

d·i·e

Deutsches Institut für
Entwicklungspolitik



German Development
Institute

The Doha Round is dead – long live the WTO?

By Clara Brandi,
*German Development Institute /
Deutsches Institut für Entwicklungspolitik (DIE)*

The Current Column

of 21 December 2015

The Doha Round is dead – long live the WTO?

Bonn, 21 December 2015. Held in Nairobi, the Tenth World Trade Organization (WTO) Ministerial Conference ended on 19 December, 24 hours later than planned. After a long period of wrangling, a number of decisions were concluded and a historic turning point was reached for the Doha Round. For the first time, several states called for the negotiations, which have been ongoing for 14 years, to be abandoned. It still remains to be seen whether and how the issues of the Doha Round will be incorporated into the negotiating agenda in future. The WTO must now consider how it can make quicker headway in negotiations on new trade rules.

Even if the Nairobi conference saw the organisation once again fail to achieve the great success it hoped for, a number of the decisions taken indicate that the WTO can continue to operate as a forum for multilateral negotiations. For example, its Director-General Roberto Azevedo praised the concluded package of measures for the agricultural sector, which were even referred to as a milestone by the EU. The agreement is set to abolish export subsidies for agricultural products around the world. A major breakthrough on this issue was something that had repeatedly eluded the Doha Round in recent years.

As such, the last few weeks have shown that it is possible for the WTO's more than 160 members to achieve multilateral consensus. The global climate agreement agreed by almost 200 UN states a few days ago also underscored the fact that global cooperation can work. Despite what all the sceptics and critics may say, multilateralism is possible.

Is all well that ends well? Unfortunately not. A few decisions were taken in Nairobi, but the WTO negotiators still failed to reach a consensus on the future of the Doha Round, a failure to date, despite much late-night diplomacy. While developing countries wished to continue with negotiations, industrialised nations, chief among them the United States, called for an end to the Doha Round. The Nairobi closing statement is now the first one to explicitly state that a number of member countries are not prepared to continue with the Doha Round as before. In one sense, it would be very regrettable if the Doha Development Agenda were abandoned with nothing to show for it. At the same time, discussions had come to a standstill long ago and many issues on the agenda have since become outdated. This means that officially calling time on the Doha round could also provide an opportunity to devote more attention to key current issues and to rethink the future of the WTO.

One potential new approach could be to opt for more plurilateral agreements, in which a group of willing

countries moves ahead more quickly in particular topic areas. This approach was also on the agenda in Nairobi, where 53 WTO members adopted the plurilateral Information Technology Agreement (ITA), which involves eliminating tariffs on over 200 IT products. For the group of pioneering countries, plurilateral sub-packages offer them the advantage of being able to make faster progress in the sectors of relevance to them.

But what do the agreements mean for the states not involved in them? The good news in the case of the ITA is that non-signatory states can join it at any time. Additionally, application of the WTO's most-favoured nation (MFN) principle means that all WTO members can benefit from the plurilateral reduction of tariffs on IT products. These key elements also apply to the Environmental Goods Agreement (EGA) that is currently being negotiated by a series of countries in order to eliminate tariffs on goods such as air filters.

Of course, for countries not involved in the plurilateral negotiations, this raises the question of whether its pioneering activities are setting the stage for future trade rules that are not in their interest. One thing is certain: while the plurilateral trend may not be ideal for these nations, it is still preferable to a steady increase in the number of megaregional agreements such as TTIP and TPP, which would offer them fewer accession opportunities and trade benefits.

Consequently, the end of the Doha Round could also serve to inject fresh dynamism into the WTO as more states opt for plurilateral approaches. At the same time, the global trading system is becoming increasingly confusing as the number of bilateral, regional and plurilateral agreements grows. This makes it particularly difficult for smaller enterprises in developing countries to navigate the ever more complex regulatory frameworks. The WTO should use transparency initiatives to bring more light into this jungle.

The WTO should also be used as a negotiating forum in future, not least because it is more inclusive than the bilateral and regional forums, which are becoming increasingly prominent at present. Moreover, it will retain its key role as an effective mediator in trade conflicts going forward. If the plurilateral approach continues to take hold within the WTO, then the organisation will serve as an important forum for negotiating trade rules, despite megaregional agreements. This means that Germany, the EU and emerging economies should strive to ensure that the WTO remains a key pillar of global economic governance in future.