

Polly wants a Doha Deal *What does the trade community think?*

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After ten years of negotiations, the Doha Round is on the verge of collapsing. At this difficult juncture, it is interesting to get a sense of the mood and thinking of the whole trade community on three key questions. How serious is the situation? What are the causes of the current stalemate? What are the best solution(s)?

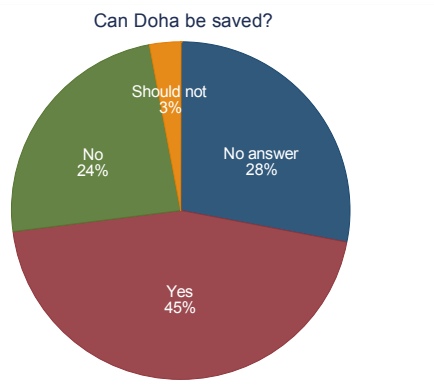
Two recent fora – the CUTS forum triggered by Jagdish Bhagwati’s op’ed ‘Polly Wants a Doha Deal’ and the VoxEU e-book ‘Why World Leaders Must Resist the False Promise of a Doha Delay’ – offer an opportunity to collect and analyse the reactions of 71 trade observers within a short period of time (roughly a month). What follows provides quantified answers to the three question stated above based on the two fora. It does so by taking into account the time consistency of arguments when a participant expressed his/her opinions more than once.

How serious is the situation: Can Doha still be saved?

Only a very small number of participants (3%) said that the Doha Round should not be concluded or should not have been launched. In other words, the sample of participants consists essentially of trade observers who, ten years ago, were presumably supporting the launch of the Doha Round.

This initial wide consensus is, however, badly damaged. Only half of the trade community still thinks that a successful conclusion of the Doha Round is possible. And, a substantial quarter cannot see how the Doha Round could be concluded within the near future and how negotiations could be saved anymore.

A quarter of participants do not answer the question. Such a silence has many possible interpretations – from the feeling of lacking key information to the will not to add on negotiators’ stress. However, all participants silent on question 1 are opting for solutions (that is, question 3) which imply some sort of failure of the Doha Round. In short, they should be seen as close to the ‘no’ group.

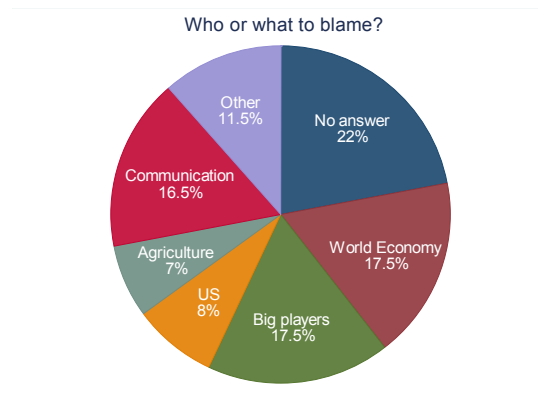


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Debates on internet are very sensitive to the general mood, and to self-reinforcing forces. Looking at the distribution of these various groups over time is, thus, important. The opinions expressed are relatively stable over time, suggesting that reason is prevailing over emotions.

What are the causes of the current stalemate? Who or what to blame?

Almost a quarter of the participants did not address the question of who or what to blame. Most of the participants within this group were more or less equally divided on the answers to question 3. The remaining participants can be divided into two broad groups.



First, there are those who blame countries' policies, following the traditional trade approach that sees international trade conflicts as reflecting unresolved domestic conflicts. This group is the largest (it includes half of the participants) but it is not homogeneous. A notable number of its participants invokes the ongoing tectonic shifts in the world economy among industrial and developing countries with no specific target to blame (they simply argue that Doha may suffer from the opposition between high-income countries having low growth with relatively low barriers and low-income countries having high growth with higher barriers still in place). Another group of similar size points the finger at the 'big' players – EU, US, China and India. Last, two smaller groups see the US as the main culprit or give this role to both the US and the EU by a precise reference to agriculture.

Second, there are participants who believe that the whole trade community has not been up to the task during the last decade. They feel that the stance on trade gains has been much too narrow, that it should have focused on reducing policy uncertainty in terms of tariff bindings and securing rules. They perceive policy disciplines as much if not more critical for welfare and growth than the marginal effects arising from lower applied tariffs. Some within this group go as far as thinking that more honest and clear communications should have taken place between private stakeholders and the trade community.

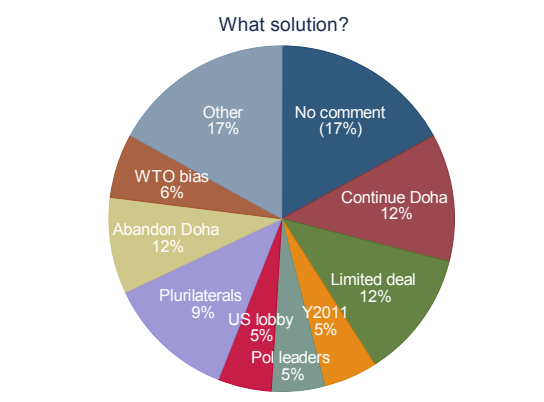
Last, there is a wide set of 'other' causes (each supported by less than 2% of the participants):

- lack of development issues in trade negotiations;
- difficulties due to an increased number of WTO Members and of issues dealt within the WTO;
- the Single Undertaking constraint;
- increasing food prices;
- the threat of another global financial crisis; the non-democratic feature of the WTO; and
- WTO Director-General Pascal Lamy's role.

The distribution of opinions by location and professional status is interesting. Half of the forum participants who blame the big players are based in Geneva, but have very diverse professions (from trade officials to consultants). By contrast, most of the participants that raise the failure of the whole trade community are mostly academics, domestic policy makers or staff from international institutions, and are widely dispersed over the world.

Which are your preferred solutions?

This last question has the smallest percentage of ‘no answer’. But the answers are even more fragmented than those of the previous question—independently from time, profession or location.



First of all, half of the participants who still think that a successful conclusion of the Doha Round is possible (see question 1) are split into half a dozen of quite different solutions. Only a meagre group is in favour of letting the Doha Round negotiations continue, possibly keeping them on a hold for a period and then concluding them some time in the future. A group of similar size favours a ‘limited’ Doha deal (mainly through binding tariffs, extending commitments to more services, adopting rules in areas important for trade costs, e.g. trade facilitation) arguing that such a solution already brings sizable welfare gains to the world economy. A smaller group focuses on the end-date (2011) because they believe that if no outcome is achieved by then, it will not be achieved before a decade.

These three solutions (altogether 29%) have in common a focus on the WTO negotiating process. Other solutions open the door to three non-WTO processes (even if the WTO could be re-introduced at a later stage):

- involving the world leaders in the G20 context;
- putting more pressure on the US Congress; and
- making a wider use of ‘plurilaterals’ as a way to move forward on some topics.

At the opposite range of the spectrum, a group – as large as the one supporting the continuation of Doha – favours a complete abandonment of the negotiations, mainly because to continue negotiations would harm the WTO. The last group of notable size argues that WTO negotiations should be less ‘biased’ against low-income economies.

Finally, there is a wide range of other solutions, each of them with few supporters, to:

- create a group of wise men;
- give more attention to small and medium size firms;
- bring food security into the negotiations;
- drop the Single Undertaking constraint; and
- build on current autonomous (regional or bilateral) liberalisation by promoting plurilaterals.

Concluding remark

These two fora suggest a deeper problem than a mere stalemate of negotiations. They reveal a trade community that is much more divided than ten years ago, influenced by conflicting interests in the world trade, with no leading group capable of influencing the negotiations. This may be a long-lasting collateral cost of the Doha Round, whether it will succeed or fail.

References

CUTS Trade Forum, 'Poly wants a Doha Deal', 2011 (<http://www.cuts-citee.org/> or <http://www.cuts-grc.org/>)

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