After Doha

Paul Maidment
Forbes
July 29, 2008

Strike the "H" from Doha and you are left with DOA, which is pretty much the state the round of world-trade talks has been in since it was launched six and a half years ago.

When I first wrote that sentence in January, at the working lunch many trade ministers hold during the World Economic Forum annual meeting in Davos, Switzerland, there was still a surprising, if fragile, optimism that Doha might somehow survive, that a deadlock over cutting agricultural subsidies in the rich countries and lowering industrial and agricultural tariffs in developing ones could be eased sufficiently to get a deal struck.

But now, that hope is over. Doha is dead. "There's no use beating around the bush; this meeting has collapsed," says World Trade Organization Director General Pascal Lamy after nine days of last-ditch summiteering in Geneva.

The "Doha round," as the longstanding world trade negotiations are known, had goals of promoting growth in developing countries--something often forgotten. That, it was thought, in Davos at least, provided a higher purpose to justify concessions on both sides in what would otherwise be seen as just tit-for-tat negotiations.

But in the end, discussions did descend into tit-for-tat, with the U.S., China and India pointing the finger at each other, intransigent over a last-minute compromise "framework" proposal from Lamy, under which developed nations would make cuts to their agricultural subsidies in return for more access to developing countries' industrial (and, potentially) service sectors.

The poorer countries felt they were being asked to bear the brunt of the lowering of trade barriers necessary to strike a deal. The U.S. was "asking a price as high as heaven," said China Commerce Minister Chen Deming. "The U.S. is looking at enhancing its commercial interests, whereas I am looking at protecting the livelihood of farmers," said his India counterpart, Kamal Nath.

While U.S. trade official David Shark claimed China and India were being overly protective toward their own farmers, he got little help for their cause from some other developed nations. Some rich farming countries like France and Italy didn't like the concessions they would have to make over cherished foods like Camembert cheese.

Monday, China came off the sidelines of the talks for the first time, knocking the lingering breath out of Lamy's proposal by insisting on its right to protect its sugar, cotton and rice producers with tariffs.

But there are no saints in any of this.

This really is it for Doha, because the forthcoming U.S. presidential election imposes a hard if arbitrary deadline on the process. The U.S. Congress, like many other national legislatures, would have had to ratify the agreement, and time has all but run out for that this political season.

There is a cost to Doha failure that goes beyond it just being a pity. It gives succor to projectionists and sends a disheartening signal when global economic openness is under threat from economic nationalists.

Striking a deal, European Union trade commissioner Peter Mandelson had said at Davos, would be "one in the eye for protectionists, one up for trade, one up for trade-led development, one up for multilateralism."

A dead Doha is none up. What remains is a patchwork of bilateral and regional deals that risk smothering multilateral trade.

That all said, there is a case for putting Doha out of its misery and moving on. The past six years has seen the erosion of many tariff barriers. And the pressing trade issues when this round started were those of the turn of the century. Doha barely touched on environmental sustainability, climate change and carbon trading.

Give Doha a decent burial. Then wipe the slate clean and start again.