

## 12 ISSUES AND INSIGHTS

# Doha round: talking in circles

Liberalising global trade at the multilateral level will require some fresh ideas instead of repeating what has been said for long



### TRADE MATTERS

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**A**t the recent Davos summit of the World Economic Forum (WEF), Pascal Lamy – director general of the World Trade Organisation (WTO) – blamed the absence of political

will and the focus on regional trade for the lack of progress in the decade-old Doha Development Round of multilateral trade negotiations of the WTO.

UK Prime Minister David Cameron amplified Lamy's apprehension of Doha getting sidelined when he called on European Union (EU) leaders to bypass the WTO and seek bilateral agreements with willing partners. He even suggested a US-EU trade agreement that many analysts aver would be a non-starter. Cameron said instead of getting all countries to agree on a deal at WTO, it was better to move ahead and seek bilateral engagements.

The reason many leaders across the globe are seeking to move away from the Doha Round is because no new and acceptable ideas have been advocated to move the Round forward for the past few years. Negotiations have remained stuck on the same issues with countries making no effort to bring a plausible deal to the table.

Before the start of the WEF Summit at Davos, Lamy was part of the 11 heads of institutions called the Global Issues Group (GIG), who as individuals had shared their thoughts to address the challenges faced by global economy. The other members of the GIG included Mark Carney,

Margaret Chan, Angel Gurría, Donald Kaberuka, Haruhiko Kuroda, Christine Lagarde, Luis Moreno, Josette Sheeran, Juan Somavia and Robert Zoellick.

The GIG has raised three main concerns for 2012. These included decelerating global growth and rising uncertainty; high unemployment, especially youth unemployment, with all its negative economic and social consequences, and; potential resort to inward-looking protectionist policies.

To overcome these challenges the GIG called for an open trading system, resilient, cross-border finance, sustainable government finances, determined and coordinated structural reforms and finally addressing inequalities in all countries. All these thoughts have been on the table for long and have

formed part of several declarations in the last few years. Given the intellectual prowess of the group, a lot more new and innovative ideas for tackling the current crisis could have been generated.

**There may be a need to use strong platforms like the Davos to put across some new ideas that are politically neutral to all member countries of the WTO**

Lamy's talk at Davos on the Doha Round was also, in a way, a repeat of what has been said for long. Lamy is probably the only leader who has seen the Doha Round falter following its

grand launch in 2001 – first as EU Trade Commissioner and then as director general of the WTO. Though it is true that the WTO process can be moved forward only by member countries given the very member-driven mandate of the multilateral organisation, there may be a need for the director general to use strong platforms like the Davos to put across some



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fresh ideas that are also politically neutral to all member countries of the WTO. He naturally can only suggest and it is for members to take it forward. But using strong platforms like WEF to suggest innovative ideas is essential if the Doha Round is to move forward.

It is interesting to note that it may not be the lack of will alone among countries to liberalise trade that is holding back the WTO negotiations. If that had been the case then there would not have been a spurt of bilateral agreements in the last few years.

Nearly all important countries have signed important trade agreements in the recent past. China has agreements with many countries ranging from New Zealand to Australia, while South Korea and the EU have signed an agreement to increase bilateral trade. India has been very active on this front as well. The US, too, has pushed for a Trans Pacific

Partnership Agreement covering a wide range of countries. Many of these agreements between countries have gone beyond just trade and looked at issues ranging from government procurement to investment.

Therefore, the lack of progress at the WTO is not because of protectionist tendencies alone. There is a need to go deeper and look for possible solutions. Lamy and his team need to focus on that if they would want to keep the multilateral trade institution relevant. However, it is important to underline that the onus of keeping the WTO afloat is not on the secretariat but on the membership. It is time leaders and officials look beyond rhetoric and identify some innovative solutions to liberalise global trade at the multilateral level.

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