"Beyond Cancun: What Next for the Doha Development Agenda?"

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Good afternoon. When Eric Severaid pioneered his "instant analysis," providing commentary to Cronkite's news, I wonder if he would have had second thoughts had he known he was laying the groundwork for today's around-the-clock, open-to-all-comers, talking-head punditry. If we are all not famous for fifteen minutes, then surely we all seem destined to get fifteen minutes to opine on things great and small, about which we may know nothing or much.

I suspect every time a former general appears in print or on any of the nonstop news and talk channels, offering his critique of strategy behind that day's skirmish in Iraq, a collective rolling of the eyes sweeps the Pentagon. At the risk of provoking the same at the Winder Building, it is my pleasure to have this opportunity to offer my own instant analysis -- of the Cancun ministerial, and more importantly, the future of the Doha Round.

Long Live the Doha Round

The collapse of the ministerial unequivocally produces one certain result: the round will take longer to complete. That in and of itself is not fatal, and not inevitably a negative consequences.

However, if you accept the notion that freer trade produces economic benefits for all, there is a clear negative in postponing the day when the world and national economies harvest those gains. Given today's sluggish economy, that may be no small cost.

Of course, there will be those -- aswe have already seen from the band of protesters at Cancun who cheered the collapse -- who will contend that the delay is an unequivocal positive. They will argue the collapse stays rich nations' further exploitation of the poor. I strenuously disagree with that view, but I do not deny it, nor deny the resonance it creates in many quarters, including in the US.

Rounds of multilateral trade negotiations have their ups and downs, and this one has certainly had its share of valleys. Some analysts will even argue that the natural rhythm of a round virtually demands a crisis, being necessary before negotiators find political will necessary to make a final deal. Perhaps.

There is the certainty that this delay induces uncertainty. No one can foretell how the economic or political landscape will change as ministers work to put Cancun back together and as the round extends.

Elections will occur, with results that may well affect the negotiations. The world economy may improve, or it may worsen, undoubtedly influencing the willingness of countries to open markets. Just as some contend that world unification behind the US war on terrorism in the fall of 2001 helped create the mood that led to the success of Doha, so too might international friction over Iraq or any other flash point influence the cooperativeness of negotiators and the geopolitical imperative they feel, or feel free of, to make a deal.

In sum, the delay produced when ministers failed to come away from Cancun with an agreement will inevitably subject the round to more extraneous events. The delay will lead to an uncertainty that might have a positive effect, as well as negative effects. All things considered, however, it is my view that while the round will recover and ministers will knit it together, producing agreement will be equally inevitably more difficult because of this higher level of uncertainty.

Development of the Developing Countries

Whether the G-21 or G-22 or G-however-many stays together, its emergence as a significant bloc signals the coming of age of the negotiating strength of the developing countries. That bloc's push back to the US-EC agricultural framework is one of the main story lines of Cancun. That developing countries also voiced strong objections to the conference chairman's plans for dealing with the Singapore issues signals, too, their strength in this round.

While I give great credit to US negotiators for their insight into the importance of the developing countries in the success of this round, I still believe we -- US observers, interests, and many in the US government -- suffer from a preoccupation with the Washington-Brussels axis.

Any body, in particular one as ungainly as the WTO, that operates by consensus requires leadership; the US-EC agricultural framework served well the negotiations. That said, we cannot lose sight of the obvious: Although the two largest economies in the world, Washington and Brussels count for but two of the now 148 members of the WTO. This round, and Cancun proves it, will not be settled by another Blair House-like tête-à-tête.

Having found their muscle, will the G-21 now find dexterity, finesse, cohesion? Its ability to remain a viable coalition will surely be tested as ministers reconnoiter the post-Cancun landscape; expect to see one or another of the other WTO members attempt to pry individual group members out of the fold.

As importantly, the coalition must not overplay its role as demandeur – a line many in the developed world, include some representing US interests, believe they may have stepped over already.

The rise of the developing countries to a more assertive role in the round is, I believe, a net positive. For the WTO to succeed, its members must have a stake in that success, all of its members, not just the developed countries. To the extent the G-21 has begun to forge that stake, it can and should play a positive role in broadening the legitimacy of the WTO – which is surely to be tested even further as in restarting the round.

Et tu, FTA Partner?

We – the US – should not treat the G-21 with kid gloves. While being attentive to their views and addressing their concerns, we must certainly not capitulate to their demands. At the same time, we should not be dismissive of their concerns; the burden of finesse lies on us, too.

Public statements from the last week from a number of US policy makers suggest that some, at least, have laid a pretty heavy thumb on the scale. Some threatened to hold up action on in-progress free trade agreements or move candidates down the queue based on their allegiance and intensity of advocacy of the G-21 objectives.

Perhaps that is the sort of get-tough tactic US negotiators have long been criticized for not pursuing, or perhaps it is the momentary expression of pique at reluctance and resistance to the US view. I personally detected a little of both last week, hoping today that firm resolve replaces pique and table-pounding.

However we work out our relationship with the G-21, the Cancun collapse will most certainly make trade relations more difficult and contentious. For one, I fear it will further sap the reservoir of support for trade agreements in the US. As one of the key members of the US Senate, in terms of trade policy, confided to me, the demands of the G-21 were certain to be met angrily by his state's farmers. That will only complicate his ability to support whatever agreement emerges: He went on to say that not only were his farmers not really following the negotiations, they were extremely skeptical of the value of the WTO and any future agreement.

In the recent political history of trade policy, that support from the farm community has diminished is one of the most alarming developments. Once one of the main, and often the first, member of a pro-trade political coalition, the farm community has clearly taken a different view.

For instance, in spite of the overwhelmingly positive benefits of the NAFTA, most in rural American remain convinced that it has hurt them. When presented the question of extending PNTR status to China, a near majority of the Agriculture Committee balked. It was remarkable: US agriculture was being asked to sacrifice nothing, to make no concessions to Chinese imports. If ever there was a one-sided trade policy question, that was it; but still, at the end of the day a disturbingly significant number of Members of Congress from districts dependent on farm exports voted against the measure.

I think many in farm country are suffering trade fatigue. A little as some in developing countries have grown dubious about the value of new trade agreements, so to have many on the farm. In truth, many of us in Washington have oversold the benefits of trade to American agriculture. Clearly a powerful engine and an indispensable one to farm prosperity, it is not a panacea.

I believe the 2002 farm bill is clear evidence of that inward turn in attitude. Rather than pushing forward towards a more market-oriented policy, I think no one can deny that the massive price tag of that bill is exhibit one in documenting that retreat. As the farm community retreats from market-orientation in domestic policy, it almost axiomatically follows that its trust in trade policy and trade agreements will likewise wane.

I think our trade negotiators, and those of us who support their efforts and who believe that the work they accomplished over the last two months in spite of the collapse was considerable and very positive, will have as much work to do with their domestic audience as the overseas one. Having been snubbed, or believing that, I suspect many in the farm community are wondering why they ought to sit down at the WTO table again, at least any time soon.

For US agriculture, key issues in play were the levels of reductions in domestic trade-distorting supports the G-21 demanded of developed countries and the fact it was not willing to agree to market opening language as ambitious as the either the US-EU or Chairman's proposal. After several days of charged rhetoric and, by all accounts, tough closed-door lobbying, the chairman of the conference released his proposed framework on mid-day September 13.

As US negotiators described that paper: "The ship is heading in the US direction, but it has picked up a few barnacles." Most notably, this text tracked the US view on domestic supports, though it would have permitted developing countries to continue to avail themselves of certain trade-distorting policies outside the limits applied to other countries.

On export subsidies, this proposal did not go as far the US wanted, being the complete elimination of such subsidies; however, it did include bracketed language that some negotiators viewed as an opening to achieve that goal.

The most difficulties, as had been the case for some time, presented themselves in the section on market access. While it accepted, on most counts, the US view on lowering tariffs and opening markets, it contained a hugely objectionable provision that would have permitted countries to exempt some markets from tariff-lowering measures.

Specifically, this provision would have allowed countries to exempt products at their choosing from commitments to bring very high tariff levels -- some as high as several hundred percent -- under new maximum levels. Some analysts dubbed this the "Japanese provision" reading it as a concession to Japanese concerns to maintain its extraordinarily high rice tariffs.

Interestingly, the paper also contained one of the first visible displays of China's entry into the WTO. The China paragraph would have permitted newly acceded members greater leeway in implementing the liberalizations contemplated in the paper.

At the end of the day, while agriculture surely loomed large in the minds of ministers as they began debate Saturday night, the nearby precipitating event to the collapse was not agriculture. Ironically for those of us in the agricultural trade community who have accepted as given and repeated to the uninitiated that agriculture is key to a successful round, it was not an agricultural dispute that immediately doomed Cancun.

While the road may have indeed been difficult and perhaps not readily clear, I do believe that the chairman's text could have served as a constructive framework. For one thing, it was so heavily bracketed that it offered plenty of room for negotiators on the US side to move it in our direction. For another, quite frankly, it could have been significantly more damaging to US interests given the rhetoric of the days preceding its release.

No Deal is Better Than a Bad Deal

While it may not have been uttered as many times in Cancun as was the word ambition, everyone heard someone say "no deal is better than a bad deal," and nodded silent agreement. That is, of course, a maxim the good negotiator never forgets. There is another one that is useful to keep in mind: Do not let the perfect be the enemy of the good. It will be up to US negotiators, and others, to answer that question.

They ought to also revisit the ambition question. While we may all wish to achieve trade reform nirvana in this round, I will lay on the table for argument that all things considered, as reinforced by Cancun, the more important factor is assuring the long-term viability of the rules-based WTO trading system and the long-term trend of trade reform and liberalization.

This is only our second bite at the agricultural trade reform apple, and no doubt our ambition is hungry enough to finish that apple in one bite. Clearly, however, many developing countries are still digesting, in some case uncomfortably, the first bite – so too are some in the US farm community.

Would we be wiser to take a slightly smaller bite, to make sure everyone's stomach has quieted and that the temptation of the apple of reform does not blind us to long-term goals? I suggest that, or something like that, is the fundamental question we will have to answer as we put Cancun together.

At the end of the day, I believe, it will come back together. The undertaking is too important, to fail. I recall that during the China PNTR debate, one of the most compelling arguments top officials used on wavering Members was not one of economics or home-district export opportunities, it was its importance to the US role in the world. It transcended trade policy and agriculture, and it worked.

Doha presents the same fundamental questions about defining the 21st century world and our role in it. Looked at that way, the need to achieve success is overwhelming.

Thank you.