

Dilemma Confronting the Doha Round Endeavor

FOLLOWING the WTO ministerial conference in Hong Kong in December 2005, the Doha Round negotiations have been on the horns of a dilemma, caught between a perceived deadline to conclude them by the end of 2006 and a realization that a high level of ambition must be achieved for agreements to be ratified in both the United States and the European Union.

This dilemma has serious implications for the liberalization of international trade, the growth of the world economy, the course of international relations and, with all that, the evolution of the multilateral trading system.

In Hong Kong, the ministers deferred facing the core Doha Round issues, but still aimed to complete the negotiations by the end of 2006 — without lowering their objectives.

They called for the modalities for negotiations on agriculture and industrial products to be settled by April 30, 2006, and for full schedules of commitments to be agreed by July 31; and they required final commitments on trade in services to be submitted by October 30.

In the end, enough time has to be left for the legal texts to be finalized before the *current* U.S. negotiating authority expires altogether on June 30, 2007.

Renewal of U.S. "Fast Track" Negotiating Authority?

American spokesmen have said securing a new authority at that time would be a long shot, given the protectionist mood on Capitol Hill, although Robert Portman, when still the U.S. trade representative, told journalists in Washington on January 20, 2006, he did not rule it out.

Finishing the negotiations by the end of 2006 is the first objective. After a record of missed deadlines, however, the chances of doing so are not rated very high, which means the U.S. Administration may have to seek a new negotiating authority from Congress to complete the negotiations.

Whatever happens in the Doha Round negotiations, the United States cannot afford to be without trade-negotiating authority, as was seen when the Clinton Administration failed to secure renewal of the authority after it expired in 1994 and therefore could not provide leadership.

Whatever happens, it is widely expected that the proliferation of preferential trade agreements will continue., for it is an open secret that for months the Commission in the European Union has been drawing up

plans for further bilateral and regional trade negotiations.

If the United States is to move in that direction, with negotiations in progress or contemplated with various countries in the Asia-Pacific region, the Administration will need to secure a new trade-negotiating authority.

Depth of Systemic Problems Revealed

In most parts of the world, however, preferential trade agreements are seen to be second best, compared with a properly functioning multilateral trade regime. It is increasingly recognized that the "noodle bowl" of preferential trade agreements is weakening the multilateral trading system. Governments have been resorting to them almost entirely because of the slowness of multilateral trade negotiations.

If nothing else, the Doha Round negotiations have revealed the depth of systemic issues in international trade relations, threatening the viability of the multilateral trading system

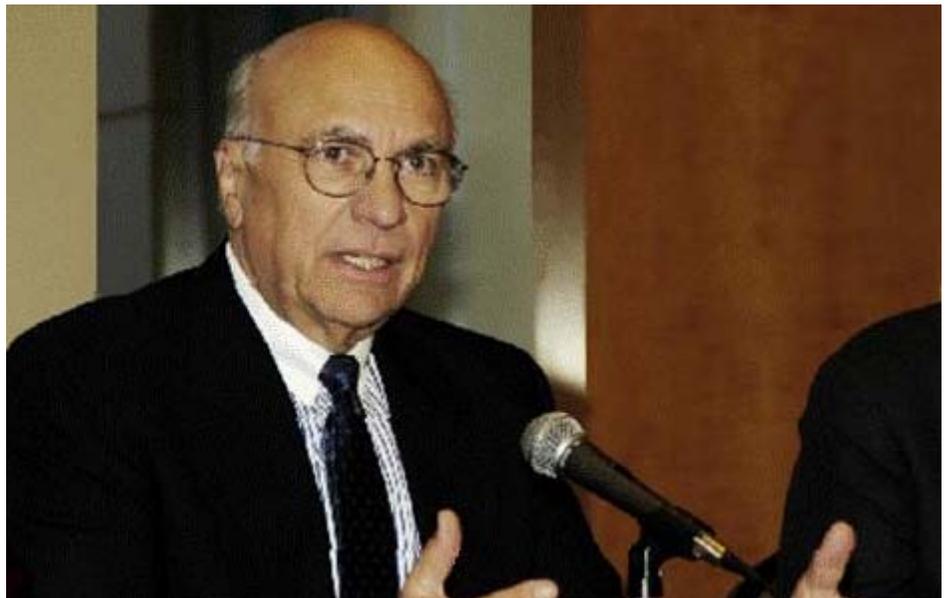
So it has become critically important to integrate agriculture into the world economy, to draw low-income countries into growth-through-trade and to maintain the liberalization of international trade in manufactures, services and farm products.

The WTO system provides the stability to the institutional environment that is today conducive, if not essential, to the conduct of international trade and investment.

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Washington, DC
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Objective of the WTO Negotiations



"Our goal," said Clayton Yeutter after the Doha Round began, "should be the integration of developing countries into the world economy. That not only entails adjustment in industrialized countries to increasing trade with developing countries. It also entails developing countries helping themselves by opening their markets to stimulate the investment and adjustment needed in them to promote economic growth and development."

Ambassador Yeutter, former U.S. secretary of agriculture and earlier the U.S. trade representative, is chairing the Institute's activities on agricultural trade.