

Reciprocity and the Doha Round Impasse

Lessons for the Near-Term and After

SIMON J. EVENETT

University of St. Gallen and CEPR

Introduction

In the middle of 2007, just under six years after the launch of the Doha Round of multilateral trade negotiations, there is a pervasive gloom about this initiative's prospects, at least in the near-term. Repeated deadlocks, many missed deadlines, and convergence at glacial speed appear to have convinced many that the probability of concluding the Doha Round later this year is slight. Even optimists, who have argued that plenty has been achieved in this trade negotiation and that a deal can be struck in 2007, must face the prospect that any such agreement is unlikely to meet the expectations created at the Round's launch. These perceptions matter when trying to convince prime ministers and presidents to spend time and political capital on World Trade Organization (WTO)-related matters, including task of taking on the vested interests that stand in the way of concluding the Doha Round in the first place. The Doha Round is, therefore, in a rut. The impasse has quite possibly become self-fulfilling.

The purpose of this Policy Insight is to examine why the process of reciprocal trade negotiation, which many credit with being so successful in prior multilateral trade rounds, has run into so much trouble during the Doha Round. I argue that four factors have combined to frustrate the conclusion of reciprocal trade negotiations and I assess the likelihood that changes in these four factors will enable the Doha Round to be completed before the end of this year. Another reason for examining why reciprocity has not delivered this time around is that I wanted to establish whether there are any guidelines for policy-makers when structuring potential future multilateral trade initiatives. I point to three attributes that the Doha Round experience suggests must be present for a multilateral trade initiative to stand a chance of success and, moreover, suggest these attributes could be applied as follows.

Looking forward, and assuming that the Doha Round is not completed in 2007, I suggest that the likely lull between the end of this year and the second half of

2009 (the earliest moment when many believe negotiations can resume after the US presidential election) could be used to identify alternative multilateral trade initiatives to restarting the Doha Round negotiations. Therefore, trade policy-makers would not decide whether or not to abandon the Doha Round. Rather, they could consider whether to pick up the Doha Round negotiations where they laid off in 2007 or to replace it with another multilateral trade initiative. (Whether the latter is still referred to as part of the Doha Round is largely a presentational matter.) In sum, then, I examine the near-term prospects of the Doha Round and identify some more systemic and medium-term implications for trade policy-makers seeking to make the most out of reciprocal multilateral trade negotiations.

The remainder of this paper is organised as follows. In the next section I describe the most recent developments in the Doha Round of multilateral trade negotiations, up to the reactions to the draft modalities on agriculture and industrial products issued by the Chairmen of the respective WTO committees in July 2007. This account provides some indication of the impasse that the Doha Round is in. The third section of this paper examines four factors that together I argue are responsible for the current malaise concerning the Doha Round, and explain why the process of reciprocal trade negotiation has not worked this time around. Implications for the near-term prospects of concluding the Doha Round in 2007 are also discussed. In the fourth section, the foregoing analysis is used to identify three attributes that a potential multilateral trade initiative should meet if it stands any chance of success. I then argue that the likely lull in the Doha Round negotiations between the latter part of this year and the second half of 2009 (and conceivably later) could be used to identify potential multilateral trade initiatives that might be viable alternatives to picking up the Doha Round where it left off in 2007. Concluding remarks are offered in the last section.

The latest developments in the Doha Round

Like 2006, this year has been a rollercoaster for the Doha Round. Last year saw the suspension of the Round's negotiations from July to December 2006 after what looked like a promising beginning to the year. Trade diplomats were keen to make progress after the suspension was lifted and so 2007 too began with a uptick in optimism. Unfortunately, this was not to last and arguably the Doha Round looked like it was starting to unravel in the second quarter of 2007. Like the Uruguay Round of multilateral trade negotiations, the reciprocal exchange of concessions between WTO members is central to the negotiation of the Doha Round. Developing countries have explicitly linked the cuts that they are prepared to make on their tariffs of industrial products to industrialised countries' willingness to limit their farming subsidies and to ease agricultural border barriers. Having concluded that there was less of the latter than it had sought, at the end of May 2007 Brazil said it would no longer agree to a 20% maximum tariff on its imported industrial goods, instead it wanted a 30% cap on tariffs plus plenty of room for exceptions. European Union trade negotiators reacted sharply saying they would revise down their offer to reform their agricultural policies. Moreover, the newly elected President of France's criticisms of the European Commission's negotiating tactics in the Doha Round forced the latter to demand more, not less, in return for existing European offers to liberalise.

Doha Round progress has been a rollercoaster. Last year saw the 6-month suspension of negotiations after what looked like a promising beginning to the year. 2007 too began with an uptick in optimism, but it looks like it is starting to unravel

In the United States the Congress, which had changed formally from Republican Party to Democratic Party control in January 2007, amongst other decisions did not renew President Bush's trade negotiating authority and so the latter lapsed on 30 June 2007. Without such authority, the US administration cannot submit any Doha Round deal to Congress without running of the risk of the latter amending the deal beyond recognition. US trading partners know this, will not negotiate with the US twice (first with the Administration and then the Congress), and so demand that the US Administration has authority before concluding a deal. This puts the US Administration in a bind. Its strategy has been to use the prospect of or actual completion of the Doha Round to win negotiating authority from Congress, but the prospect of closure is lengthened as US trading partners anticipate that Congress will impose conditions of its own and so hold back concessions. This is the trade policy equivalent of a chicken-and-the-egg problem.

So far the low point of this year has been the inconclusive meeting between trade ministers representing

Brazil, the EU, India, and the US (the so-called G4) at Postdam, Germany, in late June. Brazil and India rejected as inadequate offers made by the US and EU to further reform their agricultural trade and subsidy policies. The Indian Minister of Commerce walked out of the meeting first and the Brazilian Foreign Minister said negotiating on these terms was "useless." The G4, having failed to narrow their disagreements within and across negotiation topics, passed the initiative back to Geneva-based diplomats. Many WTO members expressed relief that negotiations could now be more "bottom-up" or "member-driven" than the exclusive G4 negotiating process.

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The next significant development occurred on 17 July 2007 when the Chairmen of the WTO's Agricultural and Non-Agricultural Market Access (NAMA) Committees published draft "modalities." These modalities were principally in the form of negotiating text and included some specific proposals for how much WTO members should cut their tariffs and (where appropriate) agricultural subsidies by as part of a potential Doha Round deal. These modalities were put together after extensive consultations between each Chairman and the WTO membership. Neither Chairman claimed to have found or engineered a consensus among the WTO members; both were frank about the need for further concessions by all parties and acknowledged that this may would involve a certain amount of pain for WTO members and certain commercial interests.

The Chairman of the WTO's Agricultural Committee proposed modalities that would imply that the US lower its maximum allowable annual subsidy to its farmers to between \$13bn and \$16bn. This is below the \$22.5bn limit that the US has formally proposed and below a lower limit of \$17bn that the US has informally indicated that it could accept. The EU would have to cut its maximum allowable subsidies by 75-85%. Caps on less trade distorting subsidies were proposed too. With respect to tariffs on agricultural imports, the Chairman proposed that industrial countries cut their tariffs by between 48-73% (with higher percentage cuts for those tariffs that are currently bound at higher rates), meanwhile developing countries would cut their tariffs by two-thirds of the amount of industrialised countries up to a maximum average cut of 36-40%. The latter point indicated the so-called Less Than Full Reciprocity (LTFR) expected of developing countries during this Round.

Concerning tariffs on industrial products, the Chairman of the NAMA Committee proposed that a non-linear formula be used to cut industrial country tariffs to a maximum of 8 or 9%. The comparable maximums that he proposed for developing countries would lie between 19 and 23%. Moreover, developing countries were allowed to exempt 10% of their tariff lines from the full cuts proposed. (No exemptions for industrialised countries were proposed.) Industrialised countries were to phase in their tariff reductions over five annual and equal instalments, whereas developing countries would be allowed nine years to implement these tariff reductions. Least developed countries were exempt from any tariff cutting in industrial goods (and, incidentally, from agricultural tariff cutting too) as were certain members that had recently acceded to the WTO. Twelve developing countries that until now have bound few of their tariff lines were exempt from the formula cuts and were treated differently. Small and vulnerable countries were given an alternative to using the non-linear formula to cut their tariffs. In total, 49 developing countries were exempt outright from cutting their tariffs using the formula proposed and another 26 WTO members were given the option not to use the formula as well. This implies that less than half of the WTO's membership is obliged to implement tariff cuts according to the non-linear formula; this half being made up of the industrialised and the developing countries with large markets.¹

That WTO members have remarkably little time before the US presidential election cycle makes further American concessions impossible ... Trade diplomats have four months from September 2007 to wrap up the negotiations...Is this likely?
Put bluntly, no.

Reaction to the two texts was very mixed. The G4 trading nations all cautiously welcomed the texts, each no doubt carefully preserving their options and not wanting to appear to be an obstacle to progress. A group of developing countries led by Chile, whose proposals for cutting tariffs on industrial goods were similar to those proposed in the modalities advanced by the Chairman of the NAMA committee, perhaps unsurprisingly welcomed the relevant text. The so-called NAMA 11 group of developing countries were much more critical of the text on industrial products; Argentina and Venezuela went so far as to say that this proposed text could not form the basis of the negotiations planned for September 2007. More generally, the NAMA 11 group argued that the difference in the maximum allowable tariffs between industrialised countries and

developing countries should be no less than 25 percentage points. China supported proposals to increase the maximum allowable tariff rates on industrial products imported by developing countries, whereas the US argued that there were already substantial exceptions and lengthy phase-in times built into the Chairman's proposed text. Many developing country groups, including the G20, G33, and G90, argued that both texts implied greater cuts in trade barriers for industrial goods than for agricultural products and greater cuts by developing countries than by industrialised countries. Both of these outcomes, it was argued, went against the negotiating principles of the Doha Round.

Looking forward, WTO members have a remarkably short period of time before the US presidential primaries and general election is thought to make further concessions by American trade negotiators almost impossible. On the optimistic assumption that the US trade negotiators could make further concessions until December 2007 (and there are suggestions that the US presidential primaries have effectively started earlier in this election cycle, reducing the window of opportunity even further, if not eliminating it entirely), trade diplomats will have four months from the beginning of September 2007 to wrap up the negotiations and produce the necessary schedules (detailed legal appendices) to support an accord.

Is this likely? Put bluntly, no. Several reasons combine to produce this negative assessment. The draft modalities on agricultural and industrial products are incomplete. The agricultural text includes no specific language on the exceptions to be given to developing countries, a demand of the latter that could have a significant impact on the overall market access benefits which industrial country farmers and ranchers might look forward to. Nor is there any language on the EU and US controversial proposals on, respectively, geographical indications and a further "peace clause" (to stop trade disputes on agriculture). The text on industrial products says very little about the important subject of further disciplines on non-tariff barriers. The comparable text on modalities for the services negotiations has yet to be drafted; it has not been drafted precisely because there has been so little progress in this area to date. Finally, the negotiating text on trade facilitation, antidumping and other forms of contingent protection, and other areas of the Doha Round have yet to be circulated among, let alone finalised by, the WTO membership. The lack of any text on the service sector, especially the fact that no serious work appears to have been done on the associated schedules (which alone are expected to take 3-6 months to complete), is very troubling. Unless WTO members jettison some more topics from the negotiating table or accept significantly lower levels of tariff and subsidy cuts than currently demanded then it is very difficult to see how this multilateral trade negotiation can be concluded in 2007. Many constraints can be alleviated one way or the other, that there are only 24 hours in a day and that the US presidential election will be held next year are immutable.

If not in 2007, then when? Assuming that 2008 is taken up with the US presidential election and that at

¹ In this respect it is noteworthy that Bridges (2007) estimates that only 31 developing country WTO members will have to apply the non-linear formula to cut their tariffs on the imports of non-agricultural (industrial) products.

least six months is needed for the new US administration to settle in, then the earliest possible date for a resumption of negotiations is the second half of 2009, with 2010 and 2011 being more likely. Whether the Doha Round negotiations can pick up again after such an interlude is an open question. Moreover, the question arises as to how WTO members will use the time in the interim. One option, that may be attractive to frustrated agricultural trade exporters, is to try to accomplish through litigation (WTO Dispute Settlement) what they could not accomplish during negotiation. A raft of very politically sensitive agricultural dispute settlement cases may be brought. Another option is to spend the two to three years reflecting on why the Doha Round has been perceived as going so badly and to draw lessons for the near-term and after. The discussions in the next two sections may well contribute to the latter option.

If not in 2007, then when? Assuming that 2008 is taken up with the US presidential election and that at least six months is needed for the new US administration to settle in, then the earliest possible date for a resumption of negotiations is the second half of 2009, with 2010 and 2011 being more likely

Why have reciprocal trade negotiations been so inconclusive in the Doha Round?

In this section I will argue that the combination of four factors account for the Doha Round's malaise, that is, for the traditional tool of reciprocal trade negotiations yielding so little to date. Understanding these factors is not just important in accounting for the contemporary trade policy record, but also for shedding light on what must change for the Doha Round to be successfully concluded and, furthermore, for devising suggestions that might guide policymaking in the design and conduct of future multilateral trade negotiations.

The first relevant factor was the **choice of negotiating set for Single Undertaking** of the Doha Round and the **principles to guide the negotiations**. I do not wish to imply that during the last Round WTO members convened and systematically considered the options in this regard. In fact, quite the opposite seems to have been the case; the accumulation of a sequence of decisions and interpretations (sometimes conflicting interpretations) determined what subjects were to be part of the Single Undertaking and what outcomes, broadly speaking, WTO members wanted to see from the Doha Round. With respect to the former, it was only with the acceptance of the July 2004 package (that is, almost three years after the launch of the Round) that the contents of the Single Undertaking were known for sure. As far as the potential to reduce discrimination in commerce is concerned, the traditional area of trade in

industrial goods was joined on the negotiating table by agricultural policies (both border-related and subsidy-related) and services.

With respect to the principles that were to guide the negotiations, four stand out, mentioned here in no particular order. First, that the traditional reciprocity-based negotiating dynamics would be used, along with its mercantilistic calculus. Second, that agriculture was to be the focus and, therefore in the eyes of some, cuts in agricultural trade barriers and support were supposed to be larger than in other areas (manufacturing and services.) Third, that the principle of LTFR applies, whereby industrialised countries cut their trade barriers (or more generally, undertake more reform) than developing countries. This could take the form of the latter committing to cut their trade barriers proportionally less across the board or having access to more exceptions or longer implementation periods. Fourth, that non-linear formula-based approaches would be used to cut tariffs on agricultural and industrial products (as opposed to, say, cutting tariffs by some average percentage). The second and third principles are perhaps two of the more tangible manifestations of the so-called "development mandate" of the Doha Round, certainly as far as bargaining is concerned.

Four factors account for the Doha Round's malaise, that is, for the traditional tool of reciprocal trade negotiations yielding so little to date: the choice of negotiating agenda, specific political economy forces, extent of unilateral trade reform that took place over the last 10 years, and fast growth of the leading emerging markets.

Seen in this way, the Doha Round departs from its predecessor in that the Uruguay Round included a negotiation on a substantial regulatory policy (intellectual property rights) but did not include the development-related considerations or the heavy focus on agriculture. Compared to its predecessor, then, the Doha Round had in principle a greater set of potential trade-offs available (with the addition of agriculture to the negotiating table) for cutting trade barriers, which has been thought to facilitate reciprocity-based multilateral trade negotiations in the past. The set of potential reciprocal offers was, however, constrained in the Doha Round by the presumption that the degree of cuts in agriculture will determine the upper bound on cuts in trade barriers in other areas and the presumption that the extent of commitments taken on by industrialised countries will determine the maximum contribution made by developing countries to the Round. The reaction in July 2007 of certain influential groups of developing countries to the Chairmen's texts indicate just how seriously developing countries are holding the WTO membership to these presumptions. Overall, then, the set of potential reciprocal trade-offs in the Doha Round

is, in principle, wider than its predecessor (with the additional of agriculture to the negotiating set) but narrower in terms of where the commitments to reform must be greatest. I will argue below that, in fact, the interaction of the choice of negotiating set and negotiating principles with selected political economy factors accounts in large part for the negotiating impasse; my goal in the above paragraphs has been to describe one of the building blocks of the eventual argument.

The second element in the argument is to recognise the existing pattern of trade protection and trade-distorting policies and, more importantly, the specific political economy forces that have arisen to defend that protection against reform in the Doha Round. In what follows, I provide a general characterisation of the pattern of protection around the world and the negotiating demands and trade-offs that it engenders. In the negotiating sense, industrialised countries have the most to concede on agricultural support policies and subsidies; some industrialised and developing countries have very high trade barriers on agricultural imports; developing countries have relatively more closed markets in services and industrial productions (not withstanding the fact that industrial countries have tariff peaks on certain industrial goods, often labour-intensive manufactured goods that are produced cheaply in developing countries.) With this pattern of protection and the four negotiating principles, permutations of potential multilateral deals can be identified. For example, industrial countries might take on commitments to reform their agricultural policies in return for lesser commitments by developing countries to open up their markets for services and industrial products. So far so good. So what went wrong?

With respect to liberalising agricultural policies in the WTO disparate political economy pressures in four large players have, for different reasons, substantially constrained what can be negotiated

National political constraints played an important role in limiting, even potentially eliminating, the set of reciprocal deals on which this Round could be concluded. (The other two factors that I will identify later essentially further limit the set of potential deals available.) The first constraint which gets far less attention than others concerns the service sector negotiations. Irrespective of the level of development, the most that many WTO members seem prepared to bind in multilateral agreements are those reforms which they have already undertaken at home. This may reflect the fact that regulatory policies in services are influenced by different objectives than trade policy and are typically implemented by government bodies outside of the national trade ministry; both factors can account for the desire to preserve discretion. With services formally in – but effectively out – of the negotiating set that left trade-offs across agriculture and industrial products as the principal basis of any Doha Round deal.

With respect to liberalising agricultural policies in the WTO political economy pressures in four large players have, for different reasons, substantially constrained what can be negotiated there. In Europe the supporters of the current Common Agricultural Policy got one step ahead of trade liberalisers and in 2003 managed to secure EU-wide agreement for a 10 year-long package of agricultural policies, which have direct implications for the tariffs and quotas that the EU applies to agricultural imports, the eventual elimination of export subsidies (to be phased out by 2013), and reductions in domestic support policies (to be progressively reduced from 2005/2006 onwards). These supporters, which account for a majority of member states then (in 2003) and now (in 2007), also secured agreement that the EU's "contribution" to the agricultural negotiations of the Doha Round would be no more than to bind its internal reforms. Despite a number of valiant attempts by governments inside and outside the EU, these supporters have managed to hold European Commission trade negotiators to this line. In a reciprocity-driven trading system the problem this generates is that the EU's contribution is confined to the value of binding its agricultural reforms. If your reading of EU agricultural reform is that it is driven by overall EU budgetary pressures and that these pressures are not going away (if anything these pressures are intensifying because of the recent enlargements of the EU), then the EU's agricultural reforms are essentially irreversible and the offer to bind them worthless. We should not be surprised then that Europe's trading partners were unimpressed with such an EU offer.

On the other side of the Atlantic a very different political economy dynamic has played out in agriculture. The prevailing farm support measures in the US, enacted in 2002, are very popular with farmers for very good reasons – they are very generous when the prices of agricultural products are low. US farmers like being insured well by their government. The US Administration has been less keen on the current mix of agricultural support because it does add to government spending (and the US is running a large federal budget deficit) and the support is thought to be vulnerable to challenges by trading partners at the WTO's Dispute Settlement Understanding. The Administration has therefore designed its negotiating strategy in agriculture in the Doha Round with these considerations in mind. It has sought much greater market access abroad for US farmers and ranchers and in return US farmers would have access to lower domestic support. What is interesting about this negotiating strategy is that the US is seeking within-sectoral reciprocity, in other words developing countries would have to make concessions on their agricultural tariffs in return for lower US domestic support payments to its farmers. This trade-off is admittedly a logical possibility but it runs into two large political economy constraints elsewhere, specifically, in the India and China. The governments of both of these developing countries fear, for different reasons, the consequences of lowering agricultural tariffs. For one, the current Indian government attributes part of its own election to the "mistakes" made by its predecessor

with respect to certain agricultural tariffs. The Chinese authorities worry that tariff cuts will force more farmers and farmhands to move from the hinterlands to the cities, raising unemployment and increasing the risk of social disharmony (as the Chinese like to put it), which in turn is a threat to the hegemony of the ruling Chinese Communist Party. In short, the prerequisites for the US strategy of intra-sectoral trade-offs in agriculture are not in place, and its trading partners are certainly not prepared to cut their agricultural tariffs as much as the US is demanding. This paragraph and the last demonstrate the political inviability of the EU and the US agricultural trade negotiating strategies in the Doha Round of multilateral trade talks.

According to the World Bank's *Global Economic Prospects* report in 2005 two-thirds of tariff cutting by a large sample of developing countries was due to unilateral reforms. On the face of it such reforms are to be welcomed as they improve resource allocation amongst other positive effects. However, there is a downside which has become apparent in the Doha Round

Once the nature of the EU and the US offers and demands on agriculture became apparent – and even though at the Potsdam meeting earlier this year both indicated a willingness to do a little more concessions the fundamental elements of their positions had not changed – developing countries began to limit their concessions on tariff cuts on industrial products. The latter are of interest to the industrialised countries and so the process of the unravelling of the Doha Round offers began. We have yet to see whether the Chairmen's texts have halted this process.

Two other important factors altered the reciprocity-

based negotiating dynamics during the Doha Round. The first is the extent of unilateral trade reform that has taken place, and not just in developing countries, since the current bound rates were established in the last trade round. The second is the fast growth of the leading emerging markets and its implications for the relative impact of any Doha Round deal, measured in terms of additional national income or incremental exports. I discuss each factor in turn.

According to the World Bank's *Global Economic Prospects* report in 2005, two-thirds of tariff cutting by a large sample of developing countries was due to unilateral reforms. On the face of it such reforms are to be welcomed as they improve resource allocation amongst other positive effects. However, there is a downside which has become apparent in the Doha Round. That is, unilateral reform widens the gap between the applied tariff rates and the maximum tariff rate bound at the WTO. Governments know that if their exporters believe that the overseas unilateral tariff reforms are effectively irreversible, then in order to secure support from its own exporters for its trade negotiating strategy at the WTO the government must demand large enough tariff cuts from trading partners so as to create new commercial opportunities for its exporters. Therefore, as unilateral reform continues the demands from trading partners for tariff reductions will tend to rise.

The combination of the following three facts can account for the effect of unilateral reform on multilateral negotiating dynamics: the fact that unilateral tariff reform has taken place unevenly across developing countries, that some of the unilaterally reforming nations now have the lowest applied tariff rates, and that the same formula approaches are used to cut tariffs among developing countries. These three facts, plus the need for support of Western business for their governments' negotiating strategies at the WTO, together account for the unusually high demands on developing countries to cut their tariffs on industrial products in the Doha Round. Before describing this logic, however, it may be worth examining Table 1 which demonstrates two points: first, that apart from China, the other nine

Table 1 Except for China, unprecedented cuts in bound rates would be needed to create new trade

Rank	Emerging market	GDP (current US\$, in billions)	MFN tariffs on Manufactured imports			MFN tariffs on Agricultural imports		
			Average bound rate (%)	Average applied rate (%)	Average cut in bound rate needed to cut applied rates (%)	Average bound rate (%)	Average applied rate (%)	Average cut in bound rate needed to cut applied rates (%)
1	China	1,931	9.14	8.96	1.92	15.76	15.70	0.36
2	India	695	34.94	16.44	52.96	114.25	37.55	67.13
3	Mexico	683	34.91	13.33	61.83	43.70	18.21	58.32
4	Brazil	603	30.79	12.63	58.98	35.48	10.17	71.33
5	Turkey	302	17.03	4.69	72.46	60.08	42.01	30.08
6	Indonesia	254	35.55	6.75	81.01	47.02	8.22	82.53
7	Saudi Arabia	250	10.50	4.81	54.19	21.39	7.82	63.43
8	South Africa	214	15.72	7.85	50.05	40.79	9.00	77.94
9	Thailand	161	25.55	8.17	68.01	40.69	22.07	45.75
10	Argentina	153	31.84	12.57	60.53	32.56	10.06	69.10

Notes: Average cuts needed greatly exceed the 33% average cuts agreed in trade rounds since the 1960s.

Source: WTO Country Profiles

Table 2 A failed round doesn't cost China or India much; less so for Brazil

Country	Calculations based on largest estimates reported by CEPII staff		Calculations based on largest estimates reported by World Bank staff	
	Estimated gain (US \$ billions, 2005)	Days of economic growth needed to generate this gain	Estimated gain (US \$ billions, 2005)	Days of economic growth needed to generate this gain
Brazil	1.77	37	3.90	82
China	-0.61	n.a.	1.70	3
India	2.70	18	3.50	24

Source: CEPII source: Yvan Decreux and Lionel Fontagné, *A Quantitative Assessment of the Outcome of the Doha Development Agenda*, 2006. World Bank numbers from Kym Anderson, Will Martin, and Dominique van der Mensbrugghe "Market and Welfare Implications of Doha Round Scenarios," in Kym Anderson and Will Martin, editors, *Agricultural Trade Reform & The Doha Development Agenda*, Palgrave Macmillan, 2006. Chapter 12. Data from World Development Indicators (World Bank) used to compute the average daily economic growth rate for each country for the years 2000-2005.

largest emerging markets now have sizeable gaps between their bound rates and their applied tariff rates (and part of that gap is due to unilateral tariff reforms) and, second, that there is considerable variation across these countries in their current applied tariff rates and in the average tariff cut needed to create commercial opportunities for exporters to those countries.

To ensure that wide-ranging commercial opportunities are created in developing countries of interest to a demandeur with the application of a formula approach, the maximum allowable tariff in the formula (the so-called coefficient) will have to be smaller than the lowest average applied rate of the developing countries in question. If unilaterally reforming countries have tended over time to become those developing countries with the smallest average applied tariffs, then the maximum allowable tariff that will generate commercial opportunities in all developing countries of interest to the demandeur will essentially require substantial cuts in applied rates in those developing countries that did not undertake unilateral tariff reforms. Demands of this nature create two negative reactions: the non-reformers feel they are being asked to undertake historically unprecedented amounts of tariff-cutting in a single round. To the extent that the percentage reduction in their tariff being demanded is larger than that demanded of other WTO members, the non-reformers can also argue that the principle that developing countries contribute on average less to the Round than industrialised countries has been violated in their case. The unilateral reformers, on the other hand, feel that they are being punished for their prior reforms and resent being told to cut tariffs again. Yet unless these demands are made of developing countries, so the argument goes, there will not be enough manufacturers' support in industrialised countries to oppose the agricultural interests and developing countries will not get the agricultural policy reform they are seeking from this Round. This concatenation of circumstances in the Doha Round (not just the political economy factors but the principles to guide the Doha Round mentioned earlier and the use of tariff bindings in WTO negotiations) has seriously undermined the political viability of the trade-offs across trade reforms in industrial goods and agricultural goods between industrialised and developing countries.

The final factor that has contributed to the Doha Round impasse is another circumstance that is on the

face of it a welcome development, namely, the fast growth in the large emerging markets of China and India. Chinese economic growth, in particular, has been sustained over many years and has given rise to a substantial increase in both Chinese imports and exports. Along with a long boom in the US it should not be surprising, therefore, that world merchandise trade growth has been increasing at a fast rate during the Doha Round, especially for many groups of developing countries and for European nations. The challenge that booming world trade and fast growing emerging markets poses for concluding the Doha Round is that it raises in the minds of sceptics the question of just how bad it would be if the Doha Round collapsed or, less dramatically, went on for ever without concluding? Or put differently, really how large is the cost of the Round's failure? For any given set of multilateral trade offers, the faster the ongoing growth in national exports, the more likely a mercantilistic-minded trade minister is to conclude that the smaller incremental impact on export growth of the Round's completion is simply not worth the political inconvenience of having to confront the very domestic commercial interests needed to conclude the trade deal in the first place.

The challenge that booming world trade and fast growing emerging markets poses for concluding the Doha Round is that it raises in the minds of sceptics the question of just how bad it would be if the Doha Round collapsed or, less dramatically, went on for ever without concluding? Or put differently, really how large is the cost of the Round's failure?

The point can also be made in terms of the increment to national income, not just to exports. In Table 2 I report data from two leading studies of the maximum possible gains that might accrue to Brazil, China, and India if the Doha Round is completed. Using data on national income levels for 2000-2005 I calculated how many days of growth each of these emerging giants would effectively lose if the Doha Round is not completed. The results are striking.² If the Doha Round is

not concluded and the World Bank estimates (of the gains forgone) are correct, then China effectively loses an amount equivalent to just three days growth. India loses approximately three weeks growth. Brazil, on the other hand, would forgo the equivalent of 1-3 months of growth, at least twice as much as India.³ These numbers go a long way to account for China keeping a low profile during this Round and for India's willingness to walk away from a small deal at the recent G4 meeting in Potsdam, Germany. Blocking or a nonchalant attitude to negotiating progress is surely easier when a country is experiencing accelerating economic growth. When a number of leading WTO members are experiencing such a growth acceleration, it makes it very hard to conclude reciprocal deals that have relatively limited benefits. This argument highlights the fact that support for any reciprocal trade deal will be conditional on factors that are outside of the multilateral trading system (such as national rates of economic growth.) Arguably, then, the parameters of the Doha Round deal yield too little gains compared to the current macroeconomic circumstances. This provides trade ministers will less incentive to engage, which makes it harder to complete the Round in the first place.

**To argue that reciprocal bargaining
has been unable to deliver an
agreement in the Doha Round so far
is not to argue that reciprocity has
ceased to be a fruitful tool in
multilateral trade negotiations**

Another implication of the fast growth of the large emerging markets is that, in some cases, much of that growth is export-driven and this puts competing firms in other jurisdictions under greater pressure. Chinese export growth (which has been approximately 25% per annum since 2000) appears to have made some developing countries fearful of cutting tariffs on industrial products. This manifests itself in terms of even greater resistance to industrial country demands to lower these tariffs and in pressure for more exceptions and LTFR. Each of these manifestations limit what developing countries are prepared to offer industrialised countries in return for the latter's agricultural reforms, so providing another explanation for the lowering of negotiating ambition witnessed during the Doha Round. Fear of Chinese exports has put a break on the ambition of the reciprocal deals being sought in the Doha Round.

In this section I have identified four factors that together account for the inability to conclude the Doha Round of reciprocal trade negotiations so far. The addition of agriculture to the government policies in the multilateral negotiating set represented an expansion in

the potential for market access-based or traditional discrimination-based trade-offs in this Round. The greater degrees of freedom created, however, could not be exploited because the "agriculture first" and LTFR objectives could not be reconciled with disparate political economy considerations in leading WTO members, the degree of unilateral tariff reform, and with the boom in world trade and in certain emerging markets in particular. The EU and US pursued agricultural trade negotiating strategies that were not politically viable in their trading partners and their demands for tariff cuts on industrial products (driven up by the extent of unilateral reform in developing countries) could not be reconciled with some of the development-related principles adopted for this Round. Finally, what was on the negotiating table was small compared to other developments in the world economy, making the cost of saying "no" easier and potentially reducing the attention spent on concluding the Doha Round in the first place. It is for these reasons that I argue that the combination of the four factors identified in this section has made concluding the Doha Round so difficult.

To argue that reciprocal bargaining has been unable to deliver an agreement in the Doha Round so far is not to argue that reciprocity has ceased to be a fruitful tool in multilateral trade negotiations. Some of the factors mentioned above are contingent, some reflect the choices of WTO members. For one, the growth of international trade and the large emerging markets is not guaranteed. For another, WTO members can choose both the negotiating set and the principles upon which multilateral trade negotiations are based. Political economy factors may well change; for example, in 2008 or 2009 the EU member states are supposed to review the Common Agricultural Policy and this may allow for greater trade-offs on agricultural reform (bearing in mind that any such reforms would take effect after 2013 when the current 10 year package of policies towards EU agriculture expires.) Therefore the WTO membership, and by implication, progress in the Doha Round are not necessarily prisoners of forces at work in 2007. Having said that, the likelihood that any of the four factors that I have described changing much before the end of the year is slight, hence my pessimism about the near-term prospects for concluding the Doha Round and, therefore, my expectation that there will be a lull in negotiations for 18-24 months before, during, and after the US presidential election. The questions for policy-makers, then, are how to use that lull productively and whether in the future it is desirable to restart multilateral trade negotiations after the next US presidential Administration is installed and on what terms.

**Lessons from the Doha Round impasse for the
design of future multilateral trade initiatives**

The principal question asked in this section is, assuming that WTO members are not going to abandon reciprocal trade negotiations with a Single Undertaking, whether it is possible to identify the attributes of more promising multilateral trade initiatives? This question is motivated by the belief that during the Doha Round the

² They are even more striking when one takes into account that growth in China and India during the past two years is higher than the average growth rate for 2000-2005. If anything the number of days of forgone growth reported in Table 2 is overstated.

³ Relatively speaking, then, Brazil may be paying a high geopolitical price for its G20 alliance with India.

choice of negotiating set, principles for the negotiations, and some nations' negotiating strategies were incompatible with one another and with certain economic and political practicalities and by the desire not to repeat these mistakes in the future. A secondary question is whether, given the circumstances identified in the last two sections, the likely lull in negotiations in 2008 and the first half of 2009 could be employed to identify promising multilateral trade initiatives that might compete as alternatives to resuming the Doha Round negotiations where it left off in the 2007. Rather than pose the question in terms of whether or not to abandon the Doha Round trade negotiations, instead it might be useful to compare continuing the Doha Round negotiations with viable alternatives. I do not propose to identify those viable alternatives in this paper, not least because the events over the next 18-24 months (some of which may be completely unforeseen) may colour an assessment of viability. Even so, I do think it would be useful to establish some practical attributes that may assist policy-makers in evaluating any alternatives before them. Furthermore, as I shall state those guidelines in relatively general terms they may have longer-term value to trade policy-makers.

The likely lull in negotiations in 2008 and the first half of 2009 could be employed to identify promising multilateral trade initiatives that might compete as alternatives to resuming the Doha Round negotiations

More specifically, in what follows I shall describe three attributes that any promising future multilateral trade initiative should have. That is, whatever topics are considered for inclusion in the Single Undertaking and, whatever principles are agreed to guide future negotiations they ought to share the following three attributes. These attributes were not pulled out of thin air; readers will see that the previous discussion of the reasons for the Doha Round impasse has informed the choice of these attributes. Later I will go a step further and argue that potential future multilateral trade initiatives should be assessed to see if they share these three attributes. The rationale for such assessments is as follows: in a WTO with diverse membership – currently over 150 nations and custom territories – the likely success of any potential multilateral trade initiative is going to depend on many nations' and other circumstances. A system-wide perspective needs to complement whatever national assessments are made of proposals advanced at the WTO. Indeed, I am under no illusion that diplomats seek to advance their own nation's interests and will continue to do so. In effect, what I am suggesting is that taking the time to assess from a systemic point of view whether the aggregation of a set of national proposals into a potential multilateral initiative is a non-starter is preferable to starting an initiative, slogging it out for five or ten years, and accomplishing little or nothing.

The first attribute of a promising multilateral trade

negotiating initiative is Substantial Relevance. By this I mean that the proposed contents of the Single Undertaking and the practical principles to guide negotiations are (i) consistent with a set of previously-agreed objectives and functions of the World Trade Organization, (ii) of relevance to all WTO members or types of WTO member (bearing in mind that some WTO members prefer to identify themselves in groups), and (iii) of relevance to the world economy in the first quarter of the twenty-first century.

Requirement (i) leaves open the WTO's objectives, allowing for a separate and ideally explicit decision on this matter.⁴ Should multiple objectives be pursued by the WTO and their implications not be the same in certain circumstances, then this requirement would force some serious thinking as to which principles to guide the negotiations should take priority in different contingencies. The need for such thinking reflects the fact that often the principles that have guided WTO negotiations were practical manifestations of worthy-sounding objectives that lack sufficient specificity. For example, arguably the "promoting development" objective of the Doha Round manifested itself in two (possibly more) practical guidelines for the negotiations identified in sections 2 and 3, namely, "agriculture first" and LTFR.

Requirement (ii) is advanced because every WTO member, in principle, can veto a proposed course of action. Requirement (ii) insists that there be sufficient interest in a potential multilateral trade initiative for each WTO member. What I have in mind here is some type of de minimus test whereby each WTO member's interests are advanced beyond a critical threshold level. If one is discussing the economic impact of a proposed multilateral initiative then it may be possible to establish precise de minimus outcomes and evaluate an initiative accordingly. However, it may not always be possible to think about the de minimus test in quantitative terms. Even so, the idea that there should be (once all of the aspects of a proposed package are taken into account) non-trivial gains for all WTO members is an appealing one.

Requirement (iii) will force some reflection on what type of multilateral trade initiatives will make first-order or, at least significant perceptible, effects in a world economy that in 2005 had \$14trn-plus economies and 40 \$100bn-plus economies, substantial migration and remittances, trillions of dollars of overseas investments and sales by foreign affiliates of multinational firms and the like, not to mention the important influence of technological developments on commercial decision-

⁴ This is not a trivial matter as two objectives may have different implications for the outcome of a multilateral trade initiative. After all, in the previous section the objective of reducing discrimination in international commerce arguably conflicted with the objectives associated with LTFR in favour of developing countries. Quite distinctly, in principle the objectives of the WTO could include improving economic resource allocation, improving market access, reducing discrimination in international commerce, improving transparency in national commercial policymaking, promoting economic development, enhancing the legitimacy of the world trading system and a world economy with open borders, and pursuing common values. All of the latter have been mentioned in recent years as possible objectives or functions of the WTO.

making over the last 25 years. There are, of course, links between Requirements (ii) and (iii) because asking what would a proposed multilateral trade initiative add to a trillion dollar-plus economy could be restated in terms of a de minimus test. There is a serious question as to whether multilateral trade initiatives that deliver as few gains as those reported in Table 2 for the three of the leading emerging markets is really worth pursuing. An alternative might be to identify other multilateral trade initiatives that hold the promise of greater impact.

The three attributes of a potentially successful multilateral trade initiative require very different types of information and expertise to assess. The leading WTO members almost certainly have access to the information and expertise necessary to conduct such assessments, but that is not to suggest that only they undertake them

Underlying the Requirements (ii) and (iii) is the notion that the identification of options for future multilateral trade initiatives be a forward-looking, fact-driven, and objective exercise. For a given or even different levels of de minimus impact, technocrats could identify a number of different permutations of multilateral initiatives that meet these Requirements. Separately, an implication of these Requirements is that the characteristics of the modern world economy – the large shares of national output accounted for by the service sector, the growing overseas expansion of multinational companies from developing and industrialised economies, etc. – should inform the identification and components of potential future multilateral trade initiatives. This would imply finding ways to turn the General Agreement on Trade in Services (GATS) into a workable liberalising tool, not to throw up our hands and accept a limited role for this particular agreement. Past experience should be augmented by current circumstances and opportunities when formulating potential future multilateral trade initiatives.

Like the other two attributes that I propose below, it may be worth considering whether a multilateral trade initiative remains substantially relevant after it has been launched. A periodic check of whether an initiative continues to meet Requirements (ii) and (iii) in particular would create a stronger tie between developments in the multilateral negotiating arena and the economic realities facing WTO members. It may well be that the current Doha Round proposals fail this test now and possibly in 2009 and 2010 (when a decision may be taken to resume negotiations) as well, in which case the search for alternative multilateral trade initiatives should start in earnest.

Now that in rich countries the remaining tariff peaks on imported industrial goods and agricultural policies in general tend to be supported by strong domestic constituencies, the viability of reciprocity-led trade negoti-

ations rests on correct assessments of politically acceptable bargains. The second attribute of a promising multilateral trade initiative, then, is Political Viability. This attribute requires that any set of negotiating trade-offs across countries and subject matter implied by a proposed multilateral trade initiative are not incompatible with identifiable first-order political constraints within the relevant WTO members. The assessment of political viability has to be both comprehensive and forward-looking. By comprehensive I mean that a trade diplomat or analyst should assess not only the potential incompatibility of an initiative in their home jurisdiction but also in the other jurisdictions where political acceptance of a final deal is required. (I would argue, along the lines described previously, that the current proposals for agricultural reforms in the Doha Round fail this test; the associated package was incompatible with important political constraints in the relevant WTO members.)

By forward-looking, the assessment of political viability should take into account known events, such as major elections, in the political calendars of WTO members. For example, in assessing the proposals for multilateral reforms of agricultural trade policies in 2001 I would have taken into account the fact that the US was soon to enact a new farm bill and that the EU member states were likely to negotiate a multi-year package for the Common Agricultural Policy. More generally, an important consideration in assessing political viability of the agricultural reform component of a multilateral trade initiative is the extent to which the trade policy and agricultural policy communities' views on the desired range of outcomes for the multilateral trade initiative are aligned. If the alignment is weak tough questions should be asked about whose views will prevail, for this could indicate a potential first-order political incompatibility and a likely lack of political viability of the initiative in question.

Looking just beyond the near-term to the potential negotiating lull in 2008 and 2009 (and possibly 2010), then it may make sense to establish a six to twelve month-long multiple-step process whereby a number of potential multilateral trade initiatives could be identified in the first step and then systematically assessed in the second step

Another important element of the political viability of a multilateral trade initiative is its relationship to other trade reforms that WTO members have undertaken or could engage in. It should be recalled that WTO members need not sign up to multilateral trade initiatives to reform their commercial policies. Indeed, there may be at a point in time a first-order political incompatibility with some or all potential multilateral trade initiatives. The political economy forces at work in India strongly suggest that unilateral trade reform is much more politically palatable than reciprocal trade reforms, not least

because debates about the latter are dominated by what India "gave away" and what "little" foreigners begrudgingly gave in return. In which case, it would be useful to check if a proposed multilateral trade initiative does not discourage either undertaking unilateral reforms or the eventual binding of those reforms in WTO schedules.

The principles chosen to guide the negotiations in the Doha Round and the eventual choice of negotiating items for its Single Undertaking were incompatible with first-order political economy constraints in leading trading nations, with the widespread tendency of WTO members to engage in unilateral trade reform, and with the impact of a booming world economy that might have lead some political leaders to conclude that the benefits forgone from a Doha Round impasse (or even failure) are minimal

The third attribute of a promising multilateral trade initiative is Feasible Implementation. A proposed multilateral trade initiative should: (i) where necessary be implemented in binding commitments on WTO members using well-established WTO legal principles or suitable adaptations thereto, (ii) be enforceable through the WTO Dispute Settlement Understanding or other recognised alternative acceptable to the WTO membership, (iii) be subject to monitoring and surveillance by the WTO and adequate resources devoted to this task, and (iv) to the extent that effective implementation is contingent on the funds, expertise, or other resources other organisations than the WTO then agreement between those organisations and the WTO and mechanisms to coordinate and monitor implementation must be put in place and appropriately resourced. In short, the feasibility of implementation of a multilateral initiative is much more than a matter of legal codification. Many steps follow codification and the last two requirements listed above indicate the role that monitoring, surveillance, and cooperation with other organisations (international bodies, bilateral donors, technical assistance suppliers, and the like) are important elements of implementation too. After the deliberations over the Aid for Trade Initiative in the Doha Round, where a number of the above matters were discussed in detail, WTO members should now have some experience to think through the feasibility of implementing the different components of a multilateral trade initiative before it is launched.

The three attributes of a potentially successful multilateral trade initiative require very different types of information and expertise to assess. The leading WTO members almost certainly have access to the information and expertise necessary to conduct such assessments, but that is not to suggest that only they under-

take them. Technical assistance and donor support may enable groups of WTO members that wish to work together to conduct their own assessments of potential future multilateral initiatives. The WTO secretariat may be able to contribute to such assessments by estimating the economic gains of different trade reform scenarios put to it and by describing different enforcement, monitoring, and surveillance mechanisms in WTO agreements and in other potentially relevant international accords. The assessment of political feasibility is probably something the neutral WTO secretariat should not contribute towards. The WTO Director-General should be given the resources to conduct his or her own assessment of potential future multilateral initiatives, with the assistance of external neutral parties, and would be obliged to publish a summary of any of the assessments that he or she completes. No doubt others, including other international organisations, non-governmental organisations, think tank experts, and scholars can contribute to all, or part, of the assessment of different potential multilateral trade initiatives.

Looking just beyond the near-term to the potential negotiating lull in 2008 and 2009 (and possibly 2010), then it may make sense to establish a six-to-twelve month long multiple-step process whereby a number of potential multilateral trade initiatives could be identified in the first step and then systematically assessed in the second step. Picking up the Doha Round negotiations roughly where they laid off in 2007 would be included as one such potential multilateral trade initiative. Contributions to such a process would be expected to refrain from mere advocacy and to include objective analyses of one or more potential multilateral trade initiatives identified for further scrutiny, looking in depth at one or more of the attributes identified above. At the end of the deliberation period, as the third step in this process the WTO Director-General would report to the WTO General Council on the potential multilateral trade initiatives, in particular their conformity with the three attributes identified here. This report, plus the other information that such a process is likely to generate, would then inform a decision by the WTO membership about any next phase in reciprocal trade negotiating. The latter decision being the fourth and possibly final step in this process.

More generally, if this procedure were followed before a round was launched, what would be the likely effects on the scale and duration of the multilateral trade negotiations? With respect to duration, on the one hand conducting assessments of proposed multilateral trade initiatives takes time; I have suggested up to a year in the paragraph above although the assessments may be done quicker. On the other hand, to the extent that infeasible, impractical, or trivial proposals are weeded out, then what remain are potential multilateral trade initiatives that the WTO membership knows have significant stakes (perhaps in economic terms, or in terms of some other objective) and whose initial assessments of political viability and implementation feasibility are positive.

With respect to the scale of reforms of promising future multilateral trade initiatives, the requirement of

de minimus impact may have the effect of increasing the magnitude of trade reforms sought, making a careful assessment of political viability even more important. The (implied) requirement of having an impact on trillion-dollar economies, amongst others, may well impose some discipline on the choice of negotiating items, resulting potentially in a smaller number of matters to be included in any Single Undertaking.

Another more subtle implication of a de minimus test is that, if widely acknowledged and accepted, it may make nations think more carefully about the preferential trade measures they offer trading partners. For example, the presence of preferences granted by industrialised countries to developing countries would make meeting a de minimus test harder to satisfy for the latter WTO members in any proposed multilateral trade initiative where tariff cuts by the former result in preference erosion. The need to meet a widely-accepted de minimus test for launching a multilateral trade initiative might even influence how industrialised countries reform their preference regimes in the future.

Given the upcoming US presidential election and the time it takes for a new Administration to be in place, and recalling that the Indians must hold a general election by the summer of 2009 then, assuming the WTO membership concurs, the earliest possible resumption of serious multilateral talks will be late 2009, with a resumption in 2010 far more likely

A second, subtle and forward-looking implication of the political viability attribute is that it may add further doubts to the wisdom of pursuing certain zero-for-zero sectoral deals, which may provide the commercial interests in question with little incentive to support future multilateral trade initiatives. Indeed, if sector has the clout to get a zero-for-zero sectoral deal proposed in the first place it is probably the type of export-oriented, outward-looking commercial interest that trade policy-makers ought to want to have permanently in the pro-multilateral reform camp. In short, then, the three attributes of a potentially successful multilateral trade initiative may have value beyond the important task of assessing such initiatives; the three attributes could influence other trade and related policymaking in WTO members so as to reinforce and extend the conditions favourable to multilateral trade reform. There are no guarantees being offered here, rather that a more systemic, more forward-looking approach that is widely applied could tip the odds against repeating the experiences of the recent past.

Concluding remarks

The Doha Round negotiations have been very difficult. For some it took nearly six years to launch in the first

place. Moreover, since its launch the Round's scope has shrunk and negotiations have taken place in a series of fits and starts; the convergence of positions is taking place at a glacial speed. Some may argue that this is no different from previous rounds. Such a retort ignores that businesspeople and politicians appear to have shorter time horizons than in the past and their patience for long-running multi-year dramas is very limited. The mismatch between long negotiating cycles in trade and short business and political time horizons represents a problem for trade diplomats because it is those very businesspersons and political leaders whose assistance is needed to overcome the domestic opponents to any proposed multilateral trade reform. This mismatch is an example of a more fundamental point: arguably the Doha Round of reciprocity-based trade negotiations as currently pursued by the representatives of WTO members cannot be reconciled with significant political and commercial realities in leading trading nations. A rethink, then, of what reciprocal trade reform can accomplish is called for.

In this Policy Insight I have argued that the principles chosen to guide the negotiations in the Doha Round and the eventual choice of negotiating items for its Single Undertaking were incompatible with first-order political economy constraints in leading trading nations, with the widespread tendency of WTO members to engage in unilateral trade reform, and with the impact of a booming world economy that might have led some political leaders to conclude that the benefits forgone from a Doha Round impasse (or even failure) are minimal. Moreover, with all of the good will in the world unless there is a simplification of the negotiating set and the principles chosen to guide the negotiation in the coming months, then there is very little chance that the Doha Round can be completed by the end of 2007.

Given the upcoming US presidential election and the time it takes for a new Administration to be in place, and recalling that the Indians must hold a general election by the summer of 2009 then, assuming the WTO membership concurs, the earliest possible resumption of serious multilateral talks will be late 2009, with a resumption in 2010 far more likely. At that point the 2007 set of Doha Round proposals may not seem so relevant or compelling. I have argued that policy-makers would be better served if part of the next 18 to 24 months were spent identifying promising alternative multilateral trade initiatives with which to compare picking up the Doha Round negotiations where they left off. At least this way decision-making can be informed by a comparison of alternatives, and the matter is not reduced to whether to abandon the Doha Round or not. Policy-makers may then decide to supercede the current Doha Round proposals and, if so, whether or not the Doha Round is formally concluded could largely be a presentational matter.

To guide the identification and assessment of promising alternative multilateral trade initiatives to the current Doha Round proposals I have pointed to three attributes that any such initiative should have. These attributes are Substantial Relevance (to the WTO's objectives and to its members), Political Viability, and

Feasible Implementation. A process could be established whereby a selected number of alternatives could be proposed and analysed for consistency with these three attributes. This process would have to draw on a wide range of expertise and need not be confined to WTO members, even though the latter are the ultimate audience and decision-makers. The WTO Director-General could play a useful role aggregating and summarising the different viable alternatives, eventually presenting a report to the WTO General Council in the middle of 2009.

More generally, I have argued that within the world trading system there is a need for greater systemic and forward-looking thinking before multilateral trade ini-

tiatives are embarked upon and the three attributes mentioned earlier ought to be part of any such assessment. The Doha Round impasse has taught us that reciprocity-based trade negotiations need not succeed and this ought to make us think more systematically about the numerous national political, geopolitical, diplomatic, economic, and other circumstances that are conducive to successful reciprocal trade negotiations.

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Simon J. Evenett is Professor of International Trade and Economic Development at the University of St. Gallen, Switzerland. In addition to his research into the determinants of international commercial flows, Professor Evenett is particularly interested in the relationships between international trade policy, national competition law and policy, and economic development. He obtained his Ph.D. in Economics from Yale University and a B.A.(Hons) from the University of Cambridge. Professor Evenett has been a (non-resident) Senior Fellow of the Economic Studies Programme in the Brookings Institution, Washington, D.C. Previously, he has taught at Oxford University and Rutgers University as well as serving twice as a World Bank official. His writings can be found at www.evenett.com.

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