

The world will regret its neglect of Doha

By Peter Sutherland

After 10 years of protracted negotiations the Doha round, which promises so much, remains uncompleted. This reflects very badly on the political leadership of the process in various key countries. We have, of course, grown accustomed to the oft-repeated expressions of positive intent about the round associated with virtually every recent major global summit but it is still some way from a satisfactory conclusion (notwithstanding the Herculean efforts of my successor as director general, Pascal Lamy). The reason for this lamentable state of affairs is political intransigence or lack of focus. The costs of immobility are reckoned to be less than those of compromise.

If the round is not concluded this year it will be impossible to bring it to a close for a period of years. The US presidential election next year will inevitably lead to paralysis in global trade negotiations for a protracted period. So there is a real case for a final deadline of December 31 2011. I believe also that no extension should be allowed. Given the extensive scope of the likely final agreement, the substantive agreement must be concluded by June. So time is very short.

The positive value for the world economy of a successful conclusion is considerable. Expert opinion places this at at least \$360 billion in new trade annually. This should provide a substantial stimulus to developed and developing economies and will do so without the negative consequences of the so-called stimulus packages.

So the result of failure will be very serious in removing the credible engine for growth that additional trade would provide. It would however be serious, too, in other ways. It would be catastrophic to the credibility not only of the World Trade Organisation but also of multilateralism more generally as a mechanism to address trade and many of the fundamental issues facing mankind.

The successful conclusion of the Uruguay round brought about the greatest advance in multilateralism since the inspired period of institution-building that followed the second world war. However, the WTO is still a fragile institution. It should be remembered that in the late 1940s the US rejected the creation of an international trade organisation because of fears of encroachment on *national sovereignty*. Yet the acceptance of the WTO has become universal. It provides for an enhanced rule-based global economic trading system in a way that would have been unimaginable not long ago. The former command economies, when they were swept away, embraced the idea of a trading system with rules and free trade at its core. They also actually used the disciplines required by membership as the means to transform the way their domestic economies worked.

So the WTO can be argued to represent the greatest advance ever in multilateralism at a global level. Its *dispute resolution mechanism has proved robust and effective*. It has within its area of competence many of the characteristics of a global legal system. We have, therefore, in the highly sensitive area of trade a quasi-judicial system of adjudication that is objective. It determines disputes between states fairly. While it is not supranational, as the European Union is in certain areas, the WTO can impose consequences on those failing to meet their obligations. Precisely because the WTO is an intergovernmental body it requires the compliance of members with its decisions. It is this fact that renders it imperative that its credibility be maintained.

It is surely clear that a failure of the round would undermine the credibility of the whole institution and so increase the likelihood of protectionism and the erosion of the rule-based system, which has been an essential element in globalisation. It has also mitigated the worst effects of the recent financial crisis and has provided a bulwark against the protectionism that might well have ensued. If we are serious about interdependence and development we need to reinforce multilateralism. Concluding the round is an acid test of whether we have the collective will to do so.

The failure of Doha threatens not just lost economic benefits but damage to an emerging multilateral order. If we cannot reach consensus on an agreement that will be beneficial for developed and developing countries it can only be the result of a peculiar political myopia. If agreement cannot be concluded now, when so much has already been put on the table and agreed, what hope is there for cooperation on, say, climate change?

There are so many positive reasons for moving rapidly to an agreement that it appears regrettable to focus on the negative. But just as there are great opportunities within reach so there are really important dangers in the present situation.

The writer is former director general of GATT (now the WTO) and co-chair with Jagdish Bhagwati of the group asked by Germany, Britain, Indonesia and Turkey to assess the prospects for the Doha round and the WTO