

End the charade in talks on global trade

By Jean-Pierre Lehmann

There is a global trade crisis. Unlike the financial crises, it is not making headlines. But it is potentially far more dangerous. It is true there are no significant trade conflicts at the moment. But the whole institutional framework is breaking down. When a big trade conflict arises – and it is surely “when” not “if” – the system in all likelihood will not be able to cope. After the disastrous World Trade Organisation meeting in Seattle in 1999, Mike Moore, the then director-general, said he feared the WTO could become to the 21st century world economy what the League of Nations was to the world community before the second world war: an impotent talk-shop that was ultimately unable to survive. Twelve years later these seem to have been prophetic words.

The institutional trade crisis must not be seen in isolation. It reflects a deeper malaise and malfunction of global governance at a time when leadership is needed to tackle daunting challenges: huge and pervasive sovereign debts; climate change; the quagmire in Iraq and Afghanistan; nuclear proliferation; illicit trade (corresponding to about 30 per cent of all trade); widespread unemployment, especially among young people; sprawling urban slums; seemingly uncontrollable food price volatilities – to name just a few. Global governance meetings – of the WTO, of the G20, G7 and G8 groups of large economies, and on climate – are charades.

The WTO was established in 1995, in the euphoria of post-Berlin Wall globalisation, and the Doha round of trade talks was launched in 2001, a few weeks after the cataclysm of 9/11. Yet, by 2003, it was clear that the Doha round would not succeed. In an institutional re-enactment of the myth of Sisyphus, trade negotiators have plodded on for eight more years from one failed meeting to the next. The most recent was in July, when it again proved impossible to agree a minimal deal. A ministerial meeting convened for December – marking the 10th anniversary of the Doha Development Agenda – is certain to be another failure.

Here are some suggestions for getting out of the impasse.

First, the Doha round should be buried. Some suggest it should be declared dead. But it has been dead for some time and the corpse is putrefying: so a burial, a wake, and some appropriate words of farewell.

Second, the planned WTO December ministerial meeting should be cancelled. Such meetings are terribly expensive, and even more environmentally corrosive. They should not be held unless constructive outcomes can reasonably be expected.

Third, in lieu of the WTO ministerial, a group of eminent people should be appointed with the task finding a way out of the current doldrums and outlining future courses of action. The head of the group should preferably be from one of the emerging economies: Ernesto Zedillo, the former Mexican president, Mari Pangestu, the Indonesian trade minister, and Ujal Singh Bhatia, India's former ambassador to the WTO, are among the names that come to mind.

Fourth, the WTO needs a change of leadership. Pascal Lamy is an honourable man. He must be commended for his ceaseless efforts, but there is a need for fresh blood. Mr Lamy is too closely associated with Doha. He was the European Union's trade commissioner at the Doha round's launch in 2001 and at the 2003 Cancún ministerial meeting that collapsed (in part owing to his intransigence); and he then became WTO director-general in time for the inconclusive 2005 Hong Kong ministerial meeting. He was reappointed, unopposed, in 2009. The absence of an opponent was regrettable and probably harmful, because it aborted any possibility of debate.

Fifth, the next head of the WTO should not be from any of the G20 countries or regions. Ideally, he or she should be from a small, "neutral" country that is very active in trade. Chile, Singapore and Switzerland would be prime candidates, but consideration should also be given to Hong Kong.

The steps recommended here can do no more than lay the foundations for future developments. However, at the very least they would take us away from the putrefying Doha corpse and, one might hope, shed some light on prospects for the trade regime in the 21st century. They might also provide a model for other paralysed areas of global governance before they too putrefy.

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