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Reciprocity and the Doha Round Impasse: Lessons for the Near Term and After

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Many observers are now pessimistic about the prospect of completing the Doha Round of multilateral trade negotiations, at least in the short run. The realisation that so much remains to be negotiated before the forthcoming US presidential primaries and elections has raised the prospect of the Doha Round unravelling or drifting from later this year until the second half of 2009, at the earliest. Having described the developments in the Doha Round up to the issuance of the Chairman's texts in July 2007 this paper examines why reciprocal trade negotiations, whose success has been trumpeted in prior rounds, have run into so much trouble this time around. Four factors are identified in this regard and their implications for the near term prospects of completing the Doha Round discussed. Longer run lessons for policymaking are also spelt out. In particular it is argued that further multilateral trade initiatives should be designed with the following three attributes in mind: substantive relevance, political viability, and feasible implementation.

Keywords: International Trade, WTO, Doha Round, Multilateral Trade Agreements.
JEL Codes: F10, F15, F42.

1 Introduction

In the middle of 2007 just under six years after the launch of the Doha Round of multilateral trade negotiations there is a pervasive gloom about this initiative's prospects, at least in the near term. Repeated deadlocks, many missed deadlines, and convergence at glacial speed appear to have convinced many that the prospect of concluding the Doha Round later this year is slight. Even optimists, who have argued that plenty has been achieved in this trade negotiation and that a deal can be struck in 2007, must face the prospect that any agreement is very unlikely to meet the expectations created at the Round's launch. These perceptions matter when trying to convince prime ministers and presidents to spend time and political capital on World Trade Organization (WTO-)related matters, including the task of taking on the vested interests that stand in the way of concluding the Doha Round in the first place. The Doha Round is, therefore, in a rut. The impasse has quite possibly become a selffulfilling prophecy.

The purpose of this paper is to examine why the process of reciprocal trade negotiation, which many credit with being so successful in prior multilat-

eral trade rounds, has run into so much trouble in the Doha Round. I argue that four factors have combined to undermine the effectiveness of reciprocal trade reform and I assess the likelihood that changes in these four factors will enable the Doha Round to be completed before the end of this year. Another reason for examining why reciprocity has not delivered this time around is that I wanted to establish whether there are any guidelines for policymakers when structuring potential future multilateral trade initiatives. I point to three attributes that the Doha Round experience suggests must be present for a multilateral trade initiative to stand a chance of success and suggest these attributes could be applied as follows. Looking forward, and assuming that the Doha Round is not completed in 2007, I suggest that the likely lull between the end of this year and the second half of 2009 (the earliest moment when serious negotiations can possibly begin again after the US presidential election) could be used to identify alternative multilateral trade initiatives to continuing the Doha Round negotiations. Policymakers would then not only decide in 2009 or 2010 whether or not to resume the Doha Round. One option might be to replace the Doha Round initiative with another multilateral trade initiative (whether the latter is called the Doha Round is largely a presentational matter). In short, then I examine the near term prospects of the Doha Round and identify some longer run implications for policymakers seeking to maximise the benefits from reciprocal multilateral trade negotiations.

The remainder of this paper is organised as follows. In the next section I describe the most recent developments in the Doha Round of multilateral trade negotiations, specifically the contents of and reaction to the draft modalities on agriculture and industrial products issued by the Chairman of the respective WTO committees. This account provides some indication of the impasse that the Doha Round is in. The third section of this paper examines four factors that together are responsible for the current *malaise*, and demonstrate why the process of reciprocal trade negotiation has to date not been as fruitful. Implications for the nearterm prospect of concluding the Doha Round in 2007 are discussed. In the fourth section, the foregoing analysis is used to identify three attributes that a potential multilateral trade initiative should meet if it stands any chance of success. I then argue that the likely lull in the Doha Round negotiations between the latter part of this year and the second half of 2009 (at the very earliest) could be used to identifying potential multilateral trade initiatives to continuing the Doha Round. Concluding remarks are offered in the last section.

2 The Latest Developments in the Doha Round

Like 2006, this year has been a rollercoaster for the Doha Round. Last year, saw the suspension of the Round's negotiations from July to December 2006 after what looked like a promising beginning to the year. Trade diplomats were keen to make progress after the suspension was lifted and so 2007 began with an uptick in optimism. Unfortunately, this was not to last and arguably the Doha Round looked like it was starting to unravel in the second quarter of 2007. Like to its predecessor, the reciprocal exchange of concessions between WTO members is central to the negotiation of the Doha Round. Developing countries have explicitly linked the cuts that they are prepared to make on their tariffs of industrial products to industrialised countries' willingness to reform their farming subsidies and to ease agricultural border barriers. Having concluded that there was less of the latter than it had sought, at the end of May 2007 Brazil said it would no longer agree to a 20 percent maximum tariff on its imported industrial goods, instead it wanted a 30 percent cap on tariffs plus plenty of room for exceptions. European Union (EU) trade negotiators reacted sharply saying they would revise down their offer to reform their agricultural policies. Moreover, the newly elected President of France's criticisms of the European Commission's negotiating tactics in the Doha Round forced the latter to demand more, not less, in return for European offers to liberalise.

In the United States the Congress, which had changed formally from Republican Party to Democratic Party control in January 2007, among other decisions did not renew President Bush's trade negotiating authority and so the latter lapsed on 30 June 2007. With such authority, the US Administration cannot submit any Doha Round deal to Congress without running the risk of the latter amending the deal beyond recognition. US trading partners know this, will not negotiate with the US twice (first the Administration and then the Congress), and so demand that the US Administration has appropriate authority before concluding a deal. This puts the US Administration in a bind. Its strategy has been to use the prospect or actual completion of the Doha Round to win negotiating authority from Congress, but the prospect of closure is lengthened as US trading partners anticipate that Congress will impose conditions of its own and so hold back concessions. This is the trade policy equivalent of the chicken-and-the-egg problem.

At the time of writing the low point this year was the inconclusive meeting between trade ministers representing Brazil, the EU, India, and the US (the so-called G4) at Potsdam, Germany, in late June. Brazil and India rejected

inadequate offers made by the US and the EU to improve their agricultural trade and subsidy policies. The Indian Minister of Commerce walked out of the meeting first and the Brazilian Foreign Minister said negotiating on these terms was "useless". The G4 having failed to narrow their disagreements within and across negotiation topics, the initiative passed back to Geneva-based diplomats. Many WTO members expressed relief that negotiations could now be more "bottom-up" or "member-driven" than the G4 bargaining process.

The next significant development occurred on 17 July 2007 when the Chairmen of the WTO's Agricultural and Non-Agricultural Market Access (NAMA) Committee published draft "modalities". These modalities were principally in the form of a negotiating text and included some specific proposals for how much WTO members should cut their tariffs and (where appropriate) agricultural subsidies as part of a potential Doha Round deal. These modalities were put together after extensive consultations between each Chairman and the WTO membership. Neither Chairman claimed to have found or engineered a consensus among the WTO members; both were frank about the need for further concessions by all parties and acknowledged that this would involve a certain amount of pain for WTO members and certain commercial interests.

The Chairman of the WTO's Agricultural Committee proposed modalities that would imply that the US lowers its maximum allowable annual subsidy to its farmers to between $13bn and $16bn. This is below the $22.5bn limit that the US has formally proposed and below a lower limit of $17bn that the US has informally indicated that it could accept. The EU would have to cut its maximum allowable subsidies by 75–85 percent. Caps on less trade distorting subsidies were proposed too. With respect to tariffs on agricultural imports the Chairman proposed that industrial countries cut their tariffs between 48–73 percent (with higher percentage cuts for those tariff that are bound at higher rates), meanwhile developing countries would cut their tariffs by two-thirds of the amount of industrialised countries up to a maximum average cut of 36–40 percent. The latter point indicated the so-called Less Than Full Reciprocity (LTFR) expected of developing countries during this Round.

Concerning tariffs on industrial products the Chairman proposed that a non-linear formula should be used to cut industrial country tariffs to below a maximum of eight or nine percent. The comparable maximums that he proposed for developing countries would lie between 19 and 23 percent. More-

over, developing countries were allowed to exempt 10 percent of their tariff lines from the full cuts proposed. (No exemptions for industrialised countries were proposed.) Industrialised countries were to phase in their tariff reductions over five annual and equal instalments, whereas developing countries would be allowed nine years to implement these tariff reductions. Least developed countries were exempt from any tariff cutting in industrial goods (and, incidentally, from agricultural tariff cutting too) as were certain members that recently acceded to the WTO. Twelve developing countries that until now have bound few of their tariff lines were exempt from the formula cuts and were treated differently. Small and vulnerable countries were given an alternative to using the non-linear formula to cut their tariffs. In total, 49 developing countries were exempt outright from cutting their tariffs using the formula proposed, and another 26 WTO members were given the option not to use the formula. This implies that less than half of the WTO's membership is obliged to implement tariff cuts according to the non-linear formula; this half being made up of the industrialised world and the developing countries with large markets.[1]

Reaction to the two texts was very mixed. The G4 trading nations all cautiously welcomed the texts, no doubt carefully preserving their options and not wanting to appear to be an obstacle to progress. A group of developing countries led by Chile, whose proposals for cutting tariffs on industrial goods were similar to those proposed in the modalities advanced by the Chairman of the NAMA committee, not surprisingly welcomed the relevant text. The so-called NAMA 11 group of developing countries was much more critical of the text on industrial products; Argentina and Venezuela went so far as to say that this proposed text could not form the basis of the negotiations planned for September 2007 (after trade diplomats return from their summer holidays). More generally, the NAMA 11 group argued that the difference in the maximum allowable tariffs between industrialised countries and developing countries should be no less than 25 per-centage points. China supported proposals to increase the maximum allowable tariff rates on industrial products imports by developing countries, whereas the US argued that there was already substantial exceptions and lengthy phase in times built into the existing text. Many developing country groups, including the G20, G33, and G90, argued that both texts implied greater cuts in trade barriers for industrial goods than for agricultural products and greater cuts by developing countries than by industrialised countries. Both

1 In this respect it is noteworthy that BRIDGES (2007) estimates that only 31 developing country WTO members will have to apply the non-linear formula to cut their tariffs on the imports of non-agricultural (industrial) products.

of these outcomes, it was argued, went against the negotiating principles of the Doha Round.

Looking forward WTO members have a remarkably short period of time before the US presidential primaries and general election is thought to make further concessions by American negotiators almost impossible. On the optimistic assumption that the US trade negotiators can make serious concessions until December 2007 (and there are suggestions that the US presidential primaries have effectively started earlier this year, reducing the window of opportunity even further, if not eliminating it entirely), in which case trade diplomats will have four months from the beginning of September 2007 to wrap up the negotiations and produce the necessary schedules (detailed legal appendices) to support to accord.

Is this likely? Put bluntly, no. Several reasons combine to produce this negative assessment. The draft modalities on agricultural and industrial products are incomplete. The agricultural text includes no specific language on the exceptions to be allowed by developing countries, a demand of the latter could have a significant impact on the market access benefits experienced by industrial country farmers and ranchers. Nor is there any language on the EU and US controversial proposals on, respectively, geographical indications and a further "peace clause" (to stop trade disputes on agriculture). The text on industrial products says very little about the important subject of further disciplines on non-tariff barriers. The comparable text on modalities for the services negotiations has yet to be drafted; it has not been drafted precisely because there has been so little progress in this area to date. Finally, the negotiating text on trade facilitation, antidumping and other forms of contingent protection, and other areas of the Doha Round have yet to be circulated among, let alone finalised by, the WTO membership. The lack of any text on the service sector, especially the fact that no serious work appears to have been done on its potential annexes (which alone are expected to take 3–6 months), is very troubling. Unless WTO members jettison some more topics from the negotiating table (including given its embryonic state, services) it is very difficult to see how this multilateral trade negotiation can be concluded in 2007. Many constraints can be alleviated one way or the other, the fact that there are only 24 hours in a day and that a US presidential election is pending is immutable.

If not in 2007, then when? Assuming that 2008 is taken up with the US presidential election and that at least six months are needed for the new US Administration to settle in, then the earliest possible date for a resumption

of negotiations is the second half of 2009, with 2010 and 2011 being much more likely. Whether the Doha Round negotiations can pick up again after such an interlude is an open question. Moreover, the question arises as to how WTO members will use the time in the interim. One option, that may be attractive to frustrated agricultural trade exporters, is to try to accomplish through litigation (WTO Dispute Settlement) what they could not accomplish during negotiation. A raft of very politically sensitive agricultural dispute settlement cases may result. Another option is to spend the two to three years reflecting on why the Doha Round has been perceived as going so badly and to draw lessons for the near and longer term. The discussions in the next two sections may well contribute to the latter process of reflection.

3 Why Have Reciprocal Trade Negotiations Been so Inconclusive in the Doha Round?

In this section I will argue that four factors combined account for the Doha Round's *malaise*, that is for the traditional tool of reciprocal trade negotiations to yield so little to date. Understanding these factors is not just important for accounting the contemporary trade policy record, but also for shedding light on what must change for the Doha Round to be successfully concluded and, furthermore, for devising suggestions that might guide policymaking in the design and conduct of future multilateral trade negotiations.

The first relevant factor was the choice of negotiating set for Single Undertaking of the Doha Round and the principles to guide the negotiations. I do not wish to imply that WTO members convened and systematically considered the options in this regard. In fact, quite the opposite, to me it appeared to be an accumulation of decisions and interpretations, sometimes conflicting interpretations, which determined what subjects were to be part of the Single Undertaking and what outcomes, broadly speaking, WTO members wanted to see from the Doha Round. With respect to the former, it was only with the acceptance of the July 2004 package (that is, almost three years after the launch of the Round) that the contents of the Single Undertaking were known for sure. As far as the potential to reduce discrimination in commerce is concerned, the traditional areas of liberalisation were joined on the negotiating table with agricultural policies (both border-related and subsidy-related) and services.

With respect to the principles that were to guide the negotiations four stand out, mentioned here in no particular order. First, that the traditional reciprocity-based negotiating dynamics would be used, along with its mercantilistic calculus. Second, that agriculture was to be the focus and, therefore in the eyes of some, cuts in agricultural trade barriers and support were supposed to be larger than in other areas (manufacturing and services.) Third, that the principle of LTFR applies, whereby industrialised countries cut their trade barriers (or more generally, undertake more reform) than developing countries. This could take the form of the latter committing to cut their trade barriers proportionally less across the board or having access to more exceptions or longer implementation periods. Fourth, that non-linear formula-based approaches would be used to cut tariffs on agricultural and industrial products (as opposed to say cutting tariffs by some percentage on average). The second and third principles are perhaps two of the more tangible manifestations of the so-called "development mandate" of the Doha Round, certainly as far as bargaining is concerned.

Seen in this way, the Doha Round departs from its predecessor in that the Uruguay Round included a negotiation on a substantial regulatory policy (intellectual property rights) but did not include the development-related considerations or the heavy focus on agriculture. Compared to its predecessor, then, the Doha Round had in principle a greater set of potential trade-offs available (with the addition of agriculture to the negotiating table) for cutting trade barriers, which has been thought to facilitate reciprocity-based multilateral trade negotiations in the past. The set of potential reciprocal offers was, however, constrained in the Doha Round by the presumption that the degree of cuts in agriculture will determine the upper bound on cuts in trade barriers in other areas and the presumption that the extent of commitments taken on by industrialised countries will determine the maximum contribution made by developing countries to the Round. The reaction of certain influential groups of developing countries to the Chairman's texts indicates just how seriously developing countries are holding the WTO membership to these presumptions. Overall, then, the set of potential reciprocal trade-offs in the Doha Round is, in principle, wider than its predecessor (with the additional of agriculture to the negotiating set) but narrower in terms of where the commitments to reform must be greatest. I will argue below that, in fact, the interaction of the choice of negotiating set and negotiating principles with selected political economy factors accounts in large part for the negotiating impasse; my goal in the above paragraphs has been to describe one of the building blocks of the eventual argument.

The second element in the argument is to recognise the existing pattern of trade protection and trade-distorting policies and, more importantly, the specific political economy forces that have arisen to defend that protection against reform in the Doha Round. In what follows I provide a general characterisation of the pattern of protection around the world and the negotiating demands and trade-offs that it engenders. In the negotiating sense, industrialised countries have the most to give on agricultural support policies and subsidies; some industrialised and developing countries have very high trade barriers on agricultural imports; developing countries have relatively more closed markets in services and industrial products (not withstanding the fact that industrial countries have some tariff peaks on certain industrial goods, typically labour-intensive manufactured goods that are produced cheaply in developing countries). With this pattern of protection and the four negotiating principles, permutations of potential multilateral deals can be identified. For example, industrial countries could take on commitments to reform their agricultural polices in return for less commitments by developing countries to open up their markets for services and industrial products. So far, so good. So what went wrong?

National policy economy constraints played an important role in limiting, even potentially eliminating, the set of meaningful reciprocal deals upon which this Round could have been concluded. (The other two factors that I will identify later essentially further limit the set of potential deals available.) The first constraint which gets far less attention than others, concerns the service sector negotiations. Irrespective of the level of development, many WTO members seem prepared at most to bind in multilateral agreements only those reforms that they have already undertaken. This may reflect the fact that regulatory policies in services are influenced by different objectives than trade policy and are typically implemented by government bodies outside of the national trade ministry; both factors can account for the desire to preserve discretion. With services formally in – but effectively out – of the negotiating set that leaves principally trade-offs across agriculture and industrial products as the basis of any Doha Round deal.

With respect to liberalising agricultural policies in the WTO disparate political economy pressures in four large players have, for different reasons, substantially constrained what can be negotiated in the Doha Round. Early on in the round in Europe the supporters of the current Common Agricultural Policy got one step ahead of trade liberalisers and in 2003 managed to secure an EU-wide agreement for a ten year-long package of agricultural policies, which have direct implications for the tariffs and quotas that the

EU applies to agricultural imports, the funding of export subsidies (to be phased out by 2013), and reductions in domestic support policies (to be progressively reduced from 2005/2006 onwards). These supporters, which account for a majority of member states then (in 2003) and now (in 2007), also secured an agreement that the EU's "contribution" to the agricultural negotiations of the Doha Round would be no more than to bind its internal reforms. Despite a number of valiant attempts by certain governments inside and outside the EU, these supporters have managed to hold European Commission trade negotiators to this line. In a reciprocity-driven trading system the problem this generates is that the EU's contribution is confined to the value of binding its agricultural reforms. If your reading of EU agricultural reform is that it is driven by overall EU budgetary pressures and that these pressures are not going away (if anything these pressures are intensifying because of the recent enlargements of the EU), then the EU's agricultural reforms are essentially irreversible and the offer to bind them worthless. We should not be surprised then that the EU's leading trading partners are unimpressed. Moreover, this approach by the EU is inconsistent with the second negotiating principle of the Doha Round, namely, that agricultural reform negotiated in the context of this Round is the first priority.

On the other side of the Atlantic a very different political economy dynamic has played out in agriculture. The prevailing farm support measures in the US, enacted in 2002, are very popular with farmers for very good reason – they are very generous when the prices of agricultural products are low. US farmers like being insured well by their government. The US Administration has been less keen on the current mix of agricultural support because it does add to government spending (and the US is running a large federal budget deficit) and the support is thought to be vulnerable to challenges by trading partners at the WTO's Dispute Settlement Understanding. The US Administration has therefore designed its negotiating strategy on agriculture in the Doha Round with these considerations in mind. It has sought much greater market access abroad for US farmers and ranchers and in return US farmers would have to accept lower levels of domestic support. What is interesting about this negotiating strategy is that the US is seeking within-sectoral reciprocity, in other words developing countries would have to make concessions on their agricultural tariffs in return for lower US domestic support payments to its farmers. This trade-off is admittedly a logical possibility but it runs into two large political economy constraints elsewhere, namely, in India and China. The governments of both of these developing countries fear, for different reasons, the consequences of lowering

agricultural tariffs. The current Indian government attributes part of its own election to the "mistakes" made by its predecessor with respect to certain agricultural tariffs. The Chinese fear that tariff cuts will force more farmers and farmhands to move from the hinterlands to the cities, raising unemployment and increasing the risk of social disharmony (as the Chinese like to put it), which in turn is a threat to the hegemony of the ruling Chinese Communist Party. In short, the prerequisites for the US strategy of intra-sectoral trade-offs in agriculture are not in place, and its trading partners are certainly not prepared to cut their agricultural tariffs as much as the US is demanding. This paragraph and the last demonstrate the lack of political viability of the EU and the US agricultural trade negotiating strategies in the current round of reciprocity-based multilateral trade talks.

Once the nature of the EU and the US offers and demands on agriculture became apparent, and even though at the Potsdam meeting earlier this year both indicated a willingness to do a little more, the fundamental elements of their positions had not changed, then developing countries began to limit their concessions on trade reforms in industrial products. The latter is of interest to the industrialised countries and so the process of unravelling of the Doha Round offers began. We have yet to see whether the Chairman's texts have halted this process.

Two other important factors altered the reciprocity-based negotiating dynamics during the Doha Round. The first is the extent of unilateral trade reform that has taken place, and not just in developing countries, since the bound rates were established in the last trade round. The second is the fast growth of the leading emerging markets and it's implications for the relative impact of any Doha Round deal, measured in terms of national income or incremental exports. I discuss each factor in turn.

According to the World Bank's "Global Economic Prospects" report in 2005 two-thirds of tariff cutting by a large sample of developing countries was due to unilateral reforms. On the face of it such reforms are to be welcomed as they improve resource allocation amongst other positive effects. However, there is a downside which has become apparent in the Doha Round. That is, unilateral reform widens the gap between the applied tariff rates and the maximum tariff rate bound at the WTO. Governments know that if their exporters believe that the overseas unilateral tariff reforms are effectively irreversible then in order to secure support from its own exporters for its trade negotiating strategy at the WTO the government must demand large enough tariff cuts from trading partners so as to create new commer-

cial opportunities for its exporters. Therefore, as unilateral reform continues the demands from trading partners for multilateral tariff reductions get magnified.

The combination of the following three facts can account for the effect of unilateral reform on multilateral negotiating dynamics: the fact that unilateral tariff reform has taken place unevenly across developing countries, that some of the unilateral reformers now have the lowest applied tariff rates, and that the same formula approaches are used to cut tariffs among developing countries. These three facts, plus the need for support of Western business for their governments' negotiating strategies at the WTO, together account for the unusually high demands put to developing countries to cut their tariffs on industrialised products in the Doha Round. Before describing this logic, however, it may be worth examining Table 1 which demonstrates two points: first, that apart from China all the other ten largest emerging markets now have sizeable gaps between their bound rates and their applied tariff rates (and part of that gap is due to unilateral tariff reforms) and, second, that there is considerable variation across these countries in their current applied tariff rates and in the average tariff cut needed to create commercial opportunities for exporters to those countries.

To ensure that meaningful commercial opportunities are created with the application of a common formula approach, the maximum allowable tariff in the formula (the so-called coefficient) will have to be smaller than the minimum of the average applied rates of the developing countries of interest to the *demandeurs*. As unilaterally reforming countries have tended over time to become those developing countries with the smallest average applied tariffs, then the maximum allowable tariff that will generate commercial opportunities in all developing countries of interest to the *demandeurs* will essentially require substantial cuts in applied rates in those developing countries that have not undertaken unilateral tariff reforms. Demands of this nature create two negative reactions: the non-reformers feel they are being asked to undertake historically unprecedented amounts of tariff cutting in a single trade round. To the extent that the percentage reduction in their tariff being demanded is larger than that demanded of other WTO members, the non-reformers can also argue that the principle that developing countries contribute on average less to the Round than industrialised countries has been violated in their case. The unilateral reformers, on the other hand, feel that they are being punished for their prior reforms and resent being told to cut tariffs again. Yet unless these demands are made of developing countries, so the argument goes, there will not be enough (pos-

sibly any) manufacturing sector support in industrialised countries to oppose any defensive agricultural interests, in which case developing countries will not get the agricultural policy reform they seek in the Round. This concatenation of circumstances in the Doha Round (not just the political economy factors but the principles to guide the Doha Round mentioned earlier and the use of tariff bindings in WTO negotiations) has seriously undermined the political viability of the trade-offs across trade reforms in industrial goods and agricultural goods between industrialised and developing countries.

The final factor that has contributed to the Doha Round impasse is another circumstance that is on the face of it a welcome development, namely, the fast growth in the large emerging markets of China and India. Chinese economic growth, in particular, has been sustained over many years and has given rise to a substantial increase in both Chinese imports and exports. Along with a long boom in the US it should not be surprising, therefore, that world merchandise trade growth has been increasing at a fast rate during the Doha Round, especially for many groups of developing countries and for European nations. The challenge that booming world trade and fast growing emerging markets poses for concluding the Doha Round is that it raises in the minds of sceptics the question of just how bad it would be if the Doha Round collapsed or, less dramatically, goes on and on without conclusion? Or, put differently, how large really is the cost of the Round's failure? For any given set of multilateral trade offers, the faster is the ongoing growth in national exports the more likely a mercantilistic-minded minister may conclude that the smaller incremental impact of the Round's completion simply is not worth the political inconvenience of having to confront whatever domestic opposition there is to a multilateral trade deal.

The point can also be made in terms of the increment to national income, not just to exports. In Table 2 I report data from two leading studies of the maximum possible gains that might accrue to Brazil, China, and India if the Doha Round is completed. Using data on national income levels for 2000–2005 I calculated how many days of growth each of these emerging giants would effectively lose if the Doha Round is not completed. The results are striking.[2] If the Doha Round is not concluded and if the World Bank estimates (of the gains forgone) are correct, then China effectively loses an amount equivalent to just three days growth. India loses approxi-

2 They are even more striking when one takes into account that growth in China and India during the past two years is higher than the average growth rate for 2000–2005. If anything the number of days of forgone growth reported in Table 2 is overstated.

mately three weeks growth. Brazil on the other hand would forgo the equivalent of 1–3 months of growth, at least twice as much as India.[3] These numbers go a long way to account for China keeping a low profile during this Round and for India's willingness to walk away from a small deal at the recent G4 meeting in Potsdam, Germany. Blocking or a nonchalant attitude to negotiating progress is surely easier when a country is experiencing accelerating economic growth. When a number of leading WTO members are experiencing such growth accelerations, it makes it very hard to conclude reciprocal deals that have relatively-speaking limited benefits. This argument highlights the fact that support for any reciprocal trade deal will be conditional on factors that are outside of the multilateral trading system (such as national rates of economic growth). Arguably, then, the parameters of the Doha Round deal yield too little gains compared to the current macroeconomic circumstances. This provides trade ministers with less incentive to engage, which makes it harder to complete the Round in the first place.

Another implication of the fast growth of the large emerging markets is that, in some cases, much of that growth is export-driven and this puts competing firms in other jurisdictions under greater pressure. Chinese export growth (which has been approximately 25 percent per annum since 2000) appears to have made some developing countries fearful of cutting tariffs on industrial products. This manifests itself in terms of even greater resistance to industrial country demands to lower these tariffs and in pressure for more exceptions and LTFR. Each of these manifestations limit what developing countries are prepared to offer industrialised counties in return for the latter's agricultural reforms, so providing another explanation for any unravelling of negotiating ambition witnessed during the Doha Round. Fear of more Chinese exports, then, has put a break on ambition of the reciprocal deals being sought in the Doha Round.

In this section I have identified four factors that together account for the inability of traditional reciprocal trade negotiations to conclude the Doha Round so far. The addition of agriculture to the government policies in the negotiating set represented an expansion in the potential for market access-based or traditional discrimination-based trade-offs in this Round. The greater degrees of freedom created, however, could not be exploited because the "agriculture first" and LTFR objectives could not be reconciled with the political economy of agricultural reform in leading WTO members, the degree of unilateral tariff reform, and with the boom in world trade and

3 Relatively speaking, then, Brazil may be paying a higher geopolitical price for its G20 alliance with India.

in certain emerging markets. The EU and US pursued agricultural trade negotiating strategies that were not politically viable for their trading partners and their demands for tariff cuts on industrial products (driven up by the extent of unilateral reform in developing countries) could not be reconciled with some of the development-related principles adopted for this Round. Finally, what was on the negotiating table was small compared to other developments in the world economy, making the cost of saying "no" easier and potentially reducing the attention spent on concluding the Doha Round in the first place. It is for these reasons that I argue that the combination of the four factors identified in this section has made concluding the Doha Round so difficult.

To argue that reciprocal bargaining has been unable to deliver an agreement in the Doha Round is not to argue that reciprocity has ceased to be a fruitful tool in multilateral trade negotiations. Some of the factors mentioned above are contingent; some reflect the choices of WTO members. For one, the growth of international trade and the large emerging markets is not guaranteed. For another, WTO members can choose both the negotiating set and the principles upon which multilateral trade negotiations are based. Political economy factors may well change; for example, in 2008 or 2009 the EU member states are supposed to review the Common Agricultural Policy and this may allow for greater trade-offs on agricultural reform (bearing in mind that any such reforms would take effect after 2013 when the current ten year package of policies towards European agriculture expires). Therefore, the WTO membership and by implication progress in the Doha Round are not prisoners of forces at work in 2007. Having said that, the likelihood that any of the four factors that I have described change much before the end of the year is slight, hence my pessimism about the near-term prospects for concluding the Doha Round and, therefore, my expectation that there will be a lull in negotiations for at least 18–24 months before, during, and after the US presidential election. The questions, then, for policymakers are how to use that lull productively and what the lull may imply for the desirability of restarting the Doha Round negotiations after the US presidential election and the terms upon which this might happen.

4 Lessons from the Doha Round Impasse for the Design of Future Multilateral Trade Initiatives

The principal question asked in this section is, assuming that WTO members are not going to jettison reciprocal trade negotiations with a Single Under-

taking, whether it is possible to identify the attributes of more promising multilateral trade initiatives? This question is motivated by the belief that the choice of negotiating set, principles for the negotiations, and some nations' negotiating strategies were incompatible with one another and with certain economic and political practicalities; the desire, of course, is not to repeat these miscalculations in the future. A secondary question is whether, given the circumstances identified in the last two sections, the likely lull in negotiations in 2008 and the first half of 2009 could be employed along with these attributes to identify promising multilateral trade initiatives that might compete as alternatives to resuming the Doha Round negotiations where it left off in 2007? Rather than poseing the question in terms of whether or not to abandon the Doha Round trade negotiations, it might be useful to compare continuing the Doha Round negotiations with viable alternatives. I do not propose to identify those viable alternatives in this paper, not least because the events over the next 18–24 months (some of which may be completely unforeseen) may colour an assessment of viability. Even so, I do think it would be useful to establish some practical attributes that may assist policymakers in evaluating any alternatives before them. Furthermore, as I shall state those guidelines in relatively general terms they may have longer-term value to trade policymakers.

More specifically, in what follows I shall describe three attributes that any promising future multilateral trade initiative should have. That is, whatever topics are considered for inclusion in the Single Undertaking and whatever principles are agreed to guide future negotiations they ought to share the following three attributes. These attributes were not pulled out of thin air; readers will see that the previous discussion of the reasons for Doha Round impasse have informed the identification of these attributes. Later I will go a step further and argue that potential future multilateral trade initiatives should be assessed to see if they share these three attributes. The rationale for such assessments is as follows: in a WTO with diverse membership, currently 150 nations and custom territories, the likely success of any potential multilateral trade initiative is going to depend on many nations' and other circumstances. A system-wide perspective needs to complement whatever national assessments are made of proposals advanced at the WTO. Indeed, I am under no illusion that diplomats seek to advance their own nation's interests and will continue to do so. However, what I am effectively suggesting is that some assessment of whether the aggregation of a set of national proposals into a potential multilateral initiative shares is a non-starter is preferable to starting an initiative, slogging it out for five or ten years, and accomplishing little or nothing.

The first attribute of a promising multilateral trade negotiating initiative is substantial relevance. By this I mean that the proposed contents of the Single Undertaking and the practical principles to guide negotiations are (i) consistent with a set of previously-agreed objectives and functions of the World Trade Organization, (ii) of relevance to all WTO members or types of WTO member (bearing in mind that some WTO members prefer to identify themselves in groups), and (iii) of relevance to the world economy of the first quarter of the twentyfirst century.

Requirement (i) leaves open what the WTO's objectives are, allowing for a separate and ideally explicit decision on this matter.[4] Should multiple objectives be pursued by the WTO and their implications not be the same in certain circumstances, then this requirement would force some thinking as to which principles to guide the negotiation should take priority in different contingencies. This highlights the fact that the principles to guide the negotiation are practical manifestations of any worthy-sounding objectives that lack sufficient specificity. For example, arguably the "promoting development" objective of the Doha Round manifested itself in two (possibly more) practical guidelines for the negotiations identified in section two, namely, "agriculture first" and LTFR.

Requirement (ii) is advanced because every WTO member, in principle, can veto a proposed course of action. Requirement (ii) insists that there be sufficient interest in a potential multilateral trade initiative for each WTO member. What I have in mind here is some type of *de minimus* test whereby each WTO member's interest are advanced beyond a critical threshold level. If one is discussing the economic impact of a proposed multilateral initiative then it may be possible to establish precise *de minimus* outcomes and evaluate an initiative accordingly. However, it may not be possible to think about the *de minimus* test in quantitative terms. Even so, the idea that there should be (once all of the aspects of a proposed package are taken into account) non-trivial gains for all WTO members is an appealing one.

4 This is not a trivial matter as any two distinct objectives may have different implications for the outcome of a multilateral trade initiative. After all, in section 3 the objective of reducing discrimination in international commerce arguably conflicted with the objectives associated with LTFR in favour of developing countries. In principle the objectives of the WTO could include improving economic resource allocation, improving market access, reducing discrimination in international commerce, improving transparency in national commercial policymaking, promoting economic development, enhancing the legitimacy of the world trading system and a world economy with open border, and pursuing common values; all of which have been mentioned in recent years as possible objectives or functions of the WTO.

Requirement (iii) will force some reflection on what type of multilateral trade initiatives will have a significant perceptible effect on a world economy with 14 trillion dollar-plus economies and 40 onehundred billion dollar-plus economies, substantial migration and remittances, trillions of dollars of overseas investments and sales by foreign affiliates of multinational firms and the like, not to mention the important technological developments over the last 25 years. There are, of course, links between Requirements (ii) and (iii) because asking what would a proposed multilateral trade initiative add to a trillion dollar-plus economy could be restated in terms of a *de minimus* test. There is a serious question as to whether multilateral trade initiatives that deliver as few gains as those reported in Table 2 for the three of the leading emerging markets are really worth pursuing. An alternative might be to identify other multilateral trade initiatives that are of greater relevance and hold the promise of greater impact.

Underlying the requirements (ii) and (iii) is the notion that the identification of options for future multilateral trade initiatives be a forward-looking, fact-driven, and objective exercise. Technocrats could identify a number of different permutations of multilateral initiatives that meet these requirements. Separately, an implication of these requirements is that characteristics of the modern world economy – the large shares of national output accounted for by the service sector, the growing overseas expansion of multinational companies from developing and industrialised economies, etc. – should inform the identification and components of potential future multilateral trade initiatives. This would imply finding ways to make the General Agreement on Trade in Services (GATS) a workable liberalising tool, not to throw up our hands and accept a limited role for this particular agreement.

Like the other two attributes that I propose below, it may be worth considering whether a multilateral trade initiative remains substantially relevant after it has been launched. A periodic check of whether an initiative continues to meet requirements (ii) and (iii) in particular would create a stronger tie between developments in the multilateral negotiating arena and the economic realities facing WTO members. It may well be that the current Doha Round proposals fail this test now, in which case the search for alternative multilateral trade initiatives should start in earnest.

Now that in industrialised countries the remaining tariff peaks on imported industrial goods and agricultural policies in general tend to be supported by strong domestic constituencies the viability of reciprocity-led trade nego-

tiations rests on correct assessments of politically acceptable bargains. The second attribute, then, is political viability. This attribute requires that any set of negotiating trade-offs across countries and subject matter implied by a proposed multilateral trade initiative are not incompatible with identifiable first-order political constraints within the relevant WTO members. The assessment of political viability has to be both comprehensive and forward-looking. By comprehensive I mean that trade diplomats or analysts should assess not only the potential incompatibility of an initiative in their home jurisdiction but also in the other jurisdictions where political acceptance of a final deal is required. (I would argue, along the lines described in section three, that the current proposals for agricultural reforms in the Doha Round fail this test; the associated package was incompatible with important political constraints in the relevant WTO members).

By forward-looking the assessment of political viability should take into account known events, such as major elections, in the political calendars of WTO members. For example, in assessing the proposals for multilateral reforms of agricultural trade policies in 2001 I would have taken into account the fact that the US was soon to enact a new farm bill and that the EU member states were likely to negotiate a multi-year package for the Common Agricultural Policy. In fact, an important consideration in assessing political viability of the agricultural reform component of a multilateral trade initiative is the extent to which the trade policy and agricultural policy communities' views on the desired range of outcomes for the multilateral trade initiative are aligned. If the alignment is weak tough questions should be asked about whose views will prevail, for this could indicate a potential first order political incompatibility and a likely lack of political viability of the initiative in question.

Another important element of the political viability of a multilateral trade initiative is its relationship to other trade reforms that WTO have undertaken or could engage in. It should be recalled that WTO members need not sign up to multilateral trade initiatives to reform their commercial policies. Indeed, there may be at a point in time a first-order political incompatibility with some or all potential multilateral trade initiatives. The political economy forces at work in India strongly suggest that unilateral trade reform is much more politically palatable than reciprocal trade reforms, not least because debates about the latter are dominated by what India "gave away" and what little foreigners begrudgingly gave in return. In which case it would be useful to check if a proposed multilateral trade initiative does

not discourage either unilateral trade reforms or the eventual binding of those reforms into WTO schedules.

The third attribute of a promising multilateral trade initiative is feasible implementation. A proposed multilateral trade initiative should (i) where necessary be implemented in binding commitments on WTO members using well-established WTO legal principles or suitable adaptations thereto, (ii) be enforceable through the WTO Dispute Settlement Understanding or other recognised alternative acceptable to the WTO membership, (iii) implementation should be subject to monitoring and surveillance by the WTO and adequate resources devoted to this task, and (iv) to the extent that effective implementation is contingent on the funds, expertise, or other resources of other organisations than the WTO then the agreement between those organisations and the WTO and mechanisms to coordinate and monitor implementation must be put in place and appropriately resourced. In short, the feasibility of implementation of a multilateral initiative is much more than a matter of legal codification. Many steps follow codification and the last two requirements listed above indicate the role that monitoring, surveillance, and cooperation with other organisations (international bodies, bilateral donors, technical assistance suppliers, and the like) are important elements of implementation too. After the deliberations over the Aid for Trade Initiative in the Doha Round, where a number of the above matters have been discussed in detail, WTO members have enough experience to think through the feasibility of implementing the different components of a multilateral trade initiative before it is launched.

The three attributes of a potentially successful multilateral trade initiative require very different types of information and expertise to assess. The leading WTO members almost certainly have access to the information and expertise necessary to conduct such assessment, but that is not to suggest that only they undertake them. Technical assistance and donor support may enable groups of WTO members that wish to work together to conduct their own assessments of potential future multilateral initiatives. The WTO secretariat may be able to contribute to such assessments by estimating the economic gains of different trade reform scenarios put to it and by describing different enforcement, monitoring, and surveillance mechanisms in WTO agreements and in other potentially relevant international accords. The assessment of political feasibility is probably something the neutral WTO secretariat should not contribute towards. The WTO Director-General should be given the resources to conduct his or her own assessment of potential future multilateral initiatives, with the assistance of other external

neutral parties, and would be obliged to publish a summary of any of the assessments that he completes. No doubt others, including international organisations, non-governmental organisations, think tank experts, and scholars can contribute to all, or part, of the assessment of different options.

Looking just beyond the near term to the potential negotiating lull in 2008 and 2009 (and possibly 2010), then it may make sense to establish a six to twelve month multiple step process whereby a number of potential multilateral trade initiatives could be identified in the first step and then systematically assessed in the second step. Picking up the Doha Round negotiations roughly where they laid off would be included as one such potential multilateral trade initiative. Contributions to such a process would be expected to refrain from mere advocacy and to include objective analyses of one or more potential multilateral trade initiatives identified for further scrutiny, looking in depth at one or more of the attributes identified above. At the end of the deliberation period the WTO Director-General would make a report to the WTO General Council on the potential multilateral trade initiatives, in particular their conformity with the three attributes identified here. This report plus the other information that such a process is likely to generate would then inform a decision by the WTO membership about any next phase in reciprocal trade negotiation.

More generally, if this procedure were followed before a Round was launched, what would be the likely effects on the scale and duration of the multilateral trade negotiations? There is more than one relevant factor at work here and so the balanced answer is likely to be ambiguous. With respect to duration, on the one hand conducting assessments of proposed multilateral trade initiatives takes time; I have suggested up to a year in the paragraph above although the assessments may be done quicker. On the other hand, to the extent that infeasible, impractical, or trivial proposals are weeded out then what remains are potential multilateral trade initiatives that the WTO membership knows that what is at stake is significant (perhaps in economic terms, or in terms of some other objective) and that an initial assessment of political viability and implementation feasibility is positive.

With respect to the scale of reforms of promising future multilateral trade initiatives, the requirement of *de minimus* impact may have the effect of increasing the magnitude of trade reforms sought, making a careful assessment of political viability important. The (implied) requirement of having an impact on trillion dollar-plus economies, amongst others, may well impose some discipline on the choice of negotiating items, resulting poten-

tially in a smaller number of matters to be included in any Single Undertaking. Another more subtle implication of a *de minimus* test is that, if widely acknowledged and accepted, it may make nations think more carefully about the preferential trade measures they offer trading partners. Arguably, the existence of tariff preferences would make meeting a *de minimus* test harder to satisfy for their beneficiaries as any proposed multilateral trade initiative that included further tariff cutting would necessarily result in preference erosion. In principle this consideration could influence how industrialised countries reform their non-reciprocal preference regimes, for example.

As second subtle and forward-looking implication of the political viability attribute is that it may add further doubts to the wisdom of pursuing preferential, plurilateral, or even multilateral zero-for-zero sectoral deals, which may provide the commercial interests in question with little incentive to support future multilateral trade initiatives. Indeed, if the sector has the clout to get a zero-for-zero sectoral deal proposed in the first place it is probably the type of export-oriented, outward-looking commercial interest that trade policymakers want permanently in the pro-multilateral reform camp. In short, then, the three attributes of a potentially successful multilateral trade initiative may have value beyond the important task of assessing such initiatives; the three attributes could influence other trade and related policymaking in WTO members so as to reinforce and extend the conditions favourable to multilateral trade reform. There are no guarantees being offered here, rather that a more systemic, more forward-looking approach that is widely applied would tip the odds against repeating the experience of the recent past.

5 Concluding remarks

The Doha Round has been a very difficult one. For some it took nearly six years to launch it in the first place. Moreover, since its launch the Round's scope has shrunk and negotiations take place in a series of fits and starts; the overall perception is of convergence of positions at glacial speed. Some may argue that this is not different from previous rounds. Such a retort ignores the fact that businesspeople and politicians appear to have much shorter time horizons than in the past and their patience for long-running multi-year dramas is very limited. The mismatch between negotiating cycles in trade and business and political time horizons represents a problem for trade diplomats because it is those very businesspersons and political leaders whose

assistance is needed to overcome domestic opponents to any proposed multilateral trade reforms. This mismatch is an example of a more fundamental point: arguably the Doha Round experience has demonstrated that reciprocity-based trade negotiations as currently practiced by WTO members has become detached from the political realities in leading trading nations. A rethink, then, of what reciprocal trade reform can accomplish is called for.

In this paper I have argued that the very principles to guide the negotiations in the Doha Round and the eventual choice of negotiating items for its Single Undertaking were incompatible with first-order political economy constraints in leading trading nations, with the widespread tendency of WTO members to engage in unilateral trade reform, and with the impact of a booming world economy that might have lead some political leaders to conclude that the cost of a Doha Round impasse (or even failure) was very limited. Moreover, with all of the good will in the world, unless there is a dramatic simplification of the negotiating set and the principles chosen to guide the negotiation in the coming months (which would probably have to include the removal of agricultural reforms or a sharp lowering of demands for agricultural reforms by industrial countries), there is very little chance that the Doha Round can be completed by the end of 2007.

Giving the upcoming US presidential election and the time it takes for a new administration to be in place, and recalling that the Indians must hold a general election by the summer of 2009, then assuming the WTO membership concurs the earliest possible resumption of serious multilateral talks will be late 2009, with a resumption in 2010 far more likely. At that point the current set of Doha Round proposals may not seem so relevant or compelling. I have argued that policymakers would be better served if the next 18 to 24 months were used to identify viable promising alternative multilateral trade initiatives with which to compare resuming the Doha Round negotiations. At least this way decision making can be informed by a comparison of alternatives, and the matter is not reduced to whether to abandon the Doha Round or not. Policymakers may then decide to supersede the current Doha Round proposals and, if so, whether or not the Doha Round is formally concluded could largely be a presentational matter.

To guide the identification and assessment of alternative multilateral trade initiatives to the current Doha Round proposals I have pointed to three attributes that any such initiative should have. These attributes are substantial relevance (to the WTO's objectives and to its members), political via-

bility, and feasible implementation. A process could be established whereby a selected number of alternatives could be proposed and analysed for consistency with these three attributes. This process would have to draw on a wide range of expertise and need not be confined to WTO members, even though the latter are the ultimate audience and decision makers. The WTO Director-General could play a useful role aggregating and summarising the different viable perspectives, eventually presenting a report to the WTO General Council in or around the first half of 2009.

More generally, I have argued that within the world trading system there is a need for greater systemic and forward-looking thinking before multilateral trade initiatives are embarked upon and the three attributes mentioned earlier ought to be part of any such thinking and associated assessment. The Doha Round impasse has taught us that reciprocity-based trade negotiations need not succeed and this ought to make us think through the national political, geopolitical, diplomatic, economic, and other circumstances that are conducive to successful reciprocal trade negotiations.

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Tables

Table 1: Except for China, unprecedented cuts in bound rates would be needed to create new trade

Rank	Emerging market	GDP (current US$, in billions)	MFN tariffs on Manufactured imports			MFN tariffs on Agricultural imports		
			Average bound rate (%)	Average applied rate (%)	Average cut in bound rate needed to cut applied rates (%)	Average bound rate (%)	Average applied rate (%)	Average cut in bound rate needed to cut applied rates (%)
1	China	1'931	9.14	8.96	1.92	15.76	15.70	0.36
2	India	695	34.94	16.44	52.96	114.25	37.55	67.13
3	Mexico	683	34.91	13.33	61.83	43.70	18.21	58.32
4	Brazil	603	30.79	12.63	58.98	35.48	10.17	71.33
5	Turkey	302	17.03	4.69	72.46	60.08	42.01	30.08
6	Indonesia	254	35.55	6.75	81.01	47.02	8.22	82.53
7	Saudi Arabia	250	10.50	4.81	54.19	21.39	7.82	63.43
8	South Africa	214	15.72	7.85	50.05	40.79	9.00	77.94
9	Thailand	161	25.55	8.17	68.01	40.69	22.07	45.75
10	Argentina	153	31.84	12.57	60.53	32.56	10.06	69.10

Notes:
1. Source: WTO Country Profiles.
2. Average cuts needed greatly exceed the 33% average cuts agreed in trade rounds since the 1960s.

Table 2: A failed round doesn't cost China or India much; not so for Brazil

Country	Calculations based on largest estimates reported by CEPII staff		Calculations based on largest estimates reported by World Bank staff	
	Estimated gain (US $ billions, 2005)	Days of economic growth needed to generate this gain	Estimated gain (US $ billions, 2005)	Days of economic growth needed to generate this gain
Brazil	1.77	37	3.90	82
China	−0.61	n.a.	1.70	3
India	2.70	18	3.50	24

Notes:
1. CEPII source: YVAN DECREUX and LIONEL FONTAGNÉ, *A Quantitative Assessment of the Outcome of the Doha Development Agenda*, 2006.
2. World Bank numbers from KYM ANDERSON, WILL MARTIN, and DOMINIQUE VAN DER MENSBRUGGHE, *Market and Welfare Implications of Doha Round Scenarios*, in: KYM ANDERSON and WILL MARTIN, editors, *Agricultural Trade Reform & The Doha Development Agenda*, Palgrave Macmillan, 2006, Chapter 12.
3. Data from World Development Indicators (WORLD BANK) used to compute the average daily economic growth rate for each country for the years 2000–2005.

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Reciprocity and the Doha Round Impasse: Lessons for the Near Term and After

Simon J. Evenett

Many observers are now pessimistic about the prospect of completing the Doha Round of multilateral trade negotiations, at least in the short run. The realisation that so much remains to be negotiated before the forthcoming US presidential primaries and elections has raised the prospect of the Doha Round unravelling or drifting from later this year until the second half of 2009, at the earliest. Having described the developments in the Doha Round up to the issuance of the Chairman's texts in July 2007 this paper examines why reciprocal trade negotiations, whose success has been trumpeted in prior rounds, have run into so much trouble this time around. Four factors are identified in this regard and their implications for the near term prospects of completing the Doha Round discussed. Longer run lessons for policymaking are also spelt out. In particular it is argued that further multilateral trade initiatives should be designed with the following three attributes in mind: substantive relevance, political viability, and feasible implementation.

Im Moment stehen viele Beobachter einem Abschluss der Doha Runde in multilateralen Handelsverhandlungen, zumindest in näherer Zukunft, negativ gegenüber. Angesichts der bevorstehenden US-Präsidentschaftswahlen bleibt noch so viel zu verhandeln, dass der frühestmögliche Termin für eine Klärung der Doha Runde statt Ende 2008 wohl eher in der zweiten Jahreshälfte 2009 zu erwarten ist. Dieser Beitrag beschreibt die jüngsten Entwicklungen in der Doha Runde bis zur Veröffentlichung des Textes des Vorsitzenden im Juli 2007 und untersucht dabei die Gründe für das Scheitern der reziproken Verhandlungstechnik, welche in den letzten Verhandlungsrunden als sehr erfolgreich gerühmt wurde. Dafür werden vier Faktoren festgemacht und deren Implikationen für die Chancen eines kurzfristigen Abschlusses der Runde diskutiert, wobei aber auch Lehren für eine langfristige Strategie geäussert werden. Im Speziellen wird argumentiert, dass zukünftige multilaterale Handelsinitiativen folgende drei Eigenschaften berücksichtigen müssen: sie müssen eine erhebliche Bedeutung aufweisen, sie müssen politisch durchführbar sein, und deren Implementierung muss realisierbar sein.