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World Trade Organization “Doha Round” Negotiations

By Stuart Harbinson, Tatjana Sachse and Andrew W. Shoyer (Sidley Austin LLP)

Frequently written off, the long-running “Doha Round” of international trade negotiations at the World Trade Organization (WTO) is now approaching an endgame. While hopes have been dashed on previous occasions, timing factors and geopolitical considerations may this time work to the Round’s advantage. Its conclusion in 2011 is now a distinct possibility.

These negotiations cover a very wide spectrum of international trade issues:

- market access and subsidies in agriculture;
- customs duties and other barriers affecting trade in industrial goods;
- trade in nearly all services sectors;
- international rules governing anti-dumping and subsidies (including fisheries subsidies);
- liberalization of trade in environmental goods and services;
- trade facilitation;
- and some aspects of intellectual property rights.

There is a window of opportunity between now and April within which businesses can seek to shape the outcome of the Round. After that, one of two scenarios is likely: either (1) the negotiations will collapse due to political disagreement and subsequent neglect; or (2) the main parameters of a deal will have been agreed, leaving only the finer details and a few bigger political issues to be dealt with.

The coming three months will determine the Round’s fate. Businesses significantly engaged in international trade may therefore wish to refocus on the WTO at this stage, to check what is at stake for them and to assess if any action on their part is warranted.

Background to the Negotiations and Progress to Date

The negotiations were launched nine years ago in Doha (the capital of Qatar), after which they are named. Progress has been very slow, but gradual, bearing in mind that the WTO proceeds by consensus decision-making and that the negotiating agenda is broad and complex. In addition, the

geopolitical context within which the negotiations have been taking place has changed enormously due to the global financial crisis and the rise of major emerging market economies.

It has been estimated that approximately 80 percent of the work required under the negotiations is already done. The remaining 20 percent includes some of the most difficult issues.

The main parameters of a deal were almost agreed in 2008. Virtually all countries were then ready to bring the Round to a conclusion even though they recognized that the results might fall somewhat below their initial expectations. However, the deal foundered at the last minute on a few key issues.

In 2009, the incoming Administration in the United States reassessed what was potentially achievable through the package on the table and concluded that it was inadequate. In particular, the U.S. felt that major emerging markets needed to improve their market access offers in industrial goods and trade in services, and to clarify how they would make use of proposed flexibilities in agriculture. This message was not well received initially but has since been gradually finding grudging acceptance as a political reality.

Top Level Political Commitment to Conclude the Round

The financial and economic crisis may paradoxically have saved the Round from oblivion. Faced with a faltering economic recovery and the need for politicians to demonstrate that, far from relapsing into beggar-thy-neighbor protectionism as a result of the crisis, international economic cooperation is alive and well, world leaders have rallied around Doha. At the Toronto Summit in June 2010, G20 Presidents and Prime Ministers committed themselves to bringing the Round to a “balanced and ambitious conclusion as soon as possible”.

Negotiations at WTO headquarters in Geneva were then resuscitated and, by November 2010 the G20 leaders felt sufficiently encouraged to reiterate their “strong commitment to direct our negotiators in across-the-board negotiations to

promptly bring the Doha development Round to a successful, comprehensive and balanced conclusion.”

At their recent Summit in Washington D.C., Presidents Obama and Hu Jintao agreed that “engagement between our representatives must intensify and expand in order to complete the endgame” on Doha. The United States and China are the two key participants in the negotiations. Agreement between them is a necessary (though not in itself sufficient) condition to complete the Round.

Timetable

The window of opportunity is confined to 2011. It is universally accepted that 2012 would be a very difficult year in which to advance the international trade agenda because of political events which will take place then. It takes at least six months (and preferably somewhat longer) after a deal has been agreed in principle to do all the necessary scheduling of commitments and associated legal work to conclude a Round. In the WTO style of negotiating, “nothing is agreed until everything is agreed”. So, agreement in principle on a detailed package covering all areas of the negotiations will have to be accomplished by May/June 2011 at the latest. This in turn means the main elements of the package across the board will have to emerge by April 2011, leaving a month or two for final wrangling.

Against this background, a highly intensive program of negotiations has now been launched at the WTO in Geneva. In addition, bilateral meetings between key countries are taking place. Groups of trade ministers are finding occasions (such as at the World Economic Forum in Davos) to come together to try to narrow gaps and identify compromises.

The next three months are likely to be crucial in determining the Round’s fate. Failure will mean the loss of any opportunity for the foreseeable future to update global trading rules and promote trade liberalization. Even if attempts are resuscitated in 2013, it may take years to agree on a new agenda, let alone agree on the substance.

Key Issues and Questions

A listing of all the key outstanding issues in the Round is beyond the scope of this Update, especially given the breadth of the negotiations. They (highly selectively) include:

- whether and, if so, how individual industrial sectors can be targeted for deep cuts in customs duties;
- whether meaningful liberalization of financial services and telecommunications services can be achieved;
- whether a “cluster” of logistics services can be liberalized to promote efficiency in global supply chains;
- how barriers to trade in environmental goods and services can be reduced to promote the spread of green technologies;
- whether additional protection for “geographical indications” (GIs) can be agreed under the WTO’s rules on intellectual property rights, and whether a register can be established to facilitate protection of GIs for wines and spirits;

— whether new WTO rules will be introduced in relation to the disclosure of the origin of genetic resources and related “traditional knowledge” in patent applications;

— whether any new disciplines will be imposed on fisheries subsidies; and

— the extent to which “sensitive” products should be shielded from general liberalization of international agricultural trade.

Looking at the package as a whole, the key questions are: what more has to be added to the deal currently on the table to make it acceptable politically in the United States; will this additional “quantum” be within the realms of political and economic possibility for the major emerging market economies like China, India and Brazil; will the latter demand further concessions in return; and, if so, will the major developed countries, in particular the United States and the European Union, be able find any further flexibility to close the deal?

Assessment

Optimists have dubbed Doha “the Round that refuses to die” and point out that the GATT/WTO has never failed to finish a negotiating Round once started. More skeptical observers suspect that the G20 nations want to avoid blame for administering the death blow to Doha but will not, in these politically and economically sensitive times, exert themselves excessively to finish it.

There is, however, no doubt that a very serious effort indeed is now under way at the inter-governmental level to conclude the Round. Political leaders will not wish to be pilloried for failure to fulfill yet more promises. The content of the negotiations is highly complex and success cannot be guaranteed.

Businesses should make sure that their views are taken into account. Accordingly, those with significant interests in international trade should consider reviewing the WTO negotiations and articulating their key positions in the national and/or international contexts. Now is the time to do so.

Stuart Harbinson (+41.22.308.00.88, sharbinson@sidley.com), senior trade policy advisor in Sidley’s Geneva office, is a highly regarded former WTO official who served as chief of staff to the Director-General, and previously as the senior representative of Hong Kong to the WTO. Tatjana Sachse (+41.22.308.00.80, tsachse@sidley.com) is an associate in Sidley’s Geneva office and a member the firm’s International Trade and Arbitration Group, where she focuses on international intellectual property and trade policy. Andrew W. Shoyer (+1.202.736.8326, ashoyer@sidley.com) is a partner in the Washington, D.C., office of Sidley Austin LLP and chairs the firm’s international trade and dispute resolution practice.

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