Chapter 6

Doha Development Round: Closure, Revival, and Replace

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ABSTRACT

More than 11 years have passed and Doha Development Round (DDR) has been in the doldrums, having full uncertainties that may result in closure. Trade negotiations are at a standstill, resulting in revivalism of trade protectionism in the name of “new regionalism” or preferential agreements (India-Japan, India-EU). This would lead to dismantling multilateral trading system for which World Trade Organization was created in January 1995. It is vital to protect and preserve the gains of the WTO in a variety of related areas. Therefore, the success of a multilateral trading system is imperative, and this could only be possible when DDR is successful and revivalism takes place. If impasse is continued, the concept and practices of free trade would be transformed into trade protectionism in the name of new regionalism. If it happens, then the future of global trade is uncertain and there would be enormous loss of potential and opportunities of creation of trade, and no country could afford it. Doha is stuck. Where do we go from here? The present chapter analyses the issues relating to the closure vs. success of the DDR. Every effort must be made to keep it alive both in the interest of mankind and the globe. If in 12th round, nothing concrete comes up, then the member countries are thinking and planning to replace it by Global Recovery Round (GRR), which is becoming more significant to deal with. Hence, this chapter attempts to examine the three options, namely closure, revival, and replace.

INTRODUCTION

After the Second World War, the General Agreement of Tariffs and Trade (GATT) was formed in 1947 as a regulator of global trade. From 1948 to 1966 six rounds of trade talks were concluded successfully. This had been because the United States of America extended liberally in terms of tariff access to its markets. But the seventh round that held at Tokyo was not in the same spirit. Under Tokyo round the developing economies got few concessions. This was also due to the fact that oil
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price had left the developed world in disarray. As the oil weapon faded its importance, the US came back as a major player in global trade negotiations.

At Uruguay round, different newly emerging areas namely-agriculture, services, international patents were taken into consideration while making trade negotiations. Non-reciprocity was replaced by a reviewable S and DT system of giving concession to developing economies wherein most developed nation tariffs on labor-intensive goods like clothing and leather products were efficiently and effectively pushed back to the end of the Uruguay round i.e. 1995. Again it was US need to win over friends in the war on terror that resulted into Doha Development Round interrupting the Uruguay round and initiation of ‘development round negotiations’. [Pant 2011]

Leaving a side the issue in regard to dominating role of US in trade negotiations, the most vital thing was the US role as a driving force in ministerial negotiations. On the other side, the most strategic trend that had come up was the declining significance of the US in world trade. This was because, after 1995 for a decade, trade of non-OECD nations had registered more trade than the global trade by an increased margin of 50 per cent. Similarly, for much of the developing countries, the US market was no longer significant as compared to mid of the decade of 90s. Instead of US market Chinese market had emerged out as an alternative option.

Doha Dilemma

Why Doha Development Round had failed in enhancing free global trade on the one hand and on the other hand to make multilateral trading system more efficient and effective in distributing the gains of free trade?

In November 2001, the Doha Development Round (DDR) was launched having an ambitious development component. This was initiated just after the terrorist attack on the US. With its emphasis on “rule-bound multilateral trade”, the DDR was aimed to bring up required degree of stability and orderliness in global trade and hence, extend an antidote to the chaos, uncertainty and nervousness that had begun to affect the world economy. [Narasimhan 2011]

The very basic philosophy of launching DDR was to enable least developing economies (LDEs) to export more by gaining greater access to developed markets. While it was presumed that developed nations may reduce their various subsidies and market support programs that were distorting trade trading rules. However, for the last eleven years i.e. November 2001, trade negotiations have missed many deadlines.

In 2010, G-20 group had urged upon the member countries to complete DDR by the end of December 2011 which was practically not possible and accordingly did not happen.

Doha round is dead but be revived and keeping alive multilateral trade negotiations is need of the day. The most astonishing thing is that the most ardent optimists have given up on the DDR of trade negotiations under the aegis of World Trade Organization (WTO). DR negotiations round “promised so much and delivered so little”. 157 nations are outwardly at least professing their commitment to the DDR. Such commitments have however, been symbolic. These had not been enough to take the negotiations substantially forward.

The major players in global trade negotiations are the US and the Europe. They are unwilling to extend any concessions on any issue. Even move to provide duty-free and quota-free access to products from least developed countries; removal of cotton subsidies, easing of services rules for LDCs were blocked by the US. With no movement from the US on extending concessions to least developed economies of Asia, Africa and Latin American regions, the philosophy and spirit had failed to conclude the DDR by the end of December 2011. As a result, hope of the ratification of new trading rules for farm and industrial goods as well services remained of no use. US that battling with worst economic crisis since the 1930swas
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