

Background Note

Reviving Multilateralism: Road to Bali and Beyond

19 November 2013, ESCAP, Bangkok

Introduction

The Doha round is the most ambitious round in the entire history of the multilateral trading system. The original mandate was to reach agreement on almost all subjects in the negotiation by 1 January 2005. The only exceptions were the negotiation on improving and clarifying the Dispute Settlement Understanding (with a deadline of 31 May 2003 and technically not part of the “single undertaking”) and the negotiations on a registration system for geographical indications for wines and spirits (with a deadline of the Fifth Ministerial Conference in 2003). The multilateral trade regime is being threatened due to its prolonged negotiations of Doha Round as all these deadlines have been missed and the dates are now history. Doha round has now entered twelfth year of negotiation, making it the longest running multilateral trade negotiation.

Every WTO Ministerial Conference is burdened with great expectations and a setback is subject to serious scrutiny. The Ninth Ministerial Conference is scheduled to be held at Bali, Indonesia, from 3 to 6 December 2013. There is no clear idea, if Bali will see the Ministers reaching a consensus or the meeting will end like Seattle or Cancun! Like each time, there is a likelihood of questions being asked on the relevance of WTO, after the Bali meeting. It is difficult to predict the outcome of Bali Ministerial Conference at this stage, even though lot is being said and debated.

The General Council Meeting (held on 4 June 2013) discussed the issues for Bali Ministerial Conference. The Director-General, WTO highlighted that for success at the Ministerial Conference in Bali cleaning up of the trade facilitation draft agreement, building a landing strip on agriculture, canvassing the elements of the monitoring

mechanism and the Cancún agreement-specific proposals as well as building the elements for a package for least-developed countries (LDCs). He also stated that other elements which could be part of the Bali deliverables are Aid for Trade, accession of pending membership, the expansion of the Information Technology Agreement and extension of the TRIPS (Trade-related Intellectual Property Rights) Agreement transition period for LDCs. The delegates in the meeting reiterated the importance of fully respecting the development mandate, together with the need for balance in the three Doha Development Agenda areas identified as potential deliverables for Bali. A positive development took place on 11 June 2013 when the WTO members agreed to extend until 1 July 2021 the deadline for least developed countries to protect intellectual property under the WTO's TRIPS agreement, with a further extension possible when the time comes.

Background

It may be recalled that the fourth meeting of the WTO's topmost decision-making body the Ministerial Conference was held in Doha, Qatar from 9–13 November 2001. Before the start of Doha round, many developing countries were opposed to the launch of a new round, mainly due to the unfulfilled promises of the Uruguay round. The consensus for agreeing on the launch of new round in Doha emerged from a very categorical assurance from the developed countries to the developing countries that the round will address their development concerns, including sorting out the problems relating to implementation of the Uruguay round agreements. The declarations that the WTO members adopted in Doha, formulated a work programme, the Doha Development Agenda, which included trade negotiations (under the Doha Round) and addressing the implementation issues emanating from the agreements of the earlier rounds. The Doha round raised the level of expectations of the developing countries since it was termed as Development Round.

The Eighth WTO Ministerial Conference was held in Geneva, Switzerland, from 15 to 17 December 2011. With the talks at a standstill, ministers had arrived in Geneva knowing

fully well that their three-day meeting was not a negotiating session. In parallel to the Plenary Session, where Ministers made prepared statements, three Working Sessions took place with the following themes: “Importance of the Multilateral Trading System and the WTO”, “Trade and Development” and “Doha Development Agenda”. The World Trade Organisation wrapped up a ministerial meeting, deadlocked on the Doha round of negotiations for a global free trade pact, and some ministers calling for a new path. Conference Chairman and Nigerian Trade Minister Mr. Olusegun Aganga summarised the ministers' regret at the impasse in a concluding statement. He stated that 153 member states agreed to "more fully explore different negotiating approaches" and "intensify their efforts to look into ways" to overcome the stalemate¹.

Several observations have been made on the delay of conclusion of the Doha Round. In fact in some studies the failure of Doha has been projected as a failure of entire WTO system. Another area which is now drawing attention of economists relate to the debate of “regionalism versus multilateralism”, especially due to the prolonged negotiations. The rise in regional trade agreements has also not gone unnoticed by the Ministers. In their last meeting (December 2010), the ministers stressed the need to ensure that these regional trade agreements remain complementary to, and not a substitute for the multilateral trading system. A few have also suggested that the Doha round is ‘dead’ and the ministers should dump this round.

Way forward

There are a lot of expectations from the Bali Ministerial Conference. Concluding the Doha round has become necessary for several reasons. If negotiators are not able to achieve a breakthrough, there may be several consequences for multilateral trade liberalization. The importance and credibility of WTO as an institution comes from two important functions that it has done in recent times. The first being the process of Dispute

¹ WTO website (www.wto.org)

Settlement, which has already established its credibility. The second relates to the context of the recent global crisis, the WTO agreement has provided a cushion against protectionism. It has been established during the recent global economic recession that even though some rise in protectionism was seen, due to the WTO monitoring mechanism and the fear of dispute settlement mechanism, the members did not take measures which grossly violated their WTO commitments. It is beyond doubt that without the WTO agreement, the situation would have been much worse.

An in-depth understanding of the outstanding issues in the Doha round is necessary to understand why the talks have not been concluded even after twelve years. Despite the fact that on almost 80 percent of issues there have been agreement; differences still exist in areas of agriculture, industrial tariffs, services and non-tariff barriers. In this entire process, US is on one side, while EU is on another and the developing countries like China, Indian and Brazil are at the third corner of the triangle. Is it the level of ambition for liberalisation, despite broad agreements on modalities, that has hampered the conclusion of this round or is it that the 'developmental agenda' is not there anymore or is there a new dimension that is hampering the consensus? The likely outcome of negotiations is now beyond anybody's guess.

The outcome of Bali is definitely going to put a long term effect on the multilateral trading system and further prospects of free and fair global trade, especially in the aftermath of global economic crisis. The Bali outcome is expected not only to conclude

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