“At more than 12 years old, many observers are starting to lose hope that the Doha Round will ever conclude.”
Progress in the harmonization of the international trading system has stalled since the Doha Round negotiations, launched in 2001, failed to produce any meaningful reforms of the WTO and its sister institutions.

This is despite an overwhelming agreement reached in Bali last December that achieved the goal of trade facilitation amongst WTO nations by streamlining customs practices and reducing quotas on agricultural goods exported from developing countries to developed countries. If properly implemented, this agreement will certainly help increase global economic activity, but in reality it consists of only a small fraction of the reforms initially envisioned by policy makers at Doha.

At more than 12 years old, many observers are starting to lose hope the Doha Round will ever conclude, as policy makers are far apart on issues relating to agricultural subsidies and special treatment for developing countries. To them the agreement in Bali, while helpful, will do little to assure a successful conclusion of the Doha Round. Likewise, international businesses and analysts believe this failure has hurt the creditability of the WTO as an engine of economic growth.

Supporters of liberal trade and increased international regulatory synchronization should not fear, however, for there lie many paths to the laudable goal of international economic liberalization. Currently two massive trade deals are being negotiated that will have colossal implications for the future of the international trading system. The first is the Trans-Pacific Partnership (TPP), a so-called NAFTA on steroids, which will include 12 to 14 countries bordering the Pacific Ocean.

The second deal, the Transatlantic Trade and Investment Partnership (TTIP) between the United States and Europe, will be the largest Free Trade Agreement, in terms of total GDP represented, ever negotiated. Together the TPP and TTIP are expected to increase members' GDP by at least $512 billion by 2025 ($223 billion for the TPP and $289 billion for the TTIP).

In order to maintain the post-World War II drive for international free trade and increase global prosperity, policy makers and academics should shift focus from the WTO to regional agreements like these as vehicles for international trade liberalization. In addition to being easier to negotiate, these agreements allow skeptical states to opt out and pursue the international trading strategies they believe to be best. Indeed some scholars believe countries with different levels of income would benefit from trade strategies in line with their level of development. However, within the WTO, all countries follow the same rules or else accrue unmanageable penalties. The proliferation of these large regional trade agreements will permit nonparticipating countries to either create their own rival agreement or conform to the rules of the TPP and TTIP.

Nonparticipating countries will likely be attracted to these new agreements and will implement the necessary policy adjustments in order to share the efficiency gains that come from international competition and regulatory synchronization, such as cheaper goods and services that will in effect increase the disposable income.
income of all citizens. One by one signatories to the TPP and TTIP will increase and there will be pressure to integrate the two agreements, creating a trade bloc that spans both the Atlantic and Pacific Oceans that will not rival the WTO but that will replace it.

The United States, at the center of both agreements, fully understands the future implications of successfully concluding the trade deals. It has therefore attempted to include provisions, particularly in the TPP, that aim to indirectly address the statist economic policies of its largest rival, China, who is not included in the agreement and therefore has little say in the outcome. The first provision would aim to limit the number and extent of state owned enterprises (SOEs), which are abundant in the Chinese economy. This effort to limit SOEs has run into opposition because a few of the potential TPP members, including Vietnam, Malaysia, and Singapore, have significant number of SOEs. Additionally, many view the US’s stance as hypocritical considering the US government’s strong presence in Fannie Mae and Freddie Mac.

The second provision the US is trying to implement is a penalty against currency manipulation. This attempt by the US is more obviously directed towards China, as none of the TPP members are suspected of strongly manipulating the value of their currency. Once again, however, this stance by the US is viewed as hypocritical and unfair, especially because the definition of currency manipulation provided by the US involves the accumulation of foreign currency reserves, which the United States, as the issuer of the international reserve currency, does not hold in significant quantities. Additionally, it may be difficult for the US to add such a provision because of the difficulty of monitoring currency manipulation. Even among economists, definitions of currency manipulation are somewhat ambiguous, and there are no agreed upon metrics for determining whether or not a country is artificially maintaining the value of its currency.

With regards to the TTIP, the enthusiasm that excited business leaders following President Obama’s 2013 State of the Union, in which the deal was announced, has dissipated as negotiations have stalled. Of the more pressing issues is the treatment of genetically modified organisms (GMOs) in European markets. Europeans are fearful that the conclusion of the TTIP will lead to the saturation of their supermarkets with cheap unlabeled American GMO products, which they believe would be against the wishes of their citizens and harmful to public health. Indeed, many Americans support the notion of mandatory labeling for GMO products. However, there is broad scientific agreement that GMO foods are no more dangerous than conventional foods and have no adverse health effects in humans. Thus it would be mistake to require such labels on agricultural products.

Rent seeking agricultural lobbies in Europe, which have tremendous power in some countries, also fear that the saturation of European markets with American GMOs will damage their livelihoods, which come from non-GMO products. This line of thinking is false and damaging to the economic future of Europe. In fact, competition from US agricultural goods should make EU firms respond in two ways. First, they will be incentivized to label their products as “organic” or “made without GMOs” and target the large market (of which the author is a part) for such goods on both continents. Surely this response would be better than requiring mandatory labels for GMOs, as it would increase emphasis on the liberal aspects of the deal by incentivizing companies to make changes rather than emplacing burdensome regulations on them. Secondly, European farmers can begin to experiment and create GMOs that cater to the EU market, of which they should be experts. Both of these options will increase the freedom of choice and thus the well-being of both US and EU citizens.

Even if agreements on certain issues cannot be reached soon, negotiators need not let that inhibit progress towards an eventual deal. Trade deals should not be negotiated on an all or nothing basis. Instead, negotiators should first lock-in what can easily be agreed upon and create a timetable to deal with other, thornier issues in the future. This will help create momentum which may ease tension during debates on the more contentious issues. It will also quicken the delivery of economic benefits to businesses that are looking for opportunities to invest and expand, particularly in an era when good investments are otherwise becoming scarcer.

To help achieve support for economic integration in the United States, President Obama needs to explain to US citizens that cheaper imports will increase the disposable income of all Americans and create jobs as American firms will have greater possibilities to expand to foreign markets. Furthermore, the President needs to do a better job of convincing high-ranking members of his own party that increased international trade will help promote domestic
prosperity and international peace. Senate Majority Leader Harry Reid and House Minority Leader Nancy Pelosi opposed potential legislation that would grant President Obama Trade Promotional Authority (TPA), on the grounds that it would hurt established domestic industries that would be unable to compete on the international market. With the passage of such authority, the President can avoid attaching with the president holding TPA. Even without TPA, optimistic forecasts have the conclusion of the TPP arriving in late 2014 and the TTIP sometime in 2015. While these forecasts are little more than guesses, they do highlight the fact that a post-WTO world may be fast approaching. If the US and the EU want to continue to direct the post war international trading system based on liberal principles, they should be which is 20 years old this year and ready to be updated. The US and EU would also do well to include Canada and Mexico in the TTIP, as they are not currently part of the discussions. The future of international trade looks bright at this point early in the 21st century, which is good news for those of us looking to have a little extra pocket money to spend on the goods we buy everyday.

additional congressional amendments to trade deals and submit the deals directly to congress for a simple yes-or-no vote. Most analysts, though not all, agree granting the President TPA is essential to successfully concluding these trade deals. Trade deals in the past have mostly been approved motivated to conclude both agreements quickly. After their completion the two economic superpowers should look to harmonize the two agreements and create a free trade area that spans both the Atlantic and Pacific Oceans. Furthermore, the United States should look to strengthen NAFTA Ethan Routledge studies International Commerce and Quantitative Economics at the Patterson School. In addition to English, he is fluent in French and has spent considerable time in France and francophone Switzerland.