When working with an intergovernmental organisation it can often be prudent to start presentations with a disclaimer more so when tackling contentious trade policy issues in which there are almost as many diverging perspectives and interests among the 54 Commonwealth Members as exist in the wider WTO. I will therefore present my own views rather than pretending to share with you an institutional position.

This week began with some of the same issues that this Seminar is addressing, being expounded upon in Geneva by the Godfathers of the DDA. Pascal Lamy, seeking to salvage something from a decade of effort and Wold Bank President Robert Zoellick, USTR at the time of the launch, roundly castigating all players including his own government for defeatism and accusing of them of dumbing down Doha. What better backdrop than this for today’s discussion – which I suspect will be hard pressed to match Zoellick’s scathing criticism.

Why has the DDA not been able to conclude? This is probably the most fundamental question today because understanding the reasons can provide the key to identifying solutions for the future. There have been a number of operational factors that have made the DDA more difficult than any other previous rounds. These include:

- The ambition and scope of the agenda. May be it was too soon after Uruguay Round with its agreed built-in agenda of phased liberalisation still on-going.
- Single undertaking – which meant that agreement would have to be reached on everything before conclusion.
- With more countries joining the WTO and most of them actually seeking to participate actively, the logistics of managing the negotiations became much more difficult (some, not me, might say impossible).
- Emerging giants – China, India as well as other rising stars like Brazil, South Africa, Malaysia, Thailand, and others who are becoming increasingly assertive and changing the power dynamics in the trading system.
- The food, then the financial crisis. (Countries now inward looking).
- RTAs – perceived as a viable and sometimes possibly as a preferable alternative.

These of course do not justify the impasse but merely explain the slow progress. In my view, the real reasons are more deep-rooted and are twofold.

First is the prevalence of a mercantilist mindset among many of the key players. Negotiators judge success by the extent to which a deal permits their net exports to expand. Why would the US support a deal on agriculture that would see the benefit of market opening going to Brazil?
The other problem was that of development. With the Uruguay Round only just ended and the countries still in the process of reducing trade restrictions, there was little appetite for a new round by the end of the last century. The fashionable altruism of the time that spawned the Millennium Development Goals was harnessed to obtain support for the new Round which would, for the first time, be dubbed a development round. Developing countries supported the launch hoping that the negotiations would lead to rebalancing of the trading system in their favour.

Despite ostensibly being about development, the DDA proceeded along the traditional liberalisation agenda. Which of course, can contribute to development but Members recognised that this would not be enough. But the concept was too narrowly defined anyway and no serious attempt was made in the WTO to assess the nature of the varied development challenges facing those countries that were performing very poorly, nor determine how the trading system itself could be adapted to better support development. In a nod to its mandate, exceptions and longer phasing in periods were provided for LDCs and in some cases other developing countries. Whilst of course such arrangements could facilitate more orderly adaptation it seems contrary to the underlying premise of the pro-development impact of liberalisation.

A real failure to date of the DDA is that it has made no serious attempt to devise and negotiate new trade remedies or measures specifically targeted and capable of actually promoting the trade growth of weak performers.

To address development concerns, the WTO looked beyond the realm of trade measures and, at the Hong Kong Ministerial in 2005, selected Aid for Trade (AfT). Even if not a trade measure and therefore outside of the WTO negotiating framework, AfT can contribute to expanding supply side capacity and competitiveness. The poor trade performance of many countries is attributed to a range of impediments that preclude their ability to produce, and consequently trade, adequate volumes of internationally competitive goods and services. The reasoning is that financial and technical assistance in the form of AfT can be used to help them overcome to these impediments.

Regrettably the AfT discourse has focussed more on the volume of financial flows than their actual trade impact. Here both donors and recipients seem to be at fault.

*Overall a critical failure of the DDA has been its inability to get to grips with the precise reasons for the under-performance of the weakest countries and then decide how the trading system itself could help contribute to their growth and development.*

**What of the alternative approaches to reviving Doha; Plan B?** - Zoellick rejected the partial deal, Plan B, which would adopt just some of the measures that have so far been negotiated. He accused the negotiators of lacking strategic vision. A mini-deal he believes will not do much for global growth. Lamy will settle for one consisting of just the LDC package, DFQF and addressing cotton subsidies plus those market access and rules accords that are ripe for adoption (and have been since Cancun) whilst the rest would be postponed. Among the key players there seems little appetite, for this modest plan – China seems willing only to address the LDC package whilst the US is opposed even to that.
Three options seem possible; a face-saving but simply symbolic fudge; postponement/deferment that could possibly be followed by a serious attempt to address the underlying difficulties or formal suspension or abandonment.

Even if the DDA does not make progress the WTO will be required to continue to play an essential role in regulating what is particularly a complex system.

FTA proliferation and the role of the WTO in liberalizing trade and the Doha round: One might argue that widespread proliferation of FTAs can eventually and paradoxically advance de facto multilateral liberalisation since all countries would have liberalised even if doing so with each other on a regional basis. There are interests in the US for instance calling for a US-EU FTA. But there is a caveat, even if all countries were to ultimately liberalise via the regional route, there are fundamental differences in outcomes that can be achieved according to which of the two approaches is pursued. The constraints on power are less effective in the regional context and consequently the nature of the deals and new trading arrangements are likely to be different and would in general be less favourable to the weaker parties.

Key factors shaping the future world trading system: It would be foolhardy to speculate on the future of the trading system. I want though to suggest that unless there are changes to the mercantilist mindset, recommitment to multilateralism and a genuine appreciation of the value of development and full participation of all the future might not hold much that is fundamentally different than what we have seen so far.