



International Chamber of Commerce

The world business organization

Statement

The benefits of Doha

ICC is convinced that a buoyant expansion of international trade is crucial to recovering and sustaining the health of the world economy. An open global economy fosters economic growth, job creation, and prosperity. ICC therefore urges WTO members to make the necessary trade-offs to successfully conclude an ambitious, balanced and comprehensive Doha Development Agenda in 2011. The benefits of completing Doha at this juncture, coupled with the risks of non-Doha,¹ should far outweigh any reservations on how to bridge the remaining gaps and produce a final agreement.

Concluding in 2011

2011 presents a critical window of opportunity for completing the Doha Round. In Seoul, G20 leaders voiced a “strong commitment” to promptly conclude the end game of negotiations. This renewed political backing should be converted into tangible progress at the negotiating table in Geneva. Revised texts in all areas of the negotiation are needed by the end of the first quarter of 2011. Most of the work has been done and what remains to be negotiated requires reengaging on a few politically sensitive issues and remaining open to substantive give and take. Beyond the specific adjustments to be made, WTO members should realize that concluding Doha in 2011 would contribute strongly to stimulating the world economy just emerging from recession.

Benefitting from Doha’s considerable gains

ICC stresses the importance of safeguarding and strengthening the rules-based multilateral trading system, arguably the greatest success story of international cooperation. Given the financial crisis, ensuing global recession, and ten years of dead-locked negotiations, concluding Doha would strengthen confidence in the multilateral trading system, stimulate the global economy, create employment opportunities, and contribute to climate change mitigation.

1. Insuring against protectionism

The value of Doha’s completion as an insurance policy against protectionism cannot be overstated. The latest report², however, from the Peterson Institute for International Economics, commissioned by the ICC Research Foundation, showed that all G20 countries have implemented protectionist trade measures in the last two years. \$1.6 trillion, 10

¹ ICC policy statement, “The risks of non-Doha”, at <http://www.iccwbo.org/policy/trade/index.html?id=39104>

² “G-20 Protection in the Wake of the Great Recession”, at <http://www.iccwbo.org/iccrf/id30984/index.html>

percent of all world trade, in discriminatory measures have been applied since the beginning of the crisis.³ Therefore, locking-in new multilateral trade liberalization commitments and strengthening WTO rules is especially needed to counter strong protectionist pressures in the global economy.

2. Stimulating the global economy

Concluding the Doha Development Agenda would provide the world economy with a debt-free stimulus package, thereby sustaining global economic growth. Implementing what is already on the table would generate a \$68 billion annual increase in world exports. However, by some estimates, a final Doha Round agreement could contribute as much as \$280 billion annually to the global GDP.⁴ Over the past 60 years, the multilateral trading system has contributed to improving the standard of living of billions of people across the world by creating new economic opportunities and providing greater choice and lower prices to consumers. Concluding the Doha Round in 2011 would inject much needed trade growth in the global economy, and in turn boost business confidence and fuel increased private investment.

3. Creating employment opportunities

A sustainable economic recovery hinges upon job creation. The International Labour Organization (ILO) estimates that unemployment rose between 30 and 50 million in the course of 2009. Consensus is growing that the current recovery will be jobless: economic growth will return but without job creation. Completing the Doha Round will create new economic opportunities that should result in employment creation. The WTO, OECD, ILO and World Bank predict further trade liberalization leading to long-term employment growth worldwide, with lower-skilled employment rising from 0.9 - 3.9% and that of skilled workers rising by 0.1 – 4.0 %.⁵ Domestic policies that help accompany labour market adjustments should be implemented in conjunction with trade opening. In an era of high budget deficits, a final Doha agreement constitutes a fiscally-responsible method of creating employment.

4. Mitigating climate change

Open trade and economic growth are inextricably linked to sustainable development. ICC supports climate change mitigation and adaptation measures that can accrue from further trade opening. For example, the OECD estimates that full liberalization of trade in farm products would lead to a 10 percent reduction in freshwater withdrawals for agriculture, due to open markets allocating scarce water for global agricultural production more efficiently⁶. Trade opening also fosters increased innovation and technological progress, which leads to increased productivity and efficiency. This more fluid exchange of technologies, via reduced trade barriers, facilitates foreign investment and supports strong intellectual property regimes that can contribute to achieving significant economies of scale, thus making investments in low-carbon technologies more profitable.

³ Global Trade Alert. www.globaltradealert.com

⁴ *Figuring out the Doha Round*, Peterson Institute for International Economics.

⁵ *Seizing the Benefits of Trade for Employment and Growth*, OECD, ILO, World Bank, WTO Final Report submitted to G-20 Summit in Seoul (November 2010).

⁶ For an in-depth treatment on this issue, please refer to Herbert Oberhänsli's contributing article in *Peace and Prosperity through World Trade*, available at www.iccrf.org.

Concluding observations

ICC calls upon decisive leadership from both OECD member countries and G20 emerging economies to reach an ambitious, balanced and comprehensive Doha Round agreement. While it is incumbent upon all WTO members to participate actively in the negotiations over the coming months to ensure their successful conclusion, movement on the part of the major economies to bridge the remaining gaps in the negotiations would create unstoppable momentum towards finalizing an agreement. WTO members must take a long-term view of what is at stake in the Doha Round and remind themselves of their individual and collective responsibility as custodians of the rules-based multilateral trading system.

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The International Chamber of Commerce (ICC)

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

The fundamental mission of ICC is to promote trade and investment across frontiers and help business corporations meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the last century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

ICC has three main activities: rules-setting, dispute resolution and policy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution. Another service is the World Chambers Federation, ICC's worldwide network of chambers of commerce, fostering interaction and exchange of chamber best practice.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy as well as on vital technical and sectoral subjects. These include financial services, information technologies, telecommunications, marketing ethics, the environment, transportation, competition law and intellectual property, among others.

ICC enjoys a close working relationship with the United Nations and other intergovernmental organizations, including the World Trade Organization, the G20 and the G8.

ICC was founded in 1919. Today it groups hundreds of thousands of member companies and associations from over 120 countries. National committees work with their members to address the concerns of business in their countries and convey to their governments the business views formulated by ICC.

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