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LOOKING BEYOND DOHA

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There is justified concern that multilateralism, to which most developing and developed countries strongly subscribe, has suffered another setback with the failure to conclude the important modalities phase of the Doha Development Round of negotiations held in Geneva from 21 to 29 July 2008.

Notwithstanding marathon trade talks the Round has ground to a halt again. The proximate cause of the latest failure was rules governing agricultural trade. The stand-off over the special safeguard mechanism for small-scale agricultural producers in the developing world proved irreconcilable; but even if it had been resolved, other, more complex issues stood in the way, such as addressing the concerns of cotton producers in the developing world, industrial tariff reduction commitments and rules of trade in services.

Our view is that behind the immediate issues at stake lurks a broader challenge of recovering the developmental content of the Doha Round. It remains a serious source of concern that the developmental principles that WTO members agreed to in Doha in 2001 appear not to be sufficiently informing the detailed negotiations now under way. Developing countries thus have valid concerns over the future of the Doha negotiating mandate and whether it will be possible to preserve its core developmental objectives.

Furthermore, the potential gains that may be lost should also not be underestimated, as these have important systemic implications for development, particularly with respect to agriculture. These would include among others, the elimination of export subsidies, lowering ceilings for trade distorting support, new disciplines for product support, reduction of subsidies on cotton, duty-free quota-free market access for LDCs, new provisions for developing countries to protect agricultural products for food security and rural development reasons (special products), and a new trade remedy to protect developing countries from surges in subsidized agricultural imports (special safeguard mechanism).

However, ensuring that trade becomes a true force of development means going far beyond simply improving developing countries' access to the markets of developed countries. It requires the promotion of trade as an effective instrument for the effective and beneficial integration of developing countries into the international trading system.

Enabling a fairer trade regime for developing countries also entails a coherent policy approach to promote the creation of productive resources, skills and capacities within developing countries, as a crucial complement to trade liberalization. The focus of trade liberalization must be on more than achieving an open, non-discriminatory, predictable and rules-based multilateral trading system; it must also be able to deliver on the promise of development if it is to be sustainable.

Furthermore, in striving to enhance the multilateral trading system, it remains necessary for the WTO to continue to reflect on the aspirations and needs of all its members. China, India and Brazil are emerging as significant players on the world economic scene. As the economic and political influence of these countries increases, both individually and collectively, the trading system will have to reach an accommodation with them politically as well as economically. The emergence of a multipolar global economy, one in which the United States, the European Union and Japan are no longer the only major players, must therefore be addressed if the continued viability of the trading system is to be assured. Similarly, the nature, scope and objectives of the WTO need to be resolved. In this regard WTO members need to decide what they want their organization to be and do. Again, any such decision must properly reflect the priorities of the whole membership and not just of the powerful few. This will reduce the imperative for nations to seek solutions outside of the multilateral trading system. There is no doubt that the governance arrangements for world trade need to be updated to reflect new circumstances and new economic and political realities.

The following challenges, which are distinct yet often related, need to be met if the multilateral trade regime is to succeed:

- Counter growing opposition to further multilateral trade liberalization in industrialized countries. This tendency threatens to render further reciprocal opening of markets unduly limited and to weaken a valuable instrument of international economic cooperation;
- Ensure that this evolving dispensation - moving from the bipolar global trade regime dominated primarily by the United States and Western Europe to a multipolar alternative - does not lapse into a longer-term stalemate or disengagement;
- In this changing environment, forge a broad-based agreement among the members about the WTO's objectives and functions;
- Ensure that the WTO's many agreements and procedures result in benefits for its weakest members. This requires that the membership addresses the relationships between current trade rules and fairness, justice, and development; and
- Identify what steps can be taken to ensure that the considerable momentum behind the proliferation of preferential trading agreements can be eventually channelled to advance the long-standing principles of non-discrimination and transparency in international commerce.

Sustaining the WTO is the collective responsibility of all its members, in particular both the long-standing and the new poles of power and influence in the world economy.

There is thus a need to lead the world to a more representative global architecture to reflect the ongoing shifts in financial wealth, commodity power and trade flows. This must give the dynamic emerging economies a greater say in shaping the rules of the system while ensuring that they take greater responsibility for it as larger stakeholders. This would entail increasing their role in the International Monetary Fund, the World Bank, and the World Trade Organization, as well as enlarging participation in the Group of Eight (G8) industrialized

countries. There are thus major historic challenges before the leadership of the European Union and United States and the enormity of these and the fate of the Doha Round rest in their ability to rise to these challenges. The WTO remains important in terms of implementing the Uruguay Round outcomes, providing oversight for the global trading system and settling trade disputes. However, the failure to conclude the Doha Development Round is likely to see the impetus for trade integration shift to regional and bilateral efforts. Despite this reality, the key challenge for contemporary global economic governance will remain the ability to reconcile trade and development under dynamic conditions of globalization.

Unlike the breakdown in previous Ministerial meetings (Seattle, Cancún), the Doha Development Round breakdown has not been occasioned by acrimony and recrimination. Most members have indicated an interest in resuming the process as soon as possible. Two questions are therefore pertinent: when and on what basis could the resumption occur? On timing, despite some calls for an early resumption, the general view is that this may not be feasible for a year, given the upcoming elections in the US and India, as well as changes in the European Commission in mid-2009.

On the second question regarding the basis for resumption, a key question will be how to preserve and build on work previously done while simultaneously recognizing that in the end there was not consensus on the Geneva package developed in July. Consultations over the coming months may begin to provide some answers as to when and how substantive negotiations could be re-started.

If the Doha Development Agenda is to live up to its name, the fact that country priorities and capacities differ enormously will need to be addressed. The challenge of special and differential treatment is to develop an approach that defines clear and concrete rights and obligations for all members, while at the same time recognizing that the development needs of members are varied and call for differentiated responses. This is a different task, but shunning it will ensure that special and differential treatment remains an issue of political contention that carries both systemic and developmental costs, the consequences of which weigh on the WTO as an institution and its entire membership.

In conclusion, parliamentary scrutiny of trade policies must remain an important responsibility of members of parliament, as they have the duty to oversee government action in the field of international trade and promote fairness of trade liberalization.

The multilateral rules-based system under the World Trade Organization remains the most effective and legitimate means of managing and expanding trade and as such, needs the solid commitment of all members as it is a positive force in the world.