

# What the Impasse in the WTO Doha Round Means to U.S. Business



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The lack of progress for 2008 has a **silver lining**—it provides U.S. businesses a window during which to **influence the outcome**.

**T**wo thousand eight will bring significant WTO dispute rulings and another year of Russia elbowing its way into the organization, but attention is focused on the Doha Development Agenda. Will this be the year Doha succeeds? In a word, “no”—maybe in 2009 (doubtful) or 2010 (perhaps), but not in 2008. Two thousand eight will reprise 2007—technical discussions in Geneva will achieve little.

What does this mean for U.S. businesses? The bottom line is that, in 2008, across-the-board changes to the global trading system are unlikely. Russia’s accession has bogged down, so the WTO probably won’t pry that market open in 2008. We may see several significant dispute rulings (Boeing-Airbus, U.S. farm subsidies and China IP), but that’s it.

Deep divisions remain in all major negotiating areas: agriculture, non-agricultural market access, services and rules (WTO-speak for antidumping, countervailing duties and subsidies). The splits largely are due to the internal politics of key members, which currently preclude the deal-making

necessary to end the Round (in the United States, this includes the presidential election and the lack of trade promotion authority).

Our forecast does not mean that U.S. businesses can rest. We’re nearing the end game and, to create the trade offs progress requires, the U.S. Trade Representative (USTR) will be forced to drop some interests. Make sure

yours aren’t among them.

We have two pieces of advice for companies with a stake in the Round. First, continue to push the USTR, Congress and other pressure points to carry forward your interests. Although a prediction of little progress for 2008 might suggest a yearlong breather for business, any outcome will build on the groundwork achieved now.

Our second piece of advice is a bit more involved. Put simply, attend to what’s happening throughout the Round. The U.S. business community has focused on scheduled market access in agriculture,

industrial goods and services, and has attended less to discussions on horizontal obligations, which apply across products and sectors (e.g., whereas a given tariff applies only to a specific good, the subsidies rules apply horizontally to all industrial and agricultural goods). The view may be that the horizontal obligations are okay and major revisions are unnecessary. However, members are examining these obligations, and may move some in a direction contrary to U.S. business interests.

Exhibit A is the draft rules text issued late last year. The draft, which has been criticized by all sides, would revise WTO provisions on antidumping, subsidies and countervailing duties. Almost all U.S. criticism has focused on the draft’s failure to fully enshrine zeroing, a long-standing practice that favors petitioners by increasing both the likelihood that dumping will be found and the amount of the duty imposed. Also, the draft would not allow members to pass collected antidumping duties onto petitioners (as the Byrd Amendment had provided), and would impede U.S. industries seeking to secure and maintain trade relief by mandating sunset of orders after ten years and limiting re-filing cases after a negative determination. On the subsidies side, the draft does not further restrict members’ ability to provide subsidies, except in the fishery sector.

The trend away from U.S. interests is reflected elsewhere, as well. In intellectual property, we see examples of retrenchment (patent rights) and advances (geographical indications) that many U.S. businesses oppose. In services, negotiators are discussing rules issues, contrary to the interests of U.S. service providers.

The United States has sought a “market access round,” and generally has tried to hold horizontal obligations steady. But this effort has not succeeded; it failed at Doha’s launch, and has failed since. If there is a deal, even one that is modest on market access, some of the horizontal commitments, including rules, will be modified.

Thus, the lack of progress we predict for 2008 has a silver lining—it provides U.S. businesses a window during which to influence the outcome. There is still time to avoid at least some of the unfavorable proposals and perhaps, also, to secure favorable changes. **WT**

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