

The Doha Round is Back on Track



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WTO member countries are back at the table to complete as much as is doable on the Doha Development Agenda, hopefully by the end of the year. In early 2014, building on the Bali success, WTO members began revisiting the rest of the DDA under its three main pillars of agriculture, non-agricultural market access (NAMA) and services. The implementation of the Bali package itself, however, turned out to be more difficult than expected. In July 2014, India signaled that it was unwilling to join the consensus on a proposed protocol of amendment integrating the new trade facilitation agreement into the WTO rule book, unless it saw evidence of progress on the concerns it had raised in Bali, starting with a permanent solution on public stockholding.

This new impasse, only six months after Bali, not only affected mutual trust among countries but also significantly delayed discussions on the post-Bali work program mandated by Ministers.

However, after several months of deadlock, an agreement reached in mid-November between India and the United States finally allowed members to overcome the impasse, paving the way for the implementation of the Bali deal on trade facilitation, as well as progress on the broader negotiating agenda. In November 2014, the WTO GC (General Council) approved three decisions related to public stockholding for food security purposes, the Trade Facilitation Agreement and the post-Bali work program. One of those decisions set the deadline of July 2015 for elaborating a clearly defined work program on the remaining issues of the DDA. Given this new time-frame, WTO members have intensified negotiations on developing the work program. DG (Director-General) Roberto Azevedo called a meeting of all members to share information and review progress on negotiations to agree on a work program on the remaining issues of the Doha Development Agenda.

Members now need to turn their attention to the arduous task of defining the contours and content of a possible post-Bali work program. The first and foremost step in this process will consist of undertaking a reality check of the 2008 modalities. Members maintain divergent views about whether to restart the negotiations where they left off in 2008 or completely update the process. Some members continue to insist on applying the 2008 draft modalities. But some larger members have suggested that the 2008 trading environment is woefully out of date and are signifying that some compromises may be in order.

While the existing draft texts cannot be dismissed, members also cannot ignore the fact that the 2008 draft modalities were not accepted as a basis of future negotiations by developed members, including the United States and the EU. Furthermore, during the process of negotiations on the DDA work program, it is most likely that the draft texts will be significantly adjusted to reflect the arguments of developed countries - the reduction of the gap between applied and bound tariffs, the reduction of farm subsidies in China and India, and the reduction of special and differential treatments for developing countries.

Given such circumstances, Korea, a member of the G33, should establish feasible and effective negotiation strategies on the following key issues in which Korea has deep interest. First, Korea needs to support the position on reducing the difference in MFN applied tariffs and

bound tariffs. The ratio of applied tariffs to bound tariffs in Korea is around 0.8, which is relatively high compared to average values for both developed country members (0.6) and developing country members (0.4). Therefore, it is reasonable to propose a new tariff reduction method which relates to water. For example, a larger cut could be applied to products that have more water.

On the other hand, the challenge in Geneva now is to explore the various approaches - more flexibility in the formula approach, a simple RO (Request/Offer) process to reduce barriers or setting average tariff reduction coupled reductions with an RO approach. The United States and the European Union seem to support alternative modalities, average tariff reduction. It is interesting that Suh et al. (2014) shows that the political costs of an agreement to increase market access could be reduced substantially by using average tariff reduction (for example, overall X percent reduction with a minimum cut of Y percent on each tariff line, following the Uruguay Round model) rather than progressive formula reduction which has been discussed till now. In other words, average tariff reduction is superior to progressive formula tariff reduction in the sense that benefits from tariff reduction based on average tariff reduction are distributed evenly. Tariff reduction benefits based on formula reduction tend to concentrate on a few members, such as China and India, while the benefits based on average tariff reduction tend to be spread out fairly among WTO members. Thus, Korea needs to support a new method rather than an old one. Of course, it is clear that the successful settlement of the DDA work program is essential for leading countries like the United States, the EU, India, and China to reach a compromise. [KIEP](#)