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Abstract

The commonplace tendency is to blame the difficulties of the Doha Round of multilateral trade negotiations on the World Trade Organization (WTO) itself. In contrast, I suggest in the first part of this paper that exogenous structural factors, especially changing commodity prices and trade flows, fatally undermined the round. In the second part I discount the significance of endogenous institutional factors such as the number of participants, the size of the agenda, or the Single Undertaking, although design failures, notably in the "modalities" for negotiation, did hurt. But what hurt even more was the way the WTO, in common with most multilateral organizations, has not caught up with the shifting centre of gravity in global governance. The trading system is no longer a transatlantic bargain. The regulatory issues on the 21st century trade policy agenda will inevitably be negotiated in Geneva, but only after a new trans-Pacific accommodation recognizes China's central role.

Keywords

WTO, Doha round, trade agreements, negotiations, international cooperation

First diagnose, then treat: what ails the Doha Round?[*]

After staggering along for six years, the Doha Round of multilateral trade negotiations in the World Trade Organization (WTO) hit an impasse in July 2008 and has been stalled ever since. The pharmacopeia of remedies for what ails the round is over flowing. Before choosing to prescribe any of them, however, we need a robust diagnosis.[1] The first step is being clear on the complaint. The WTO itself is not sick. World trade is still growing, if slowly; protectionism did not accelerate during the Great Recession (Wolfe, 2012); the dispute settlement system works well; and the transparency and surveillance mechanisms are used more than ever, with substantial improvements since 2008 (Wolfe, 2013). But something is manifestly wrong with the Doha Round. If we fix some aspect of how the WTO negotiates, can we expect a different outcome next time? or is the problem beyond the reach of the WTO?

Trade negotiations take place in so-called “rounds” that have been getting longer and longer; recalling the rise and decline of the Doha Round will help to provide context for the analysis that follows. The round arguably started at the first WTO Ministerial Conference at Singapore in 1996 when ministers agreed to a work program on what came to be known as the “Singapore issues” (investment, competition policy, procurement, and trade facilitation) while consolidating the Uruguay Round leftovers into a so-called “built in agenda”. As mandated by the Uruguay Round agreements, separate negotiations on agriculture and services started in 2000, and went nowhere. The round was launched, and China joined the WTO, at the Doha Ministerial Conference in 2001 after a failed attempt at Seattle in 1999. The mandate for the negotiations was clarified in July 2004 after the collapse of the Cancún Ministerial Conference in 2003, and was refined again at the Hong Kong Ministerial Conference in 2005. By July 2008, serious texts were on the table, if full of square brackets, and many areas were at least stable, if not closed, but that meeting ended in breakdown. The conventional story about the July 2008 informal ministerial is that the proposed “special safeguard mechanism” (SSM) for developing countries in agriculture (Wolfe, 2009b), and sectoral negotiations in trade in goods, known as non-agricultural market access (NAMA), were the main obstacles to overall agreement, and that the split on both was essentially between the United States and India. Neither country stood alone, however, and these two issues were not the only obstacles to agreement. While the trade in services signaling conference showed promise, intellectual property (TRIPS) also failed, and other issues were hardly discussed (Wolfe, 2010b). The last attempt to salvage the core of the round fizzled in April 2011 when the G-5 (U.S., EU, China, Brazil, and India) essentially gave up. The Doha Round collapsed on a small number of issues among a handful of Members.

At the December 2011 Ministerial Conference, participants still talked about completing the round, and ambassadors were using that rhetoric at the Trade Negotiation Committee informal meeting in April 2013. But at the time of writing, the prospects for a mini-package at the Bali Ministerial in December 2013 are bleak. Are the grieving relatives delusional? Do they have some basis for belief in resurrection of the Doha Round, or at least a reason to rag the puck?[2]

This paper is a discussion of the plausibility of a set of assumptions about what the problem with the Doha Round might have been. Consensus in WTO explicitly requires only that nobody present objects. Since public reasons are neither required nor given, all observers can know with certainty is

[*] This paper benefits from unattributed confidential interviews with WTO delegates and officials in Geneva at all stages of the Doha Round. I am grateful for the support of the ENTWINED research consortium, a project funded by the MISTRA Foundation of Sweden.

[1] In developing a list of possible factors affecting the Doha Round, I was influenced by a survey of trade experts (Messerlin and Van Der Marel, 2011), and by postings on the CUTS forum in 2011 under the rubric “Polly wants a Doha deal”.

[2] In ice hockey “ragging the puck” is a way to slow down the play, for example when playing short handed.

that Members did not agree. Constructivists would say that I am making a "how possible" rather than a causal argument. My story is that a conclusion was not possible, for reasons to be specified, some of which I think were more important than others. I am not trying to build a determinant causal model: explaining why 150+ countries did NOT do something is harder than explaining why they did.[3] I do not address the obvious counterfactual question: if something had been done differently, would the result have been different? But in a probabilistic model we can at least identify the major factors. International relations scholars place the factors that might explain these lengthy delays and frequent setbacks in negotiations in two groups. Each understands negotiations differently.

In the first set of models are approaches that stress the salience of power or material interests. If multilateral economic negotiations are worthy of any attention, such analysts will look outside the process for an explanation of deadlock or agreement. Negotiations are then explained by such *exogenous* structural factors as the identifiable economic interests of participants or their domestic industries, or by the general political, security, or economic context. If institutions enter at all, they are simply the equilibrium outcome of competing sets of domestic preferences acting as structural constraints on the possibility of agreement. If the institutions of the trade regime have any role, it would be to allow power to overcome the reality that WTO has 150+ veto points and two or three times that many veto players. These *exogenous* factors are things WTO cannot change, and which might not have been anticipated, but which might lead you to give up on WTO if you think some other forum might be better.

The second set of models attributes negotiation delay to factors inside or *endogenous* to the negotiations. In these bargaining models, something about the process is significant to the outcome. Perhaps the agenda is more complex, allowing trade offs between issues. Perhaps participants acquire information about each other at the table that was not available in some other way, for example through voting that reveals their partners' preferences. Perhaps a mediator is able to help them see the possibility of agreement. Other endogenous models assume that something happens at the multilateral negotiation table in addition to bargaining, something that alters the understanding of themselves and their interests that participants brought to the table, allowing them to see their preferences in a new way (Wolfe, 2010a). *Endogenous* factors are things that in principle WTO can do something about, and perhaps ought to have anticipated, though trying to change is then only worth doing if these factors can be shown to have contributed to the ailment.

Following the logic above, in the first part of the paper I discuss the possibility that the Doha Round failed for *exogenous structural* reasons, while the second part considers the *endogenous institutional* factors where *agency* by Members might have been possible. In both cases my analysis uses examples from trade in goods, the issues on which the round broke down, but in neither case do I attempt a negotiating history of key events in the round. A third part brings both sets of factors together in a reflection on how the shifting centre of global gravity affected the round. This diagnosis will help first to show that resuscitation is unlikely, and second provide a basis for any prescriptive claims about what comes next for multilateral trade negotiations.

1. Structural factors (exogenous)

Diagnosis of what ails Doha begins with analysis of the exogenous factors that doomed the round. International relations scholars often start with a consideration of the systemic or political/security factors that promote or constrain international collective action. Nobody doubts that the 9/11 attacks provided a powerful impetus for a successful ministerial at Doha in November 2001, barely two months later. That impetus dissipated quickly, however, in part due to the 2003 invasion of Iraq, to

[3] It is more straightforward, for example, to explain a ministerial that succeeds—it can be compared to a ministerial that was deadlocked, with the differential outcome attributed to variation on factors that theory suggests ought to be explanatory (Odell, 2009). For a survey of the literature on deadlocks, see (Narlikar, 2010).

which the world was not so sympathetic. In retrospect the more salient exogenous factor affecting everybody's political calculus in the WTO has been the changing role of China (Mattoo and Subramanian, 2011). We can see that challenge more clearly by considering how ongoing structural change in the world economy undermined the Doha Round. Regardless of how the round was managed, the focus of part 2 of this paper, what the round was designed to do in 2011 no longer made sense by July 2008. This section will also consider two other exogenous political factors often identified by commentators, the influence of public opinion and business attention.

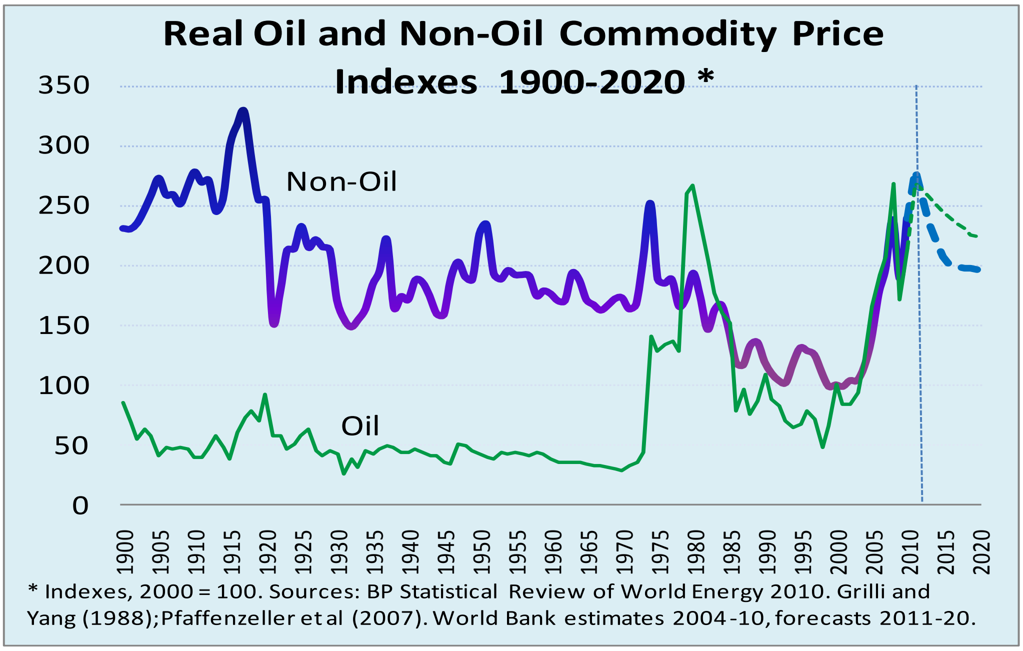
1.1 How the markets changed during the round, undermining the basis for agriculture and NAMA

It might be imagined that the financial crisis that became evident in 2008 hurt the Doha Round, but the trade collapse from the third quarter of 2008 to the first quarter of 2009 happened after the July 2008 informal ministerial, and so cannot explain the impasse, though the Great Recession with its associated decline in GDP and rise in unemployment might have made resumption of negotiations difficult.[4] More significant were other factors that undermined the logic of the round. The importance of addressing unresolved issues in agriculture was part of the motivation for Doha: developed countries achieve little on agriculture in their bilateral or regional negotiations, and developing countries have huge numbers of people dependent on farming. Paragraph 13 of the Doha declaration covered the mandate for agriculture negotiations on market access, export competition and domestic support (WTO, 2001). Market access was perceived to be a north/south issue, despite the reality that the most significant remaining barriers affected south/south trade. Export competition mattered politically to the EU, but the relative volumes of export subsidies in 2001 were already insignificant compared to domestic support in OECD countries, which itself fell anyway during the round. The agenda, in brief, was influenced by assumptions about the trade flows of the 1980s and 1990s, assumptions that proved wrong in the event.

The standard picture of the long run decline in real terms of commodity prices in Figure 1 is familiar, and it held until 2001. But then a decade-long boom fueled by Chinese demand caused prices to skyrocket to levels not seen since the mid-1970s. Change in commodity prices alters all sorts of pressures in the WTO, but especially in agriculture, because subsidies move inversely to prices. At 2000 prices, and 2000 subsidy levels, the agriculture deal on the table would look interesting; but it had lost its appeal in the circumstances of 2008, and 2013. The percentage of farmers' incomes coming from subsidies in OECD countries has been declining from 40% at the peak of the farm wars in the 1980s to 18% in 2010 (OECD, 2011, Figure 1.3). In contrast, Chinese farm subsidies seem to have been trending up, which is not surprising in any country when the relative size and wealth of the urban population increases. Indeed domestic support levels have been rising to levels not seen before in developing countries, and may soon rival some large developed countries (Brink, 2013). The new disciplines proposed in the last draft agriculture modalities (WTO, 2008a) will not have much effect on OECD subsidies that have fallen anyway, and were not designed to cut China's subsidies (Brink, Orden and Datz, 2013). In consequence, much of what had been arduously negotiated will not change most trade flows much because the new provisions will not reduce current *applied* subsidies and *applied* tariffs. And yet farmers are strongly attached to current policies, so developed country governments would face political pain for changing things that could not be changed in the Uruguay Round, for no gain.

4 On the difficulties of proving that macroeconomic variables are related to micro policy outcomes see (Wolfe, 2012, 781).

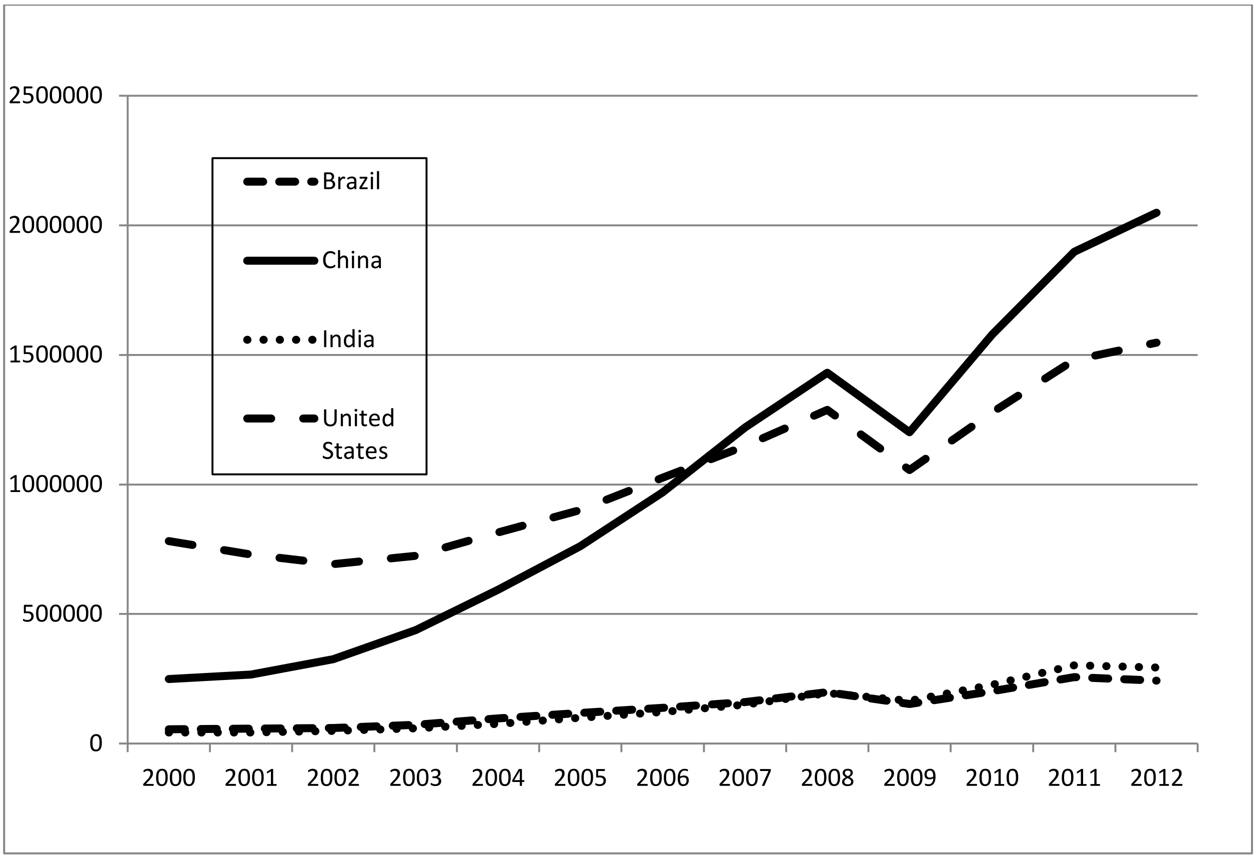
Figure 1 How the markets changed during the round



Source: World Bank

The other big issue was trade in goods (NAMA), where paragraph 24 of the Hong Kong Ministerial Conference declaration explicitly required a level of ambition comparable to agriculture (WTO, 2005a). Here too the mandate was based on assumptions about a world that is gone. China only joined the WTO in 2001 at Doha. Two years later, China still represented only 12.5% of U.S. trade, but by 2010 that share was 19.5%. China is now the world's dominant trader, passing the U.S. in 2007 as shown in Figure 2, which changes everybody's perceptions of what is at stake. The accession obligations were onerous, but China has obviously done well as a Member of the WTO. The U.S. public, and certainly many politicians, fear China, as manifested in the chorus of demands to address supposed currency manipulation. Canadians also fear China, judging by the controversy aroused by an investment agreement concluded in 2012. Developing countries worry even more about further trade liberalization if the consequence is that China is better able to compete in their markets. One experienced ambassador said that if you want to understand any Member's position on any Doha issue, just assess how the issue would affect that Member's trade relationship with China.

Figure 2 World merchandise exports 2000-2012 (million dollars)



Source: (WTO, 2012) Table A6

These structural factors provided the context in which the big players could not agree on a level of ambition for market access in agriculture and NAMA, notably on whether cuts in bound rates should go below applied rates. In the end, the central confrontation was between the U.S. and China, the one thinking that the round was the last time OECD countries would have market access leverage because their tariffs would be too low to provide negotiation coin after the cut envisaged in the round; the other thinking that as a still-poor developing country they had given enough in the lengthy accession negotiations. The other emerging economies were privately relieved by the standoff: had China struck a deal with the U.S., India and Brazil would have faced intense pressure. The rest of what took up time in the NAMA negotiations was, in relative terms, just noise of little economic or negotiating significance.

1.2 Domestic politics and business attention

Domestic factors always matter in trade negotiations. The domestic politics variable is frequently invoked by negotiators, academics and journalists in explaining Doha's difficulties. This factor can be hard to assess objectively, because it has two dimensions in the minds of chief negotiators and trade ministers: 1) how they perceive the pressures from their own constituents; and 2) how they perceive the pressures on their counterparts. Both perceptions can have real effects without being objectively true. It was commonplace to observe that governments were beset by internal worries, with no domestic consensus on the need for an active role in the world. The EU is totally preoccupied by the Euro crisis. While not much is known about the politics of trade policy in China, resistance to further liberalization would seem to have out-weighed any nascent pressure to take a more active leadership role. India has difficulty doing anything, not least on trade. Brazilian agribusiness desperately wanted more liberalization in its export markets, but manufacturers were more interested in blaming their problems on supposed Chinese currency manipulation. Rather than develop such anecdotal evidence of public pressure in the leading countries, I want to take a quick look at relatively objective measures of public opinion in the country where declining domestic support was said to be especially damaging for Doha.

If the politics of trade in the U.S. allowed the launch of the round in 2001, but prevented a conclusion a few years later, what changed? In the U.S. and to a lesser extent in Europe time series are published in which the same question is asked repeatedly. Opinion was reasonably favourable when Doha was launched, but polls in a Gallup series showed a downward trend until 2008, when only 41% of Americans thought trade was an opportunity for growth. By early 2013, however, the share of respondents holding that view had risen to 57% (Jones, 2013). In other polls, American opinion before the financial crisis tended to be supportive of trade flows but more suspicious of trade agreements. More recent U.S. polls did not show any significant change in those attitudes during the crisis (Bowman and Rugg, 2011; Chicago Council on Global Affairs, 2010).

We have no theory on the relation between trade policy and the evolution of public opinion over time. Was the increasing hostility to trade in Congress a cause of the negotiation problem, or were difficulties in the round and eroding support for trade simply an effect of other changes in the world? Is the apparent recent rebound in public support an explanation for or an effect of President Obama's interest in mega-regional trade negotiations? Was the lack of "trade promotion authority" due to opinion about trade, or to pathologies in the U.S. political system? One of the oft-cited political problem is fears of declining U.S. competitiveness (hollowing out), and unease about China. The rapid rise of China is said to have made the domestic politics of trade difficult everywhere, but contra conventional wisdom that Americans in particular became more hostile to China over the last dozen years, the evidence is ambiguous.

If firms are not demanding action, negotiators may remain cautious about significant policy change. While business cheerleading might encourage negotiators in Geneva, as with NGOs the place lobbying makes a difference is in capitals, not least by how it affects the domestic political environment. Looking for business pressure in Geneva is less important than looking for it at home. The data is anecdotal, but many participants observed that business was much less interested in this round, unlike the end of the Uruguay Round, when all sorts of businesses signed a two-page advertisement in the New York Times on why the deal was important. Dropping investment at Cancún may have caused many firms to lose interest. Cherry picking in the late 1990s also hurt. Big firms got what they wanted on information technology, telecoms, and financial services—IBM is said to have dropped off the trade policy radar when the ITA was agreed. But is business interest a cause of Doha's woes, or merely a symptom? Business does not see the big money, participants say. The peak associations of manufacturers and service providers loudly support the Round, but individual firms are silent, perhaps because they cannot see how their specific interests will be addressed. Binding tariffs reduces uncertainty, but firms want more immediate market access gratification. The exception is agriculture. Farm lobbies in all OECD countries continue to follow the Doha Round closely, and to make their views extremely clear to politicians.

Domestic and business support was not strong anywhere, which surely did not help, but that boredom was probably caused by Doha's difficulties rather than being causal in itself. The structural factors identified above would certainly have political economy implications as understood by economists, which also affects pressures on negotiators and the possibility of ratification of any outcome when conditions in the world mean that governments would not gain enough at home. The mere fact of having a WTO round does not imply that its completion is, or is understood to be, in every Member's interest. These structural factors certainly affected what in the negotiation analysis literature are called the outside options, the best alternative to negotiated agreement, or BATNA (Fisher and Ury, 1981). If negotiators believe their country will be better off politically or economically without a proposed deal, they might walk away. Whatever they thought in 2001, by

2008 everybody saw their outside options as preferable to the deal that was emerging. That perception has not changed.

2. Institutional factors (endogenous)

The familiar endogenous story is that as rounds have grown in topics and numbers of participants, they have taken longer to conclude. I do not share the conventional wisdom: the supposedly urgent need for WTO reform is not evident to me. Did too many Members have a seat at the table? Hardly. Most negotiating took place among small groups, and most meetings had nothing like 150+ Members in the room, so that is not the problem.[5] Was the size and/or complexity of the Doha Round agenda a problem? Sometimes agreement or deadlock can be explained by the presence or absence of shared (consensual) understanding of an issue, whether or not Members agree on the implications (Wolfe, 2010a). My analysis of one issue showed that the proposed special safeguard (SSM) in agriculture was so poorly understood that bargaining was and remains impossible. (Wolfe, 2009a). But the SSM was far from the only stumbling point in 2008: if a lack of understanding on some issues had been the only problem, the deal under discussion for Bali would be somewhat larger. The complexity was a challenge for all negotiators, especially those supported by small numbers of professional staff, but Delegations received considerable support from other international organizations, from NGOs, from other Members, and from the WTO Secretariat. Many issues appeared stable in July 2008, and as we saw with the Bali package in the latter part of 2013, even a simple well-understood agenda can be hard to advance.

The possibly more relevant endogenous factors can be grouped as ones affecting the conduct of the negotiations, or process; and design errors in how the negotiations were structured, principally the modalities. I have previously discussed many process factors that contributed to the July 2008 failure (Wolfe, 2010b), as have other scholars (Hoekman, 2012b). I will isolate only three that cannot be blamed for the impasse, the Single Undertaking, clubs, and the role of ministers, before discussing the design errors that did contribute.

2.1 Is the Single Undertaking a problem?

A great many observers think that the Single Undertaking has had its day. I disagree. They think that achieving consensus on all parts of a big deal with 150+ Members was part of the Doha Round problem, but all we know for sure is that the major players could not agree. Others think that rounds are no longer necessary for liberalization, making a device to hold a round together obsolete.

We can see three meanings of "single undertaking" in the Doha declaration (Wolfe, 2009c): 'the (1) conduct, (2) conclusion and (3) entry into force of the outcome of the negotiations shall be treated as parts of a single undertaking'. The Doha mandate (1) as a single undertaking in itself is obviously dead—were it alive nobody would be discussing a mini-package for Bali.[6] And yet it remains difficult to unpick the mandate bargains of 2001, 2004 and 2005, which is why we still see delusional comments by ministers, and by ambassadors in the TNC in April 2013, about finishing the round. One of the problems in how the mandate was understood was Hong Kong paragraph 24 linking agriculture and NAMA, which became the litmus test for allowing progress. More flexibility might have helped, but the principle (2) that the result must be a package applies to most negotiations, including any mini-package that might be agreed at Bali in December 2013, or in the Trans-Pacific Partnership

[5] (Bouët and Laborde, 2010) take a different view, showing how the ranges of issues and numbers of players made finding a Nash solution improbable.

[6] Indeed the December 2011 ministerial accepted the idea of "focusing on the elements of the Doha Declaration that allow Members to reach provisional or definitive agreements based on consensus earlier than the full conclusion of the single undertaking (WTO, 2011)." This idea comes from paragraph 47 of the Doha declaration, which allowed for early harvests.

negotiations underway outside WTO. This principle can neither be changed nor avoided. The WTO *acquis* (3) is also a reality, and it was not part of the problem in the round.[7]

The idea of "critical mass" is in vogue as a supposed alternative to the Single Undertaking, but my reading of practice is that every part of a WTO negotiation takes place among a sub-set of the Members, and participation in the eventual outcome of each part has to represent a critical mass for the issue concerned, making MFN application of the results possible without major free riders. That was true for example on the "zero for zero" negotiations in goods in the Uruguay Round. It follows that crafting a package with a smaller group can be hard, and can be harder still if the issues are also limited.[8] The American problem is acute. Given the heterogeneity of Congress, any significant deal must generally have something in it for multiple diverse constituencies. This logic will tend to favour deals with a critical mass of issues and participants. Consider the difficulties getting small PTAs through Congress—it was easier to mobilize concentrated opponents of the Panama agreement, for example, rather than diffuse beneficiaries.

Putting a package together is a challenge in any negotiation. The big players have asymmetric interests in WTO, as they will in any other negotiation involving some combination of them. Countries tend to have asymmetric interests with respect to any one trading partner; and countries tend to have asymmetric interests on any one issue. For example, in the Doha Round,

- U.S. wants NAMA sectorals, but not "duty free/quota free" access for LDCs or cotton
- Brazil is keen on agriculture, not NAMA
- India is keen on what others can offer in services, but pursued defensive interests in agriculture
- China is keen on Rules, but thinks it has done enough on NAMA
- EU needs geographic indications (TRIPS) and export competition in agriculture
- Nobody wants fish subsidies on its own

Given asymmetrical interests among them, can the five reach a deal on one issue in isolation? IF the five have to be part of a deal to get critical mass, and IF they have asymmetrical interests THEN they have to have a package of critical mass deals to reach agreement on any one of them. In order to assemble any package, the major players will need the diffuse reciprocity that is enabled by the Single Undertaking mechanism.

Other experts reach the opposite conclusion. Hufbauer and Schott argue that there are seven deals that could be done, but not if they are linked together (Hufbauer and Schott, 2013). I am dubious. Take agricultural export subsidies. They show that a deal has value, but not what it would take to get the relevant players to agree on it today when they have been unable to agree for years. If any Member of the G-5, but especially China, did not want to participate in one of those deals, would you have critical mass? The Trade in Services Agreement (TISA) now under negotiation may eventually have to answer that question.[9] If such a negotiation succeeded, how would the results fit with the WTO *acquis*? There is much debate on the question. If you had a critical mass regulatory agreement, to which key Members were not signatory, would it be administered by the TBT committee, or some new body?

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[7] The *acquis* is formalized in paragraph 4 of the Uruguay Round Final Act specifying that 'the WTO Agreement shall be open for acceptance as a whole....' . In practice it means that the accumulated rules and practices must be accepted by new Members; and all Members apply all agreements simultaneously with respect to all other Members. Clear differentiation in practice does not undermine the principle.

[8] Exceptions notwithstanding, like the 1997 Agreement on Trade in Basic Telecommunications Services, which required a critical mass of participants.

[9] In September 2013, China expressed interest in joining the negotiations, which may increase the likelihood that the agreement could eventually be concluded inside the WTO framework.

Since the largest part of ensuring the implementation of TBT is done in the committee, not the dispute settlement system, the answer might affect whether the negotiation could be concluded.[10]

If one thinks that the reason China, India, Brazil, the United States and the EU did not agree with each other is because Bangladesh did not agree with them, then the devil is the Single Undertaking. I think that the evidence does not support the diagnosis. While I do not see the SSM as the sole cause of the 2008 breakdown, on that issue it mattered that a major player like India objected.[11] Had the only objector been a small G-33 country, the chairperson might not have noticed. At the end of a round, if a package is big enough, small Members are unlikely to deny consensus, especially if the clubs have been working properly. Unfortunately, WTO clubland was dysfunctional for much of the Doha Round.

2.2 Problems in WTO Clubland

Every Member of the WTO naturally insists on *participation* in making decisions that affect the country directly, while having *influence* on decisions that affect the evolving structure of rules, but plenary meetings of 150+ Members in any WTO body are held only for transparency. The real work is done is smaller groups, of which the (in)famous Green Room is only one manifestation. The largest players are in virtually all such meetings, however constructed, but most Members are represented by the coordinator of their club, or by a member who holds a similar position on the key issue in question.

Three sorts of clubs are relevant in the Doha Round.[12] Clubs based on a broad *common characteristic* (e.g. region, or level of development, like the Africa Group or the LDCs) can influence many issues, including the round as a whole, but weakly. Clubs based on a *common objective* (e.g. agricultural trade, like the G-20 and the G-33) can have a great deal of influence, but on a limited range of issues. These clubs were structured by the nature of the Doha Round agenda. To take just agriculture, the G-33 (led by Indonesia) was formed to advance the interests of import-sensitive poor farmers because the Cairns Group (led by Australia) and the G-20 (Brazil) were dominated by export interests. China hid behind other developing countries in both cases. The G-10 (led by Switzerland) defends exceptions to the formula for “sensitive” products. Similarly, the possibility of an exception from new NAMA disciplines for a certain class of Members induced the creation of a club in support of the provision. These clubs, found in all areas of the negotiations, are single-issue lobby groups, not broad alliances. The Doha Round collapse exposed the weaknesses of vertical clubs, as anticipated in the negotiation analysis literature. They work well to make distributive demands, especially in initial negotiating proposals, but badly to make integrative decisions; they are better for blocking than for building consensus. The many south-south clubs that have emerged in the WTO and elsewhere this century are striking, as many scholars have commented, but such clubs exist to make demands of developed countries, not to make mutual concessions among developing countries. And no club had a balanced view of the overall Single Undertaking.

A third sort of horizontal club exists to *bridge* the gaps between opposed positions. The first “bridge club” was created in the Kennedy Round. After also being important in the Tokyo Round, the group was formalized as the Quadrilateral Group of Trade Ministers (U.S., EU, Japan, and Canada) at the 1981 Ottawa G-7 summit, and later played a central role in the Uruguay Round. The old Quad has not met at ministerial level since 1999, though officials still meet in Geneva, often with Australia. Part of the effort to re-start the Doha Round after the failed Cancún ministerial in 2003 was a process

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[10] Hoekman and Mavroidis (2013) make a stronger case for plurilaterals by comparing them to the alternative, which at the moment is preferential deals outside the WTO.

[11] That India might have objected not on the merits of the SSM but in order to torpedo the round is a different supposition.

[12] I define a “club” as a group of countries united or associated for a particular purpose, a definition that intentionally evokes a looser form of association than the common tendency to see informal groups of states working within international organizations as “coalitions” (Wolfe, 2007; Wolfe, 2008; On coalitions as an important aspect of actor strategy in negotiations, see Odell, 2006).

involving the principal antagonists on agriculture: the U.S. and the EU, who are opposed to each other; and Brazil and India who are opposed both to each other and to the U.S. and the EU. These four repeatedly tried, and failed, to sort things out as a "new Quad", especially in 2006 and 2007, sometimes including Japan and Australia in a G-6. In July 2008, the Director-General convoked a new G-7 by inviting China, evidently catching the minister by surprise. During the last big push to complete the round in in the first part of 2011, the core bridge club was called the G-5, but a larger group, the G-11, also played a role. Despite trying many configurations, involving ministers away from Geneva and ambassadors at WTO, nothing stable emerged in the Doha Round. None were effective in building an integrative consensus.[13] The absence of a functional equivalent to the old Quad, despite valiant efforts by Pascal Lamy to bring one into being, hurt the Doha Round.

2.3 Role of politicians

At the outset of the Doha Round I thought that the role of ministers was crucial in building bridges. Now I am not so sure. Pascal Lamy, worried by a "disconnect" between Geneva and capitals, maintained close contact with ministers. If the ambassadors in Geneva were intransigent, appealing over their heads to ministers might have helped to break an impasse. Yet for many countries their chief negotiator is the Geneva ambassador, not someone in the capital. Unlike the Uruguay Round, the Doha Round has been marked by a remarkable number of so-called mini-ministerials, but such guidance as they gave had no apparent effect in Geneva even though the drafting for the mini-ministerial statements was usually done in Geneva. Indeed political involvement may have been counterproductive. Officials often searched for positive deliverables for a ministerial, without regard for whether the issue was ripe for delivery. At the Hong Kong Ministerial, for example, setting a date for the elimination of export subsidies in agriculture contributed nothing to advancing the negotiations, indeed eventually complicated the preparations for Bali in 2013, but the debate may have prevented a hard discussion on ambition in agricultural market access, and how much or how little flexibility would be desirable.

Political engagement in trade negotiations is essential, but tough decisions must be well prepared for ministers with limited time and even more limited technical knowledge. Elements of a package have to be assembled bit by bit. The role for ministers is to knock off the last few square brackets, and to bless the assemblage when the Single Undertaking is ripe. I now think that while ministers have to understand the issues, they cannot drive the process. Picking Roberto Azevedo, an experienced ambassador but never a minister, as the new Director-General may be a signal that Members no longer think ministerial experience is essential for leading the WTO.

2.4 Design errors

The conclusion of the first part of this paper could be summarized simply: given exogenous structural change, Doha *as designed* could not succeed. Many of the design errors can be attributed to the ideas held by negotiators. The round was launched in 2001 by people who went to graduate school in the 1980s, and earlier. Developed country negotiators thought that many developing country negotiators arrived in Geneva with a chip on their shoulder having learned in university that commodity trade is bad, agriculture is bad, and infant industries are good. From this perspective, the Doha Round was mistakenly conceived as a tool to correct north/south imbalances.

From a different perspective, one could argue that Anglo-American ideas about administrative law and free trade had been highly influential in Geneva for too long. In what some have called the club model (Keohane and Nye, 2001), in the early years the system was based on shared ideas about

[13] In the latter part of 2013, a "breakfast club" of close to 17 or 18 ambassadors representing all the various regions and groupings was meeting as often as once a week to try to steer the evolution of a package for Bali.

fundamentals. Scholars have noted the effects on the staff of international organizations of having attended U.S. graduate schools (Chwieroth, 2013). Many developing countries have long resisted this intellectual hegemony, but this resistance matters more when combined with economic weight. With the rise of new players in the system, the agenda may not rest on shared assessment of the issues; it may also lack a shared understanding of those issues.

A third perspective suggests that the agenda does not match the 21st century trading system. Richard Baldwin's and Emily Blanchard's contributions to this volume describe a changing trade reality following shifts in the industrial organization of production or progressive "unbundlings". This new reality was not well-addressed in the Doha Round agenda, not least because of its origins in the Uruguay Round "built-in agenda," the residue of the trade policy of the 1980s, based on older theoretical models. Trade theory of the 21st century is based on heterogeneous firm models and global value chains. Here one might observe that unlike the 1980s, when it was a vital source of new ideas, the OECD Trade Committee was following not leading the Doha Round agenda, missing opportunities, to take one example, to help think through the problem of finding a better way to negotiate trade in services. As Hoekman and Mattoo (2013) argue, this volume, the current approach was in the end insufficient to overcome the diverse regulatory and political interests at stake in the multiple domestic domains called as "services" that are lumped together to suit the convenience of trade negotiators. New ways of negotiating are needed. One might also observe of the trade policy of the 1980s that the easy issues had been resolved; what was left was thorny. The built-in agenda may not have been achievable.

Finally, if the core of any trade agreement is market access for goods, then both the Laborde and Martin and the Decreux and Fontagné contributions to this volume suggest that there was no deal be done, not (merely) because of changes in the world but because of how the potential bargain was constructed. NAMA illustrates the general problem.

NAMA negotiations fit a simple developed vs. developing narrative in which one side wants the rich countries to make big cuts in their remaining *bound* tariffs, while the other wants the large and rapidly growing poor countries to make cuts in their *applied* tariffs sufficiently large to ensure new market access. The difficulty can be seen in paragraph 16 of the Doha declaration in the commitment that "The [NAMA] negotiations shall take fully into account the special needs and interests of developing and least-developed country participants, including through *less than full reciprocity in reduction commitments*…." The highlighted phrase is recalled constantly by developing country delegates, although it is not at all clear what it means. The GATT had no provisions or procedures setting out how to measure or define reciprocity; instead, it was up to members to agree upon how best to assess the reciprocal balance (Hoda, 2001, 53). The Doha Round struggled with this old debate, which goes back to "non-reciprocity" for developing countries in the Kennedy Round of the 1960s. Does it mean, for example with respect to any possible formula, that the *rate of reduction* in tariffs should be less for developing countries, that the *size of the average cut* should be higher for developed countries, that the *final rates* should be lower for developed countries—or does it describe the value of the NAMA modalities as a whole, including all the flexibilities and exceptions for developing countries? Does the mandate mean that less than full reciprocity is the objective in itself, or only that it could be allowed if necessary to meet the needs of developing countries?

And how can this less than full reciprocity (LTFR) principle be reconciled with the other negotiating objectives of paragraph 16 of the Doha declaration? Developing countries still have high applied tariffs, and bound rates that are higher still. A formula approach will lead to significant nominal cuts in their tariffs, yet some developing countries will have trouble seeing why a 50% cut in their tariff from 120% to 60% is as fair, and consistent with the LTFR mandate as a cut in a developed country's tariff from 3% to 2% (Nath, 2007).

Much of the Doha Round has been taken up with this modalities question. The first GATT negotiations were based on the procedures of the ITO treaty, which called for negotiations to be conducted on a product-by-product basis, and specified that "The requests for reduction of tariff on a product could be made in principle only in respect of products of which the requesting countries were individually or collectively the principal suppliers to the countries from which the concessions were asked (Hoda, 2001, 27)." Negotiating on a "request and offer" basis among "principal suppliers" is multilateral to the extent that the "most favoured nation" principle (MFN) extends the results to all participants, but it limits the interest of Members with large markets in negotiations with small market Members.

The possibility of a formula approach as an alternative was first discussed as early as 1953, but it was only in the Kennedy Round (1964-67), that participants agreed that the tariff negotiations for industrial products would be based upon a plan of "substantial linear tariff reductions". Hoda observes that

> Two main considerations led to the adoption of the linear approach. First, the item by item, request-offer method adopted in past negotiations, with its dependence on the extent to which the principal supplier was willing to reciprocate the reduction of duty in a particular product, had led to very small reductions which were in some cases worthless in commercial terms. Second, with the increase in the number of contracting parties the traditional method had become increasingly cumbersome and unwieldy (Hoda, 2001, : 30).

A formula approach was used again in the Tokyo Round of the 1970s, and in agriculture in the Uruguay Round, although the market access negotiations for goods were based on a mix of bilateral, sectoral and formula approaches.[14] The Doha NAMA and agriculture negotiations were formula-based in part because of the increase in the number of active members: negotiations on thousands of individual tariff lines with two or three dozen significant trading partners is not feasible for any Member, however large.[15]

I am not competent to describe the technical complexities of the many formula approaches. They can be designed to cut tariffs equally; to harmonize rates; or to cut high tariffs more than low ones, the objective specified in paragraph 16 of the Doha declaration. If the formula as a modality is agreed, then negotiations will tend to focus on the value of the coefficient that determines the maximum final tariff rate for a country, and whether some groups of countries or products should have a higher or lower coefficient than others.[16] NAMA negotiators agreed to complete exemptions from the formula for many countries, including all LDCs, so it would have only been applied by approximately 40 Members (counting the EU as one), representing about 90% of non-agricultural trade in goods (a critical mass, it should be noted). The host of provisions for various groups of developing country Members applying the formula to take smaller cuts or no cuts at all on various tariff lines proved complex to define, because Members do not want to have an explicit discussion of "differentiation" among developing countries, some of whom have little water in their tariffs (Indonesia) while others have a lot (India). Procedures for assimilating unbound tariffs to the formula were equally challenging.

Laborde and Martin (2013) show how the formula approach helped to drive Doha on to the rocks. They cite Crawford Falconer, then the chair of the agriculture negotiation writing in a quasi-personal capacity at a low point in the negotiations (WTO, 2007a), who wondered

> Would it in fact not be better to use a different approach entirely: drop the tiered approach, drop the complicated flexibilities, two-third proportionalities, all the specials debate etc. etc. all of which threatens to amount to an ever more complicated and ever-cascading exercise in stalemate

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14 For a comprehensive account of the history of market access negotiations in the GATT/WTO, see (WTO, 2007b, 201-60).

15 Given the number of sub headings in the Harmonized System of customs tariffs, and the number of potential bilateral pairs in the Doha Round, request and offer negotiations would result in a total of 562,500 potential requests from the principal suppliers (Low and Santana, 2009, 75).

16 On the staggeringly different types of modalities that will apply to various categories of Members and situations, see (Low and Santana, 2009, 90ff).

> negotiation and counterbalancing complications. … For instance one could cut through all the bands and proportions and just go for a straight overall average cut target for developing countries to meet however they choose….

Members did not heed his musing, and the design errors of the round persisted. On the one hand, it follows that a formula can be too opaque. On the other hand, the transparency of the current formulas is also a problem. Once the coefficient is inserted into a formula, all domestic producers can calculate the effects on their interests. The consequences of a more transparent formula will be that forces wanting protection will be easy to mobilize while those wanting liberalization may be demoralized by all the exceptions.

Developed countries have attempted to maintain a high level of ambition in the NAMA negotiations with the possibility of negotiations that might show substantial elimination of barriers in selected sectors. The idea of some sort of sectoral negotiation is familiar to negotiators, given the many such large and small deals concluded since the 1960s. No simple template for such deals exists, however, meaning that despite the familiarity of the principle, a great deal of work was needed in the Doha Round to find a model (WTO, 2005b). The contentious question of whether participation in sectorals would be voluntary obscured the lack of agreement on the nature of the problem to be solved, and whether a sectoral was the best modality.

The other problem with the proposed NAMA formula, as Laborde and Martin show, is that consistent with Paragraph 16 of the Doha declaration, it was intentionally aggressive with respect to tariff peaks and tariff escalation, and yet the political economy motivation for the existing high tariffs makes them especially hard to cut. Sectoral initiatives, they argue, appear to offer an attractive potential solution to the problem that formula cuts raise political costs even more quickly than they lower economic costs. They are attractive to export-orientated interests in developed countries, deliver large and effective cuts to applied rates, and because they are negotiated on a critical mass basis, they reduce the numbers of players in the bargaining game, which allows a sectoral to respect the LTFR principle. Not surprisingly, therefore, when the sectoral negotiations collapsed in April 2011, the Doha Round was dead. But for reasons discussed in section 1.1 above, the agriculture negotiations were already dead at that point because the modalities were discordant with changes in world markets.

The positive signals exchanged in July 2008 (WTO, 2008b) notwithstanding, real negotiations were never engaged on services while negotiators waited for a level of ambition to be set between agriculture and NAMA, consistent with paragraph 24 of the Hong Kong declaration. Was that a design error, an exogenous structural problem, or an endogenous failure of negotiators to adjust their thinking to a changing world? The inability to develop bridge clubs did not help, nor did ministers, but the Single Undertaking was the only thing making a balanced outcome possible.

3. The shifting centre of gravity in the trading system

However we describe 21st century global governance, something has changed even from the immediate post-Cold War system, let alone the post WWII system centred on the north Atlantic. The endogenous and exogenous factors described above can be brought together by considering how the centre of gravity of the trading system has shifted along three dimensions. First, we can argue that a key driver of previous rounds was a need for transatlantic accommodation, as shown in Table 1. Not this time—the EU was inside the zone of possible agreement on most issues. And it is now clear that the U.S. cannot supply the systemic public good of an open liberal multilateral trading system either alone or with European help. In formal terms, as noted by John Odell in his contribution to this volume, the old *k* group, the minimum number of countries necessary to supply systemic public goods, is no longer enough.

Second, in the 1990s, a belief that the world had been dominated by the North Atlantic area for too long combined with a desire to "rebalance" all Uruguay Round bargains led to the "implementation" debates, which led to the Seattle breakdown when developing countries learned to exercise their collective institutional power, which led in turn both to calling the round the "Doha Development Agenda" and to paragraph 12 of the Doha declaration on "implementation-related issues and concerns" (Ndirangu, 2011). Members (and scholars) were not all convinced in 2001 that the special and differential treatment demanded, notably in paragraphs 16 and 50 of the Doha declaration, would actually be good for development. As an agenda special and differential treatment provided no basis for the kind of diffuse reciprocity that building a deal requires. A dozen years later, when negotiators talk about rebalancing, it is not about EU/ U.S., but rebalancing among India, Brazil and China. Members of the WTO have not caught up to this shift in the centre of gravity among developing countries, where the strongest among them must start to open up to the others.

The original claims for rebalancing assumed that all problems in the trading system line up on north/south divides, thereby evading the big south/south barriers in goods, and agriculture, not to mention the many errors of omission and commission in services and other regulatory domains that may limit developing country participation in global value chains. Reducing the impasse to a north/south divide inherently assumes that all issues are equal for all players, and that all players are reducible to the two, without accounting for tensions among emerging economies (China supported the G-20 on agriculture, for example, but did not support the subset who met as NAMA-11), or tensions among OECD countries, or the evident willingness of the "north" to give much of the "south" the round for free. The emphasis on "less than full reciprocity" (LTFR) is an aspect of what in international relations we would call "diffuse reciprocity". That is, what some call the LTFR principle (Evenett, 2013), formally applying only to NAMA in paragraph 16 of the Doha declaration, but found throughout the round in practice, might simply be a way of saying that the bargains in a multilateral negotiation are asymmetric. Worrying about reciprocity assumes that large countries care about small country tariffs, or small country trade policy in general. But do they? The real problem with LTFR might be that big developing countries now hide behind a principle that made (some) sense when their weight in trade was smaller. India led the "bum deal" movement of the 1990s, which certainly led to unhelpful aspects of the Doha declaration, but how much of that agenda could be conceded to small countries with no harm to the system, if the large developing country markets were not included? LTFR is in effect a redistributive principle, thereby inadvertently illustrating the problem with special and differential treatment—it forces developing countries to ask for something for nothing, which is never a winning strategy in negotiations. Redistribution always raises questions about who pays, who benefits, and whether the balance is worth it.

Table 1 The political motivations of trade rounds

Round	Dates	Motivation
First 5 rounds	1947-56	Rebuilding Europe; making the world safe for the New Deal
Dillon Round	1960-1	Treaty of Rome
Kennedy Round	1964-67	Common market begins
Tokyo Round	1973-79	UK joins EEC
Uruguay Round	1986-94	EEC expansion, in part
Doha Round	2001-11	~~Development, and 9/11~~ **China**

The question for negotiations is not merely what the new rules should be, but who the rules should constrain. Since constraints have costs, the related question is who should pay? The U.S. says that the emerging economies have to pay more, but these countries reply, not yet. This understated observation from the 2011 Ministerial Conference may be the heart of the matter. "There was a shared sense that a key question to unlock the current impasse is the balance in contributions and responsibilities between emerging and advanced economies, although there were different views as to what the appropriate shares in this balance should be" (WTO, 2011). The emerging economies insist on equality with the established major players, see international organization rules as a way to constrain the EU and the U.S. rather than themselves, and tend to support the status quo. Conscious of domestic poverty and under-estimating their own growing impact on other countries and the world economy, they are unwilling to pay the costs of leadership (Kahler, 2013, 718, 22). India and Brazil see themselves as a voice for developing countries, which would be fine if they can help to find compromises in bridge clubs instead of expecting to benefit from the LTFR principle. The indispensable country, however, is China.

The third dimension, and more important, was the analysis that the Atlantic era had come to an end, which was right, but nobody anticipated in 2001 that the real dynamic would be provided by China, which has produced a fundamental problem (Mattoo and Subramanian, 2011). Generations of Atlanticism, that is of shared elite perceptions, helped underpin the post WWII order. Nothing comparable exists for the new order. Trade policy is still foreign policy, but unlike the U.S. interest in using trade to promote European integration during the Cold War, further integration of China into the world economy presents foreign policy problems as much as opportunities. China only moved, reluctantly, into the central small groups in July 2008. Every previous round has only crystallized when the U.S. and the Europeans had reached a basic accommodation. Now everyone can see that this time the blockage is across the Pacific. The WTO is the only place for a trade accommodation between the U.S. and China, but until fundamental problems in the relationship are solved, something which is unlikely to happen in Geneva, the WTO will be blocked. And not just the WTO. Problems exist in every area of global governance, and one of the reasons is that trans-Pacific relationship. The Americans had learned how to dance with the Russians during the Cold War, as they have with the EU, but they are still trying to figure it out with the Chinese, and vice versa. Perhaps the two-day meeting in June 2013 at a resort in California between the Chinese and American Presidents will prove to have been a step in this direction.

4. Conclusion: What ails Doha?

The WTO is fine, even if the Doha Round as redefined after the Hong Kong ministerial is dead. The first specified function of the WTO in the 1995 *Agreement Establishing the World Trade Organization* is "to facilitate the implementation, administration and operation, and further the objectives..." of the covered agreements. These things are working well. Providing a forum for negotiations comes second in the WTO Agreement, followed by administering the dispute settlement system. We should avoid the misplaced concreteness of thinking that nothing is happening unless a large multilateral conference is able to promulgate new written rules, and if we cannot see explicit implementation of those commitments. Big conferences or negotiated texts are not the source of order. Codification follows social interaction; it does not lead. Policy changes before it gets written down. The influence on the global trading system of the normative framework established by the WTO is undiminished. Members make active use of the transparency mechanisms and the dispute settlement system. The premise of this paper, therefore, is that we need a parsimonious diagnosis of the Doha impasse before trying to think about what comes after Bali. We also need a robust diagnosis before choosing to prescribe anything from the pharmacopeia of remedies for what ails the round. If we fix some aspect of the WTO, can we expect a different outcome next time? If the problem is outside WTO, if it is structural, will an institutional fix work? The elements of my diagnosis are summarized in Table 2.

4.1 First diagnose…

Taking *exogenous* structural factors first, the world changed out from under the round, although the ability to perceive that change varied among negotiators. The trends shown in Figures 1 and 2 above are clear in retrospect, but the way they altered everyone's perceptions of the outside options may have happened too slowly to be obvious. Negotiators can be trapped by old ideas, holding out for the wrong things, or things no longer attainable. Misconceptions about agriculture's winners and losers probably contributed to the deadlock (Panagariya, 2012). The deal imagined in 2001 was no longer interesting in 2008, and it is not interesting now, even if everyone may come to regret not agreeing to bindings on current applied rates of tariffs and subsidies. Nobody wants to have to pay in negotiations for somebody else's unilateral policy change. The problems with the modalities discussed above no doubt exacerbated the impact of structural change, contributing to the greater appeal of the outside options for many Members. In short, the deal on offer was not rich enough for the major players to be worth the bother, especially when Members have other tools to deal with the increasing role of China, like trade remedy (Hoekman, 2012a). Shifts in public opinion and business boredom did not help the round, but were not causal in creating the impasse.

Table 2 Diagnosis and treatment of the Doha Round

Factors	**Hurt the round?**	**Can WTO do something?**
Exogenous/structural		
Changing trade flows	Yes	Re-think modalities
Fragmentation of production	Somewhat	New agenda post-Bali
Public/business interest	Not much	Continue to increase transparency
Endogenous/institutional		
Number of participants and issues	No	No
Single Undertaking		
1) Doha mandate 2) Result is a package 3) WTO *aquis*	1) Design errors hurt 2) no 3) no	1) send to Old Rounds Home 2) no: negotiation reality 3) no: fundamental
Lack of a bridge club	Did not help	Keep looking for right formula
Ministerials	Did not help as much as hoped	Former ambassador as DG
Developing country demands	Small country demands did not hurt; LTFR for large emerging economies was damaging	Time to consider differentiation
Systemic		
Proliferating PTAs	An effect more than cause? or caused by same exogenous factors in world economy?	Whether or not mega-regionals succeed, new issues will come back to Geneva
Changing global governance	Yes	Wait for China-U.S. accommodation

Turning to *endogenous* institutional factors, the number of participants and the complexity of the agenda did not create the deadlock. The asymmetry of interests among the leading players alone would be enough to ensure that an outcome would only be possible with a package treated as a Single Undertaking. Members want different things from the WTO, all of which are in the Single Undertaking, but the breakdown was on core issues. It is the leads that were the problem in this play, not the chorus, even if the leads sometimes played to the gallery. Some think that developing countries hold the trading system hostage for irrelevant issues, but the lengthy negotiations on market access exemptions for minnows were simply a matter of being sure that the minnows would know how to live with whatever the whales agreed, and since the whales had not agreed, talking about the concerns of minnows was not a source of delay. We have no idea what smaller players would do if the largest agreed among themselves, and showed commitment to a stronger more open trading system. Most small Members are represented in clubs, so it was never hard to configure a representative Green Room, or Fireside Chat, or Enchilada Group, or breakfast club. Members may not yet have found the right configuration for a bridge club, and new players may not really know how to behave in one. Changing tables will not change the institutional dynamic.

The fundamental puzzle remains that the leading Members did not and do not agree, and that is not a process issue. IF the G-5 had agreed among themselves as late as April 2011, AND IF the other 6 in the G-11 had also agreed, would it have been possible to get the rest of the membership to agree on a Doha Round outcome? We cannot know, but I would give a positive estimate.

4.2 … then treat

Analysts often prescribe institutional reform as a solution to the WTO's negotiating difficulties, but given my diagnosis, treatment implies accepting that some factors are beyond the reach of the WTO, while others were not significant to the outcome. And treatment begins by accepting that outcome: the original Doha Round is dead. Nobody wants to preside over this first failure by signing the death certificate, but after the Bali ministerial the grieving relatives should send Doha to the Old Rounds Home and start fresh on reconfiguring the agenda and modalities in a way that would allow them to harvest the important work that was done during the round. The full package as it stood in July 2008 or April 2011 will never be agreed, but the issues have not gone away, even if this round as constructed cannot be concluded. No new package, or series of packages on the Bali model, can be crafted by pretending that all the delicate compromises made during the Doha Round never took place.

The WTO need not worry over much about the noodle soup of bilateral and regional trade negotiations. In the improbable event that all the negotiations succeed, and that strong obligations are actually implemented, firms in global value chains will have trouble learning how to navigate the thicket of rules without some kind of multilateral rectification. One thing is clear: with the exception of vital Trade Facilitation negotiations, the Doha Round never got to grips with the regulatory issues affecting both goods and services that can be hugely disruptive to global value chains. I have a degree of skepticism that the majors can successfully conclude ambitious deals on such domestic issues outside Geneva, not least because China, India, and Brazil are not participating in the mega-regionals, and probably will not. If their acceptance of any new 21st century disciplines is thought important, it seems likely that those disciplines will eventually have to be negotiated at WTO. Members should rag the puck until the “mega-regionals” fail—or succeed: either way a new round seems inevitable, and sooner rather than later.

While institutional reform in preparation for this new round is mostly not necessary, one problem deserves attention: the time has come for developing country differentiation before resuming negotiations on agriculture and NAMA. While LDCs in WTO are recognized as such based on the UN definition, Members were allowed to designate themselves as “developing countries” when they joined the WTO. Whether or not the LTFR principle makes sense at all, it complicates negotiations among developing countries and makes negotiations between developed countries and emerging economies impossible.

The WTO managed to launch new negotiations at Doha in 2001. What changed during the course of the Doha Round that undermined the possibility of success? China. The temptation is to think that the problem is concluding a new agreement, and that something is wrong with WTO if it cannot do that. But failure to conclude an agreement may not signal a negotiation failure, any more than all the frenetic regional negotiations promise success. Many of the Doha Round problems were due to a general malaise in multilateralism and to structural changes in the world economy that undermined the premises of the round. I am not comfortable with using the rhetoric of a “crisis of multilateralism,” but a lot of things are not working. The new Leaders G-20 talks a lot but does very little. The weakness of global governance is a bigger question than this paper can address, but salient. Power matters, it has changed, and the system has not caught up. Until the U.S. and China learn how to develop a trans-Pacific accommodation comparable to the one painstakingly established across the Atlantic, new negotiations will be stymied. That accommodation will require a recognition by both of them that China now has a leadership role in global governance, and it will probably have to be a discussion that includes money, the environment and security, not just trade. Improvements in how the WTO negotiates are desirable, but the Doha Round did not fail for institutional reasons.

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