in trouble. If one wants to put an epitaph on it, just say it is dead. I am one of the few people who feel that the US leadership, or really the lack of it, was at the heart of the problem when Washington said: it would not deal unless it gets much more Doha negotiations, which may be called ‘Doha Heavy’ meaning more
things to be added and to be negotiated by way of concessions by other countries that would take many more years.

I am a supporter of President Obama; Mr. Obama, the democrat. But I was disappointed because I think statesmen have to rise above politics. This does not mean that they do not have to pay attention to politics. But they still have to go a little step beyond, redefine what needs to be done, offer alternative, and try and bring them in. But he surrendered to the lobbyists, particularly business lobbyists, which said there is not enough. So, ‘Doha Heavy’ was on which the US puts its stakes on and then there is ‘Doha Light’ which is being negotiated.

One can add them up and it was no mean performance but we sank it. Now we are trying to save it in a way we tried to put a saving face on the Cancun on environment where nothing really happened but we declared victory more or less to keep it going. This is why we are into a very limited set of things like trade facilitation. I call it ‘Doha; Decaf and Light’, which means mainly coloured water. I think we will see that happen in Bali. I mean we have to put a kind of a brave face and get it out of the way. I feel when the history of the Doha Round will be written the lack of leadership on the part of Washington will be underlined as a major factor. It may not be the major factor which depends on assessment of different players not being able to do things to bring about a negotiated deal. Now that multilateral trade negotiations are more or less crippled, I doubt if anybody will be able to revive something like a ‘New Doha’.

In the mean time we have delivered another blow to the multilateral trading system by going at the same time into regional agreements, the Trans-Pacific Partnership (TPP) and the Trans-Atlantic Trade and Investment Partnership (TTIP). The point is these are proliferating in a very big way and are the refrain of many of the economists. It is worrisome to say
what they will do to the multilateral trading system under the World Trade Organisation.

As a result, in the US the lobby-intensive system of government has made the lobbies active again and they want to negotiate the TPP first with smaller (relative to the US) countries saying that we will have an agreement for the 21st century with a whole bunch of side conditions which have very little to do with trade liberalisation. Unfortunately we even managed to make it secretive by not bringing in NGOs as a part of the transparency process. Let me call them ‘trade-unrelated issues’. Everything in some sense is related to trade. If I sneeze and go and buy a medicine it could have come from somewhere in Switzerland. I have affected trade.

But in a substantive way trade does not belong to say labour standards. If one puts all these things in the two big countries in Asia which are not going to be able to play this game with the US because India does not pull out the finger nails of trade union leaders and it is a democratic country. China cannot do the same to labour unions. The intellectual property protections, if one pitches for it at the highest level, confusing maximo with optimo, then some other countries are going to object to that. Such so-called side conditions will be a problem in adding more members into these mega regional agreements, particularly India and China. As a result, there will be fragmentation in the international trading system. How will India and China develop in such a scenario?

The point is this is not the kind of model that one should follow: about turning bilateral/regional trade agreements into multilateral agreements and this is something to worry. My solution for that is very simple which is to just say that any new country can join provided it makes trade concessions, but it does not have to sign on to all these side conditions. If someone wants to, that is their affair. That would enable us to bring in countries which do not want to have all these things
which are dictated by the Washington lobbies. That would lead to open regionalism making it easier for people to join mega regional trade agreements. This depends on if the US administration stands up to various lobbies.

Let me use an analogy. I want to join a golf club I guess I have to know how to play golf. It does not make much sense otherwise, but if you say I have to go to church on Sunday and sing Madrigals with the rest of the members, that does not make sense. In the same way I think we ought to change the membership rules of mega regional agreements such as the Trans-Pacific Partnership agreement and that should be strictly trade-related. For example, if Japan comes in then it must liberalise agriculture trade as that is trade-related.

The Trans-Atlantic Trade and Investment Partnership agreement is a very different thing. Right now the US cannot impose nor can the European Union impose. That raises a variety of other issues on how fast it will be negotiated. My only worry is if two of them combine which they will and if it works it will be setting rules of all kinds leaving out consultations with third parties. India or China or African and other countries will look at it and say here is a duopoly turning into a monopoly and that is going to determine rules for me without my consultation in the way it would happen in the WTO. This is the thing which should be worried about but there is going to be lots of problems of all kinds and it will move slowly. However, the underlying point is it is a very different problem from the TPP.

In such a scenario, what should the new Director General of the WTO do? The WTO is a three-legged stool: one is multilateral trade negotiations; second is rule making like on subsidies, anti-dumping etc.; and the third is dispute settlement. If one breaks the first leg what does it do to the other two legs and that is the way the new Director General should think about it. If rule-making is left to, say the Trans-Atlantic or
even Trans-Pacific, which is a gigantic duopoly cum monopoly or just a monopoly because basically US determines what goes on in TPP, we have to go back and see what we can learn from the way the WTO is functioning and try and bring in more multilateral insights.

The WTO dispute settlement mechanism is something where all the WTO members have, in principle, the right to be heard. But if the US settles something for you, none of the others who are members of the WTO can have any standing there. Therefore, what we should do is to retain the multilateral trade negotiations aspects of the WTO, and try and find out what are the practices that we can recommend to reform it as otherwise international trade is going to degenerate into a chaotic, hegemonic, power-led kind of a system. In the long run that would undermine the kind of world which we thought we were shaping.