



Polly wants a Doha Deal: What Does the Trade Community Think?

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Now the Doha Round is in its tenth year, it is still far from clear whether a deal will be concluded this year. Neither is clear what are the reasons of the current deadlock. Deep division also remain on how to conclude a possible Doha deal. Apart from this negotiation stalemate, what do trade experts think about Doha? This policy brief analyses these questions using mainly data from the CUTS forum debate on the Doha Round among trade experts and academics. The results show that also among experts huge divisions remain on these issues.

The Doha Development Round is in its tenth year of negotiation and finds itself in a deadlock. As these long negotiations have continued concerns have increasingly been raised about whether Doha can still be saved. But, in order to let these negotiations succeed one needs to find the causes of the current Doha stalemate. The answer to this question is neither obvious. Uncovering these causes would, however, help finding solutions how to resolve the current trade negotiations.

At this difficult juncture, it is interesting to get a sense of the mood and thinking of the trade community on these variety of questions. Therefore we have analyzed what trade experts think about these issues. In this policy brief we present the opinion of the trade community to assess how they think about saving Doha, the causes of the current negotiations stalemate, and how to proceed further with the current trade negotiations.

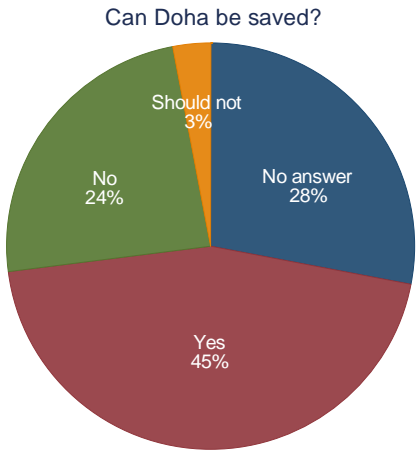
To assess these topics we largely use data from a recent forum debate called “Polly Wants a Doha Deal” initiated by the CUTS Centre for International Trade, Economics and Environment. This debate was introduced by a recent op-ed of the same name by Bhagwati (2011). We also include data from the VoxEU e-books “Why World Leaders Must Resist the False Promise of a Doha Delay”. Together these two fora offer an opportunity to collect and analyze the contributions of more than 70 trade observers varying from trade policy officers to trade academics who took part in this debate.

We have quantified participants’ contributions by making use of the fact how they think about the following three questions: 1) Can Doha be saved?, 2) Who or what is the main cause of the current Doha stalemate?, and 3) What to do next? To us these questions had most common ground during this debate and among the contributions put forward. In our view these questions summarizes best the outcome of the discussion. Hence, in what follows provides quantified answers to the three question stated above based on the two fora. It does so by taking into account the time consistency of arguments when a participant expressed his/ her opinions more than once.

How serious is the situation: Can Doha still be saved?

The first question that we have derived from the forum debate is whether participants still think the Doha Round can be saved. Four different answers were given, which are presented in Figure 1. The figure shows that only a very small number of participants (3 percent) thought that the Doha Round should not be concluded or should not have been launched in the first place. In other words, the sample of participants consists essentially of trade observers who, ten years ago, were presumably supporting the launch of the Doha Round.

Figure 1: How serious is the situation?



Source: authors' calculations with data from CUTS and Voxeu.org

This initial wide consensus is, however, now badly spoiled. Figure 1 shows that only half of the trade community still thinks that a successful conclusion of the Doha Round is possible. On the other hand, almost one quarter said that they cannot see how the Doha Round could be concluded within the near future and stated that negotiations cannot be saved anymore.

At the same time, a substantial quarter of the participants did not wish to express their ideas on this subject. Such a silence has many potential explanations: from the feeling of lacking key information to the will not adding on the negotiators' stress. However, all participants silent on question 1 are opting for solutions (i.e. question 3) which imply some sort of failure of the Doha Round. (See Annex Table A1.) In short, they should be seen as close to the "no" group.

Internet debates are very sensitive to the general mood and self-reinforcing forces. Looking at the distribution of these various groups over time is thus an important element of this analysis. The opinions expressed are relatively stable over time, suggesting that reason prevails over emotions. Admittedly, although a majority of the contributors stated that they are in favour of a Doha conclusion a sizable part of them remain neutral on this topic and could therefore create a somewhat biased outcome when interpreting this group. What becomes clear, however, is that opinions are mixed about this question.

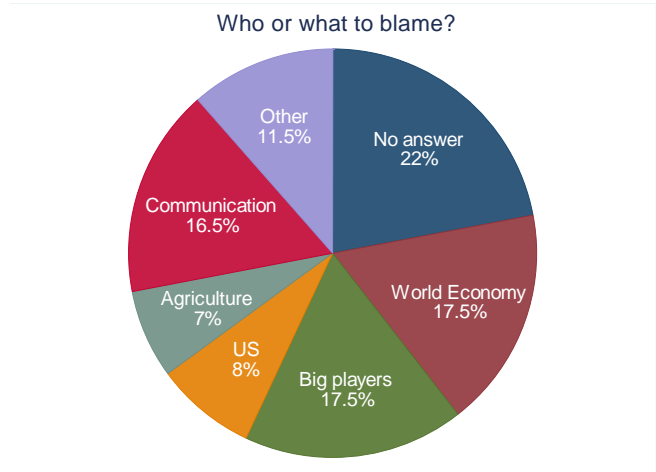
What are the causes of the current stalemate? Who or what to blame?

A next question that we have analyzed is what participants thought of the possible causes of Doha’s current negotiation deadlock. Many different reasons were given which are shown in Figure 2. Almost a quarter of the participants did not address the question of who or what to blame. Most of the participants within this group were more or less equally divided on the solutions brought forward in answering question 3. (See Annex Table A2.) The remaining participants can be divided into approximately two broad groups.

First, there are those who blame domestic policies of the negotiating countries. This view follows the traditional trade approach that sees international trade conflicts as a reflection of unresolved domestic conflicts (i.e. the stalled EU’s single market reforms, little pro-market reforms in the US, etc.). This group is large and includes half of the participants, but is not homogenous.

A notable number of participants within this group invokes the ongoing tectonic shifts in the world economy. This group of 17.5 % believes that the overall state of the current world economy between industrial and developing countries with no specific target to blame is the main determinant. Proponents of this view – what perhaps can be called the international political economy view – sees the current stage between high-income countries having low growth with relatively low barriers and low-income countries experiencing high growth with high barriers still in place as particularly a main obstacle to the Doha standoff.

Figure 2: What are the causes of the current stalemate?



Source: authors’ calculations with data from CUTS and Voxeu.org

Yet, another part of similar size within this group point the finger at the bigger players that are involved in Doha, i.e. the EU, US, China and India. They think that since these “few countries have a greater interest in securing a high ambition deal while many other players would like to see a low ambition deal, negotiations are likely to stand where they are now” (Evenett, 2011). Last, two smaller

groups see the US as the main culprit or give this role to both the US and the EU by a precise reference to agriculture.

Second, there are participants who think that communication on the trade gains could have been better. This communication particularly consists of explaining the trade gains that would arise from reducing policy uncertainty in terms of securing rules, trade regulations and tariff binding. These policy disciplines would matter as much if not more for welfare and growth through trade than the marginal effects that would arise from lowering applied tariffs. These participants feel that so far the stance on trade gains has been too narrow. Others within this group go so far to state that more honest and clear communication should have taken place between the analytical trade community and private stakeholders.

Finally, there is a wide set of other smaller voices, each representing less than 2 percent, that have been regrouped together. Participants in this group seem to point at specific concerns such as the lack of development issues in the trade negotiations, difficulties due to an increased number of WTO Members and issues dealt within the WTO, the single undertaking, the non-democratic feature of the WTO; or even more particular problems such as increasing food prices, a threat of a possible second global financial crisis or even Pascal Lamy himself.

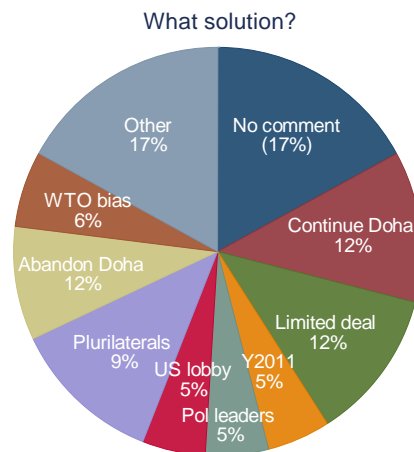
In sum, on this question too trade experts remain hugely divided of what are the main origins for the present Doha developments. To us two groups seem to arise that are held accountable for the current problems with each having their own perception. A first group is a political stance that views the difficulties of domestic politics as the main culprit of why things do not move internationally. Present within this group is the thought that also the current discourse in the world economy between high-income and emerging economies is a contributing factor of the difficulties. The second group is a so-called “technocratic” point of view which sees the trade and policy community as the ones to blame for not having put more efforts in explaining potential trade gains.

The distribution of opinions by location and professional status is interesting. Half of the experts who think that the big players are bearing a responsibility for the Doha deadlock are based in Geneva. Their professions are, however, diverse including trade diplomats and government officials, but also consultants. By contrast, most of the participants who support the idea that communication is an important cause of the current standstill either have an academic profession, policy makers or staff from international institutions, and are widely dispersed over the world.

What solution brought forward?

The final question that we have asked ourselves is what solutions the discussants have brought forward in the debate for solving the current Doha impasse. Again, a variety of solutions were presented which have been summarized in Figure 3.

Figure 3: What are the preferred solutions?



Source: authors' calculations with data from CUTS and Voxeu.org

This last question has the smallest percentage of “no answer”. However, the answers are even more fragmented than those of the previous question—independently from time, profession or location.

First of all, half of participants who still think that a successful conclusion of the Doha Round is possible (see question 1) are split into half a dozen of quite different solutions. Only a meagre group is explicitly in favour of letting the Doha Round negotiations continue, possibly keeping them on a hold for a period and then concluding them some time in the future.

A group of similar size favours a ‘limited’ Doha deal. This group defends concluding a Doha deal with a more restricted approach for a deal, i.e. binding tariffs, extending commitments on services to cover more sectors and rule-based approaches in areas that are important for trade costs, e.g. trade facilitation. This group agrees that such solution would bring sizable welfare gains to the world economy, in line with Hoekman, Martin and Mattoo (2009), even if such negotiations are diverted from the traditional approach of tariff reduction.

A smaller group focuses on the end-date (2011) because they believe that if no outcome is achieved by then, it will not be achieved before a decade. This argument relates to a large extent to Baldwin and Evenett (2011).

These three solutions (together 29 percent) have in common a focus on the WTO negotiating process. However, other solutions that have been brought forward open the door to non-WTO processes – even if the WTO could be re-introduced at a later stage. A first solution is to involve the world leaders in the G20 context. Supporters of this solution think that nothing is left to do for negotiators and so the real bit needs to be done by the leaders of the major world players. A second solution is to put more pressure on the US Congress to push Doha forward and conclude the round in the very near future.

A last non-WTO method is to make wider use of plurilaterals as a way to move forward on some topics. Often mentioned examples are the Information Technology Agreement (ITA) or the Agreement on Government Procurement (GPA), although these two agreements share different implications concerning the Most Favourable Nation clause. The GPA, for instance, only allows benefits to the signatories of the plurilateral treaty and therefore such agreement would not allow for a free-rider effect.

At the opposite range of this spectrum a group as large as the one in support of continuation of Doha favours a complete abandonment of the negotiations, not least because continuing negotiations would harm the WTO. The last group of notable size argues that WTO negotiations should be less “biased” against low-income economies.

Finally, other minor solutions were also mentioned by some trade specialists that varied from giving more attention to the Small and Medium Sized firms (SMEs), bringing in food security in the negotiations to include developing countries, dropping the single undertaking within the WTO or building on the liberalisation that is happening right now autonomously, regionally or bilaterally, and simultaneously promote critical mass or plurilateral approaches. A last idea that found some support is to create a Bellagio-like group of experts that would think about the way forward for the Doha Round.

Our analysis on both profession and location of the participants in favour of a certain solution did not obtain any meaningful results. Neither testing the time dimension gave us interesting insights on this question.

What to make out of this?

One clear conclusion that we can draw is that divisions occurring in the Doha Round of trade negotiations are to a great extent also reflected within the trade expert community. Even though almost half of the experts still think Doha can be saved, a large part remain neutral on this fact and still a rather large part thinks that it is too late for Doha or should never have started in the first place.

Furthermore, the causes of the Doha deadlock that the trade community brings forward appear to fall into two main strands: those who blame domestic politics within the bigger member state, and those within this group who state that Doha is rather a symptom of what is happening in the current world economy between developed and emerging economies; and those who see that not enough has been done in terms of explaining the huge trade benefits arising from binding commitments and providing rule-based trade. Last, the answers on what to do next are even more fragmented.

The two fora from which we draw our conclusions suggest a deeper problem than a mere stalemate of negotiations. They reveal a trade community that is much more divided than ten years ago. The results also reveal a community that is influenced by the conflicting interests in the world trade, with

no leading group capable of influencing the negotiations. This may turn out to be a long-lasting collateral cost of the Doha Round, whether it will succeed or fail.

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Annex Tables

Table A1: The 20 “no answers” on Question 1, how did they answer Question 3?

“Positive” answer on Doha		“Negative” answer on Doha	
0	Continue Doha	2	Plurilaterals
0	Year 2011	1	Abandon Doha
1	Limited deal	5	Unbiased WTO
0	Political Leasers	4	No Comment
0	US Lobby	7	Other

Table A2: The 19 “no answers” on Question 2, how did they answer Question 3?

“Positive” answer on Doha		“Negative” answer on Doha	
1	Continue Doha	1	Plurilaterals
0	Year 2011	0	Abandon Doha
4	Limited deal	2	Unbiased WTO
0	Political Leasers	4	No Comment
1	US Lobby	6	Other