

**Policy
statement**



Prepared by the ICC Commission on
Trade and Investment Policy

The risks of non-Doha

Highlights

- The Doha Round negotiations need to be brought to an expeditious conclusion
- Political will is lacking
- The risks of non-Doha are considerable
- Recommendations

The Doha Round negotiations need to be brought to an expeditious conclusion

The International Chamber of Commerce (ICC), the world business organization, is very disappointed by the lack of progress registered at the Doha Round stocktaking exercise which concluded at the end of March, and, moreover, the slow pace of the negotiations since then.

World business feels very strongly that if the Doha Round is to be put on a sure path to achieving an ambitious and balanced result over the coming months, the negotiations must progress more quickly overall.

Political will is lacking

ICC can only note that repeated pronouncements by heads of state and government in international forums, in particular the G8 and the G20, in favour of concluding the Doha Round seem not to have succeeded in injecting much needed political will into the negotiations. What is particularly worrying is the degree to which such pronouncements seem disconnected from what is happening at the negotiating table in Geneva. In this respect, ICC very much regrets that the June Toronto G20 declaration did not mention a precise deadline for the conclusion of the Doha Round.

The risks of non-Doha are considerable

ICC is of the view that the Doha Round negotiations have reached a point where the many hard-won trade- and wealth-creating outcomes already on the table might be lost unless WTO members redouble their efforts to conclude the Round as soon as possible to achieve an ambitious and balanced result.

The potential benefits of a successful Doha Round are well documented and have been delineated in previous ICC statements. It should be noted, however, that failure to reach agreement on such a deal may carry risks for the international economy. These risks may include:

1. A weakening of the multilateral trading system

Improving global trade rules and achieving greater trade liberalization through negotiation is an essential function of the WTO and the multilateral trading system. Unless WTO members are able to successfully discharge this function collectively by concluding the Doha Round, one of the key roles of the institution – that of providing an effective forum for multilateral trade negotiations -- could be called into question.

As a result, the WTO's dispute settlement mechanism might be put under strain should the WTO find itself having to make rules and liberalize trade by adjudication rather than negotiation. In such circumstances, ICC is concerned that two main pillars of the rules-based multilateral trading system could be significantly weakened.

Despite the unprecedented drop in world trade in 2009, the WTO has weathered the storm of the global economic crisis and has demonstrated the value of the multilateral trading system in providing a vital insurance policy against trade protectionism. In particular, the crisis has shown that the WTO's trade policy monitoring function has been instrumental in containing protectionist pressures. As a result, WTO members are considering ways to reinforce this function, an effort which ICC supports. However, this needs to happen in a strong and effective WTO whose members collectively can negotiate successfully the lowering of trade barriers and the strengthening of global trade rules.

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Continued lack of progress in the Doha Round will also reinforce the already pronounced trend towards preferential trade agreements (PTAs). This absence of progress on Doha combined with the proliferation of PTAs may lead to: a weakening of the multilateral trading system's capacity to deliver effective non-preferential global trade rules, the danger that such agreements could severely restrict trade opportunities for developing countries, and an increasingly complex regulatory environment for companies engaged in cross-border trade.

2. A foregone opportunity to improve WTO rules and liberalize world trade

Failing to conclude the Doha Round as soon as possible would mean foregoing the opportunity to improve WTO rules and liberalize world trade. It would also mean failing to make progress on the integration of developing countries in the multilateral trading system and on strengthening the role of international trade in the promotion of economic development and the alleviation of poverty, thereby calling into question the Round's development dimension.

A recent study by the Washington-based Peterson Institute for International Economics¹ argues that with "modest increments in market access commitments by G-20 countries (...) WTO countries can put together a Doha package that is both ambitious and balanced between the interests of developed and developing countries".

Without a concerted effort by WTO members, and G20 countries in particular, to narrow their differences on a few key issues and to make the adjustments necessary to the package currently on the table, there is a very real danger that the result of over eight years of negotiations might be lost or set aside indefinitely. A major potential contribution to world growth and global economic recovery might thus be foregone. WTO members and G20 governments especially, have at hand a means to send a strong signal that they intend to resist protectionism and strengthen the global trading system by concluding the Doha Round forthwith.

3. A potential rise in protectionism and economic nationalism

Reports by the WTO, the Organisation for Economic Co-operation and Development, the International Monetary Fund, and the United Nations Conference on Trade and Development mandated by the G20 have shown that, while countries have so far implemented a variety of crisis-related measures with protectionist effect, protectionism and economic nationalism have more or less been kept in check.

However, other initiatives to monitor the incidence of crisis-related measures on market openness² have been more critical of the extent to which G20 governments especially have resorted to such measures despite their standstill commitments.

Even so, the existence of a rules-based multilateral trading system and the monitoring function of the WTO and other multilateral institutions have shown themselves to act as an effective bulwark against protectionism.

The global economic environment in the coming months is likely to be characterised by an expansion of world trade, a continuing rise in unemployment in many parts of the world and the persistence of large external imbalances. This will probably increase pressure on governments to take further measures with protectionist effect, potentially straining the multilateral trading system further. By concluding the Doha Round, governments would demonstrate unambiguously and concretely that they are serious about fighting protectionism, bolstering international trade, and strengthening the multilateral trading system. A successful Doha Round would provide a most effective barrier against protectionist pressures.

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¹ "Figuring Out the Doha Round", Policy Analyses in International Economics 91, by [Gary Clyde Hufbauer](#), [Jeffrey J. Schott](#) and [Woan Foong Wong](#), June 2010 • 128 pp. ISBN paper 978-0-88132-503-4.

² See for example <http://www.globaltradealert.org/>

Recommendations

In light of these risks, ICC makes the following recommendations to WTO member governments, and G20 countries in particular:

- Demonstrate, in deeds as well as words, strong political support for the rules-based multilateral trading system, that has shown itself to be a central element of international economic cooperation with a proven track record of stimulating global growth and employment. Encouraging greater flows of international trade by concluding the Doha Round can boost the prospects of economic recovery worldwide and is probably the most fiscally responsible stimulus measure available to governments.
- Translate high-level pronouncements by heads of state and government into concrete progress at the negotiating table. To an important degree, this depends on the commitment of WTO members to make trade a political priority and to invest political capital in ensuring that the Doha Round negotiations achieve an ambitious and balanced result as a matter of singular urgency. This will require a more realistic view of what is on the table as well as a more realistic approach of what can be reasonably added to the current package.
- Make a concerted effort to narrow as much as possible the remaining gaps in the negotiations through a combination of political will and technical solutions so that a complete Doha package can be put to trade ministers as soon as possible.
- Strengthen the multilateral trading system's capacity to be a pillar of the economic recovery and provide a solid rampart against protectionism. This can only be done effectively on the basis of a successful conclusion of the Doha Round and active engagement by governments in favour of greater multilateral trade liberalization as well as autonomous liberalization.

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About ICC

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world. ICC promotes an open international trade and investment system and the market economy, and helps business corporations meet the challenges and opportunities of globalization. Business leaders and experts drawn from ICC's global membership establish the business stance on broad issues of trade and investment policy as well as on vital technical subjects. ICC was founded in 1919 and today it groups thousands of member companies and associations in 120 countries.

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The International Chamber of Commerce (ICC)

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

The fundamental mission of ICC is to promote trade and investment across frontiers and help business corporations meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the last century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

ICC has three main activities: rules-setting, dispute resolution and policy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution. Another service is the World Chambers Federation, ICC's worldwide network of chambers of commerce, fostering interaction and exchange of chamber best practice.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy as well as on vital technical and sectoral subjects. These include financial services, information technologies, telecommunications, marketing ethics, the environment, transportation, competition law and intellectual property, among others.

ICC enjoys a close working relationship with the United Nations and other intergovernmental organizations, including the World Trade Organization and the G8.

ICC was founded in 1919. Today it groups hundreds of thousands of member companies and associations from over 120 countries. National committees work with their members to address the concerns of business in their countries and convey to their governments the business views formulated by ICC.



International Chamber of Commerce

The world business organization

Policy and Business Practices

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