

Global Economy Journal

Volume 5, Issue 4

2005

Article 1

PERSPECTIVES ON THE WTO DOHA DEVELOPMENT
AGENDA MULTILATERAL TRADE NEGOTIATIONS

Overview: Perspectives on the WTO Doha Development Agenda Multilateral Trade Negotiations

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Abstract

Overview of the Special Issue prepared under the direction of Guest Editor Robert Stern.

Robert M. Stern, the Guest Editor of this special issue of the *Global Economy Journal*, is Professor of Economics and Public Policy (Emeritus) in the Department of Economics and Gerald R. Ford School of Public Policy at the University of Michigan, Ann Arbor. He received his Ph.D. in economics from Columbia University in 1958. He was a Fulbright scholar in the Netherlands in 1958-59, taught at Columbia University for two years, and joined the faculty at the University of Michigan in 1961. He has been an active contributor to international economic research and policy for more than four decades. He has published numerous papers and books on a wide variety of topics, including international commodity problems, the determinants of comparative advantage, price behavior in international trade, balance-of-payments policies, the computer modeling of international trade and trade policies, trade and labor standards, and services liberalization. He has collaborated with Alan Deardorff (University of Michigan) since the early 1970s and with Drusilla Brown (Tufts University) since the mid-1980s in developing the Michigan Model of World Production and Trade. He is currently working with Drusilla Brown and Kozo Kiyota (Yokohama National University) on the computational modeling and analysis of preferential and multilateral trade negotiations, and issues relating to the scope of the WTO and concepts of fairness in the global trading system with Andrew Brown.

The University of Michigan's International Policy Center of the Gerald R. Ford School of Public Policy, Department of Economics, and Law School hosted a one-day conference on "Perspectives on the WTO Doha Development Agenda Multilateral Trade Negotiations," on Friday, October 21, 2005. The purpose of the conference was to provide a forum to discuss the important development-related and other issues on the agenda for the December 2005 Ministerial Meeting of the WTO in Hong Kong. Participants included Geneva-based WTO negotiators and representatives from governments, academia, NGOs and the private sector who came to discuss what it would take to make the Doha Development Round of multilateral trade negotiations a success.

This special issue of the *Global Economy Journal* includes articles, which are the revised and edited versions of papers commissioned for the conference as well as the commentaries of the appointed panelists who were chosen to address the issues involved.

The consensus among the conference participants was that an agreement to substantially reduce trade barriers in agriculture was the key to the success of the round. Patrick Messerlin notes in his article on agricultural liberalization that for developing countries, agriculture represents up to 40% of GDP and 35% of exports, and as much as 70% of employment. The evidence is also clear that in most developed countries agriculture is a highly sensitive and protected sector. Moreover, changes in agricultural policies in both the European Union and the United States since the WTO Doha Ministerial Meeting in 2001 have been moving in the wrong direction and have tended to exacerbate rather than reduce agricultural protection. There is accordingly a long way to go in terms of cutting domestic support, export subsidies and credits, and especially the very high import tariff bindings adopted during the Uruguay Round a decade ago. Developed country representatives point out, however, that many developing countries themselves have considerable protection and have thus far been reluctant to make reciprocal concessions to further the current Doha Round negotiations. Given the current impasse, it is hoped that the US and especially the EU will offer to make significant reductions in their agricultural protection after which any reciprocal reductions in developing country protection may be considered. The conference participants thus agreed that only success in agriculture can pave the way to negotiations for liberalization of trade in manufactured goods and services.

Deardorff and Stern note in their article that negotiations on Non-Agricultural Market Access (NAMA) must address existing tariffs on manufactures in both the developed and developing countries in order to stimulate trade between these countries as well as between the developing countries themselves. In services, J. Robert Vastine states that the US and EU need to respond to the legitimate concerns of the developing countries, and that there is

currently too much attention on trying to find a formula for services liberalization and not enough on actual concessions that would meet the needs of developing countries. Furthermore, there is reason to believe that there are very large potential benefits to be realized from services liberalization, and that a successful Doha Round outcome depends on recognition of the need to address the reduction and removal of trade and domestic regulatory barriers that inhibit international services transactions.

Jagdish Bhagwati, Professor of International Economics at Columbia University and one of the world's leading authorities on issues of trade and trade policies, gave the keynote address to a standing-room only audience. He expressed disappointment and concern over the lack of progress in the agricultural negotiations. He also cited the importance of reciprocal offers for tariff reductions by developing countries and expressed concern over the proliferation of bilateral free trade agreements (FTAs), which may have only limited benefits for developing countries and may distract negotiators away from the potentially far more important gains that can be realized from multilateral negotiations. Bhagwati appeared to be generally worried about the general direction of US trade policy going into the Hong Kong negotiations and the possibility that the U.S. Congress may not be receptive to the U.S. negotiating offers and the offers of U.S. major trading partners. Yet he remained optimistic that the WTO member countries would forge a consensus at the Hong Kong Ministerial Meeting to bring the Doha Round negotiations to a successful conclusion by the end of 2006.

Other issues discussed at the conference included a session on WTO jurisprudence and governance, in which the current governance structure of the WTO Secretariat was called into question in an article by Robert Howse. Alberto Trejos argues in his article that free trade agreements (FTAs) may provide considerable benefits for signatory countries and can facilitate progress in the Doha Round negotiations. Kozo Kiyota and Robert Stern in their article present calculations indicating that the benefits from FTAs are very small in both absolute and relative terms, and that there is far greater scope for improvement in economic welfare from unilateral liberalization and especially from multilateral liberalization. Issues of fairness in the Doha Round negotiations were discussed in an article by Andrew Brown and Robert Stern, who stressed the importance of equality of opportunity relating to market access and reciprocity and the need to address issues of distributive justice from the standpoint of developing countries. There was also discussion of trade-related intellectual property rights (TRIPS), which raised issues of access to medicines for poor countries and the possible extension of the Doha negotiating mandate to products covered in the Convention on Biological Diversity (CBD). The interests of the U.S. automobile industry in the Doha Round negotiations were noted, and concern was expressed about the need to address non-tariff barriers that impeded automotive trade and possible

currency manipulation that artificially fostered export growth in some Asian economies. Human rights and other labor issues, which remain outside the Doha Round, were cited as a continuing irritant to the role and influence of organized labor and civil society.