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## Overview

The Doha Round of multilateral trade negotiations marked its eighth birthday in November 2009, making it the longest-running negotiation in the postwar era. And the end is not in sight. Members of the World Trade Organization (WTO) continue to disagree about prospective liberalization in the areas of agriculture and nonagricultural market access (NAMA), and this rift has delayed the discussion of other important issues on the negotiating agenda, particularly services. To date, WTO members have elaborated general formulas for cutting tariffs and reducing agricultural subsidies but differ sharply on how countries should limit or exempt certain products from these “formula cuts.” Negotiations on services have barely progressed from the initial offers put on the table years ago, but talks in a few other areas are well advanced, including an agreement on trade facilitation measures and new rules on transparency of regional trading arrangements (already implemented on a provisional basis).

Doha participants have different assessments concerning the accomplishments to date. Some see the glass mostly full, with the formulas providing the backbone of liberalization commitments. Others think there is simply not enough on the table and worry that “flexibilities” to exclude products from formula cuts will turn the backbone into a rubber hose and further weaken the commercial value of a deal. To some, the prospective deal is significant; to others, the deal seems a close approximation of the status quo and not worth doing.

The Doha Round needs to be completed for two key reasons. The first is to implement the tariff and subsidy reforms embedded in the draft texts developed thus far and to pocket the gains already substantially agreed. As this study will demonstrate, these gains are significant in the aggregate but unimportant for the United States and other key countries.

Despite eight years of effort, the overall Doha package is still not ambitious enough and does not adequately balance the interests of the major trading nations and thus is unlikely to garner the political support in national legislatures needed to ratify and implement the deal.

The second reason why the Doha Round needs to succeed is to ensure the viability of the rules-based multilateral trading system. If a multilateral deal is put on hold, national governments—pressed by their domestic constituencies—will seek other means to resolve trade and investment problems. Some will pursue protective measures that impede import competition in their markets; others will open new trade and investment opportunities through bilateral and regional trade pacts. In other words, continued drift in the Doha Round negotiations will foster broad-scale neglect of the multilateral trading system, causing irreparable harm to the WTO's credibility as a negotiating forum, which would, over time, also undermine its valuable dispute settlement mechanism.

A failure scenario is especially worrisome given the frailty of the global recovery from the financial crisis and concerns about a “jobless recovery” with prolonged high unemployment in the United States and Europe, all of which exacerbate protectionist pressures. Aware of this possibility, leaders of the Group of 20 (G-20) have repeatedly underscored, at their summit meetings in Washington, London, and Pittsburgh in 2008 and 2009, their commitment to conclude the Doha Round in 2010, citing a successful Round as one means of reviving the global economy. But the lofty summit rhetoric has not resulted in significant changes in national negotiating positions, so the impasse in the WTO talks has not been broken. The 2010 commitment is already a dead letter.<sup>1</sup>

The key to completing the Doha Round is to achieve meaningful cuts in trade barriers in agriculture, NAMA, and services and to restrain recourse by major trading nations—developed and developing—to the ample “flexibilities” allowed by the negotiating modalities. What counts are the agreements made by the major trading countries in their schedules on specific products and sectors in goods and services. Which are these countries? Overall, we consider participants in the G-20 summit process to have self-selected themselves for this leadership role in the Doha Round.<sup>2</sup>

To shed light on the debate concerning the benefits from WTO negotiations, in chapter 2 we estimate potential gains from liberalization in agriculture and NAMA resulting from the formula cuts specified in the negotiating modalities drafted by the chairs of the Doha Round negotiating

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1. In November 2009, leaders of the Asia-Pacific Economic Cooperation (APEC) forum also pledged to complete the Round in 2010; see Asia-Pacific Economic Cooperation, 2009 Leaders' Declaration, available at [www.apec.org](http://www.apec.org) (accessed December 18, 2009). It is worth noting that there is a large overlap between the G-20 and APEC membership.

2. The G-20 summit members should not be confused with the G-20 developing-country caucus, which was created just prior to the Cancún WTO ministerial in 2003 and coordinates the agricultural trade positions of its members in Doha Round talks.

groups. In chapter 3, we focus on services trade reforms and gains from sector initiatives in chemicals, information technology goods, and environmental goods, as well as trade facilitation measures. In services we calculate prospective gains from a 10 percent reduction by major trading nations in barriers to their imports of services. The 10 percent benchmark, which we recognize is an arbitrary and optimistic goal, would yield large gains for both developed and developing countries.

We then estimate the benefits that could result from sector initiatives in chemicals, information technology (IT) goods, and environmental goods that go beyond the liberalization that would result from the formula tariff cuts. We selected these three sectors because in our judgment (informed by soundings in Washington and Geneva) they are among those most often cited by officials from major trading nations to be the subject of new sector initiatives and because sector breakthroughs would make a major contribution to the overall package. These results estimate the gains from elimination or substantial reduction of tariffs in each sector. We recognize that the negotiators are not likely to achieve this level of perfection, though they should be able to achieve a big hunk of the potential gains; our calculations should be seen as the maximum that could be achieved. Finally, we estimate the benefits from enhanced trade facilitation measures, primarily drawing on analyses by John Wilson, Catherine Mann, and Tsunehiro Otsuki (2005). In each of the sections in chapter 3, we calculate both *trade gains* and *GDP gains*.

Throughout the study, we consider that both exports *and* imports deliver *trade gains*. Politicians and unions often take a mercantilist approach to trade: Exports are good and imports are bad. However, imports provide benefits for consumers in three ways: They deliver lower prices, better quality, and greater variety. Consumers are not just individuals; industries are consumers as well, and they benefit from imports in the same ways. For example, greater variety allows industrial firms to “right size” their purchased inputs. Moreover, domestic firms learn from import competition: Often they boost their own productivity and improve the quality of their product lines. Leading exporting firms are often big importers as well.

Note that we do not include an assessment of prospective results on rules from the Doha Round negotiating group. Some of this work has already been implemented on a provisional basis (regarding regional trading arrangements). Disciplines on fish subsidies remain a work in progress and should add to the value of the overall package. With respect to antidumping procedures, we believe that the negotiations will leave intact nearly all current practices and rulings by the Appellate Body. Our methodology is summarized in box 1.1 and explained in more detail in the appendices of this study.

Table 1.1 summarizes the *trade gains* we have calculated for the 22 Doha participants in our sample. Our dataset, provided by the WTO Secretariat, covers 7 developed and 15 developing countries.<sup>3</sup> In 2008

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3. The 7 developed countries are Australia, Canada, the European Union, Japan, Norway,

### Box 1.1 How we estimate trade and GDP gains

In order to fully understand the potential value of a Doha Round accord, it is important to go beyond analyzing the tariff cuts. In this study, we strive to do that. First, we examine “what’s on the table” in agriculture and nonagricultural market access (NAMA). Calculating the impact of the tariff cuts is relatively straightforward (as explained throughout the study), but including the effects of subsidy and quota reforms requires additional considerations. We calculate the gains from formula cuts in trade barriers using three metrics:

- **Reciprocity measure:** This metric calculates the change in revenue from tariff cuts in agriculture and NAMA and the revenue equivalent of concessions on nontariff barriers (NTBs), namely agricultural tariff quotas, domestic support, and export subsidies (see appendix A). Using this metric, concessions received are expressed in terms of tariffs and tariff equivalent costs not paid by exporting countries. Concessions given are expressed in terms of tariffs and tariff-equivalent barriers forgone by importing countries.<sup>1</sup>
- **Trade gains:** This metric indicates the increased trade that results from the tariff cuts and tariff equivalent of concessions on NTBs calculated in the *reciprocity measure*. Trade gains are separately stated for exports and imports.
- **GDP gains:** This metric builds on the calculated *trade gains* by applying a GDP coefficient to increased exports and imports. The details surrounding the GDP coefficient are explained in appendix A. It is important to emphasize that larger exports and imports both contribute to higher GDP through lower consumer prices, more variety, greater productivity, and improved allocation of resources (Bradford, Grieco, and Hufbauer 2005). We clearly indicate the three metrics in the section headings and italicize them throughout the text.

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1. Our interpretation of the reciprocity measure assumes that the incidence of tariffs falls entirely on the sellers (the exporters) and not at all on the buyers (the importers). This interpretation accords with the mercantilist spirit that dominates trade negotiations. In real life, however, a country that protects its domestic markets usually raises the price paid by its own domestic buyers, both for the imported good and its domestic substitutes.

these countries accounted for 73 percent of world exports, 76 percent of world imports, and 88 percent of global GDP (table 1A.1 at the end of this chapter). Fourteen of the countries are G-20 summit participants. These

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Switzerland, and the United States. The 15 developing nations are Argentina, Brazil, China, Colombia, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, the Philippines, South Africa, Taiwan, Thailand, and Turkey.

14 countries account for 91 percent of G-20 exports to the world and 96 percent of G-20 imports from the world (table 1A.1).<sup>4</sup> Liberalization from implementing what is already “on the table” in agriculture and NAMA would yield an increase in exports of the 22 countries to the other 21 of \$54.4 billion. Trade between these 22 countries (meaning exports of each of the 22 countries to the other 21) would increase by another \$37.2 billion from a 10 percent liberalization of services barriers and by a further \$50.8 billion from the three sector initiatives.

We suspect that table 1.1 and the numbers discussed throughout this chapter will prove disconcerting to many readers: For the 22 countries, import gains across the board are larger than export gains! This, however, is no cause for alarm; the disparity between import and export gains is created by our data methods—not by poor bargaining on the part of the sample countries. Our method only covers prospective tariff and nontariff barrier (NTB) cuts for imports from the world by just the 22 sample countries. This means, for example, that we cover imports by the United States (a sample country) from, say, Vietnam (not a sample country), but we do not include exports by the United States to Vietnam. Therefore, import gains are routinely larger than export gains. Generally, we rely on these unbalanced calculations because they are the most accurate that our data methods can generate. However, we also have made rough calculations to “size up” the export data and portray exports to the world by the 22 countries. When this adjustment is made, import and export gains for the 22 countries are roughly equal (see table 1.2).

In turn, we estimate that trade growth using exports by the 22 sample countries to each other *and* imports by the 22 sample countries from the world would yield global *GDP gains* of \$63.0 billion due to the modalities currently on the table in agriculture and NAMA (table 1.3).<sup>5</sup> Bold new initiatives on liberalizing services and freeing trade in selected sectors could increase global GDP by an additional \$101.9 billion. Improvements in trade facilitation could yield additional global *GDP gains* of \$117.8 billion, if governments engage in wide-ranging policy and administrative reforms. In sum, the Doha deal “on the table,” topped up with additional liberalization in services and manufactures plus expected gains from trade

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4. Most of the 22 sample countries belong to the G-20 summit process. The countries in our sample that are also part of the G-20 are Argentina, Australia, Brazil, Canada, China, the European Union, India, Indonesia, Japan, Korea, Mexico, South Africa, Turkey, and the United States. It is worth noting that G-20 summit participation extends beyond 20 members and now encompasses over 30 countries and supranational bodies (such as the European Union).

5. The *global GDP gain* numbers were calculated by scaling up the GDP gains of the 22 countries. Since *GDP gains* for the 22 countries in agriculture and NAMA are \$55.5 billion, and since these 22 countries account for 88 percent of global GDP, we estimate that *global GDP gains* will be roughly \$63 billion [ $(\$55.5 \text{ billion}/88) \times 100 = \$63 \text{ billion}$ ]. This method of scaling up assumes that the *GDP gains* of the 22 sample countries reasonably represent the *GDP gains* of excluded countries.

**Table 1.1 Trade gains for sample countries** (billions of dollars)

Country/region	"On the table"				Potential gains			
	Agriculture		Nonagricultural market access (NAMA)		Services <sup>b</sup>		Chemicals <sup>c</sup>	
	From tariff and nontariff barrier <sup>d</sup> cuts		From tariff cuts		From 10 percent liberalization		From sector initiative	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
All 22 countries	20.5	14.1	45.6	40.3	49.8	37.2	15.4	12.8
Developed countries <sup>g</sup>	19.2	7.6	29.5	17.6	14.5	25.7	4.2	8.1
Developing countries <sup>h</sup>	1.4	6.4	16.1	22.8	35.3	11.5	11.2	4.8
European Union	15.3	1.7	11.0	7.5	5.2	9.8	1.4	3.3
Japan	2.4	0.5	2.5	6.7	3.5	2.5	0.2	2.2
United States	1.6	3.3	12.7	2.7	3.1	10.2	2.3	2.1
Brazil	*	2.0	1.0	0.3	2.8	0.6	1.0	0.1
China	0.2	1.1	6.7	13.2	12.0	3.3	4.5	1.3
India	0.2	0.3	0.5	1.4	7.2	0.6	0.8	0.3

a. Nontariff barriers (NTBs) consist of tariff rate quotas, export subsidies, and domestic support. For NTBs, tariff equivalents are estimated.

b. Only 21 countries are included in the services calculations; Taiwan is excluded.

c. Applied tariffs on all chemicals (as defined by WTO 2008c) are reduced to 0, 2.5, or 5 percent in this simulation.

d. Applied tariffs on all electronics and electrical goods (as defined by WTO 2008c) are reduced to zero in this calculation.

e. Applied tariffs on all environmental goods (as defined by World Bank 2007) are reduced to zero in this calculation.

f. The simulation results from port efficiency and services infrastructure have been excluded here.

facilitation reforms, would raise the value of the Doha package, measured in global *GDP gains*, to as much as \$282.7 billion.

Overall, we find the prospective results from what has already been agreed in Doha Round talks to be significant—but probably not sufficient to marshal the necessary political support to close the deal and ensure its ratification by member countries. To pass political muster, Doha offers—primarily by the G-20 countries—need to be “topped up.” We conclude that the “potential” exists for a good outcome in the Doha Round, even if our ambitious targets for comprehensive trade reforms are not fully achieved.

The following sections break down these estimates by major trading nation, for trade with the 22 sample countries. The cited export gains are calculated with reference to the 22-country sample but sized up to reflect the prospective gains from larger exports to countries not in the sample (as reported in table 1.2), while the cited import gains are calculated with reference to imports from the world. The cited *GDP gains* reflect exports to the 22-country sample and imports from the world.

The Doha Round box score (box 1.2 on page 11), citing sized-up exports, contrasts *trade* and *GDP gains* for the major trading nations from a

Potential gains							
Electronics and electrical goods <sup>d</sup>		Environmental goods <sup>e</sup>		Trade facilitation			
From sector initiative		From sector initiative		From Wilson, Mann, and Otsuki (2005) <sup>f</sup>		Total potential gains	
Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
35.4	33.5	6.3	4.5	138.5	86.8	311.6	229.2
6.6	16.3	1.2	3.1	54.5	39.5	129.7	117.9
28.8	17.2	5.1	1.4	84.0	47.3	181.9	111.3
3.0	5.7	0.3	1.4	17.2	16.3	53.5	45.7
*	6.5	*	0.9	5.1	7.5	13.7	26.7
2.6	3.4	0.6	0.6	23.0	10.5	45.9	32.8
3.9	0.1	0.5	*	4.7	2.2	13.9	5.3
11.3	6.7	1.7	0.7	32.0	19.9	68.4	46.2
1.7	0.2	0.8	0.1	9.1	2.6	20.3	5.4

g. Our sample of 22 countries has 7 developed countries.

h. Our sample of 22 countries has 15 developing countries.

\* indicates that the import or export gains in trade for these countries are positive but less than \$0.05 billion.

Note: The trade gains reflect each country's increased imports from the world and increased exports to the other 21 countries in the sample. The asymmetry is due to this methodology.

Source: Authors' calculations.

Doha package consisting of only the formula cuts against an expanded Doha package that includes our recommendations. The “world total” is calculated by scaling up the *GDP* and *trade gains* according to the sample countries' share of GDP and trade to the world in 2008.

Our summary results, as reported in box 1.2, reveal a large gap between Doha gains that are “on the table” and those that would be derived from an admittedly very optimistic negotiating scenario. The two scenarios chart what we consider the range of feasible outcomes. However, we recognize that negotiators are unlikely to harvest the full yield from our expanded package of trade reforms. But two-thirds or even half a loaf would still be nourishing!

The United States, European Union, and China are big winners from an ambitious and balanced Doha package of reforms, so they should take the initiative to accelerate and expand their Doha offers. Even if the end results don't reach this ambitious target, the additional liberalizations would substantially improve the value and distribution of the Doha package.

**Table 1.2 Total trade gains, with exports to the world** (billions of dollars)

Country/region	"On the table"				Potential gains			
	Agriculture		Nonagricultural market access (NAMA)		Services <sup>b</sup>		Chemicals <sup>c</sup>	
	From tariff and nontariff barrier <sup>e</sup> cuts		From tariff cuts		From 10 percent liberalization		From sector initiative	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
All 22 countries	20.5	17.1	45.6	50.6	49.8	55.0	15.4	15.8
Developed countries <sup>g</sup>	19.2	9.5	29.5	23.1	14.5	38.9	4.2	10.0
Developing countries <sup>h</sup>	1.4	7.7	16.1	27.5	35.3	16.1	11.2	5.6
European Union	15.3	2.8	11.0	10.6	5.2	17.4	1.4	4.7
Japan	2.4	0.5	2.5	7.5	3.5	3.8	0.2	2.3
United States	1.6	3.8	12.7	3.8	3.1	13.1	2.3	2.4
Brazil	*	2.3	1.0	0.4	2.8	0.8	1.0	0.1
China	0.2	1.3	6.7	15.6	12.0	4.4	4.5	1.6
India	0.2	0.4	0.5	1.6	7.2	2.6	0.8	0.4

a. Nontariff barriers (NTBs) consist of tariff rate quotas, export subsidies, and domestic support. For NTBs, tariff equivalents are estimated.

b. Only 21 countries are included in the services calculations; Taiwan is excluded.

c. Applied tariffs on all chemicals (as defined by the WTO 2008c) are reduced to 0, 2.5, or 5 percent in this simulation.

d. Applied tariffs on all electronics and electrical goods (as defined by the WTO 2008c) are reduced to zero in this calculation.

e. Applied tariffs on all environmental goods (as defined by the World Bank 2007) are reduced to zero in this calculation.

f. The simulation results from port efficiency and services infrastructure have been excluded here.

g. Our sample of 22 countries has 7 developed countries.

h. Our sample of 22 countries has 15 developing countries.

## United States

The United States would reap small trade gains from the formula cuts in agriculture and NAMA (export and import gains of \$7.6 billion and \$14.3 billion, respectively). This result is not surprising since the United States already has free trade agreements or low barriers with many of the other 21 countries. These relatively small gains and the imbalance between the gains from exports and imports explain why the deal on modalities has not attracted active support from protrade constituencies in the United States. To acquire that support, the deal needs to be supplemented, particularly in services, which could add \$13.1 billion to export gains and \$3.1 billion to import gains. In addition, "topping up" NAMA in several sectors could yield further gains of up to \$8.0 billion in exports and \$5.5 billion in imports, and trade facilitation reforms at home and abroad could boost US exports and imports by \$10.5 billion and \$23 billion, respectively. Combined, we estimate US export gains of \$39.4 billion and US import

Potential gains							
Electronics and electrical goods <sup>d</sup>		Environmental goods <sup>e</sup>		Trade facilitation			
From sector initiative		From sector initiative		From Wilson, Mann, and Otsuki (2005) <sup>f</sup>		Total potential gains	
Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
35.4	49.2	6.3	5.9	138.5	86.8	311.6	280.4
6.6	22.6	1.2	4.1	54.5	39.5	129.7	147.6
28.8	25.8	5.1	1.8	84.0	47.3	181.9	131.8
3.0	8.8	0.3	2.1	17.2	16.3	53.5	62.7
*	7.8	*	1.0	5.1	7.5	13.7	30.6
2.6	4.9	0.6	0.8	23.0	10.5	45.9	39.4
3.9	0.2	0.5	*	4.7	2.2	13.9	6.0
11.3	12.0	1.7	0.9	32.0	19.9	68.4	55.7
1.7	0.2	0.8	0.1	9.1	2.6	20.3	7.7

\* indicates that the import or export gains in trade for these countries are positive but less than \$0.05 billion.

Note: Imports are taken from table 1.1. Trade facilitation exports are also taken from table 1.1. All other exports are calculated by adding the corresponding export results from table 1.1 to an estimate of gains in exports to nonsample countries in each category. This estimate is made by assuming all nonsample countries have pre- and post-Doha applied tariffs equal to the average of the 22 sample countries displayed in tables 2.1, 2.4, and 3.1 to 3.5. A partial equilibrium method, which follows the method used in tables 3.1 to 3.5, is used to determine the impact of the tariff cuts on exports of the 22 countries. The elasticities for the calculations are the same as those employed throughout the study.

Source: Authors' calculations.

gains of \$45.9 billion from a more ambitious Doha deal. The resulting *GDP gains* for the United States would be \$36.2 billion.

## European Union

The European Union stands to gain more from agriculture and NAMA reforms than the United States, because its current barriers are higher. The formula cuts produce EU export gains of \$13.4 billion and import gains of \$26.3 billion, generating overall *GDP gains* in agriculture and NAMA of \$16.3 billion—the largest gains incurred by any of the six major Doha Round participants: Brazil, China, India, the European Union, Japan, and the United States. EU *trade gains* from services reform (\$17.4 billion and \$5.2 billion, respectively, in exports and imports) and from NAMA top-ups (\$15.6 billion and \$4.7 billion, respectively) are roughly comparable to the US results. It is interesting to note that the European Union would be, after China, one of the main beneficiaries of a sector agreement in environmental goods (based on the product coverage listed in World Bank

**Table 1.3 Impact of trade gains on GDP**

Country/region	"On the table" in agriculture and NAMA		Potential gains from a 10-percent reduction in services barriers		Potential gains from sector initiatives <sup>e</sup>		Potential gains from improvements in trade facilitation		Total potential gains	
	Percent	Billions of dollars	Percent	Billions of dollars	Percent	Billions of dollars	Percent	Billions of dollars	Percent	Billions of dollars
European Union	0.1	16.3	*	6.9	*	7.0	0.1	15.4	0.3	45.6
Japan	0.1	5.6	0.1	2.7	0.1	4.5	0.1	5.8	0.4	18.6
United States	0.1	9.3	*	6.1	*	5.4	0.1	15.4	0.3	36.2
Brazil	0.1	1.5	0.1	1.6	0.2	2.6	0.2	3.2	0.7	8.9
China	0.3	9.7	0.2	7.1	0.4	12.1	0.7	23.9	1.6	52.7
India	0.1	1.1	0.3	3.6	0.2	1.8	0.5	5.4	1.0	11.8
Developed countries <sup>a</sup>	0.1	34.0	*	18.5	*	18.2	0.1	43.2	0.3	113.9
Developing countries <sup>b</sup>	0.2	21.5	0.2	21.5	0.3	31.5	0.6	60.4	1.3	134.9
Sample country total <sup>c</sup>	0.1	55.5	0.1	40.0	0.1	49.7	0.2	103.6	0.5	248.8
World total <sup>d</sup>	0.1	63.0	0.1	45.5	0.1	56.4	0.2	117.8	0.5	282.7

NAMA = nonagricultural market access

a. Our sample of 22 countries has 7 developed countries.

b. Our sample of 22 countries has 15 developing countries.

c. Sample country total is the total GDP impact of the 22 sample countries that are covered in this study.

d. World total is calculated by scaling up the GDP impact of the 22 sample countries. As an example, since the GDP impact for the 22 countries in agriculture and NAMA is \$55.5 billion, and these 22 countries account for 88 percent of world GDP, we estimate that the world total for agriculture and NAMA will be roughly \$63 billion [(\$55.5 billion/88)\*100 = \$63 billion]. This scaling-up estimate assumes that GDP gains of the 22 sample countries reasonably represent the GDP gains of excluded countries. The 88 percent figure is based on 2007 world GDP numbers.

e. The sector initiatives included here are chemicals, electronic and electrical goods, and environmental goods.

\* indicates that the percentage of GDP impact for these countries is positive but less than 0.05 percent.

Notes: GDP impact is calculated based on 2007 GDP data using the trade gains from table 1.1. The dollar ratio average used to translate trade gains to GDP gains is from table A.2. Taiwan is excluded from services calculations.

Source: Authors' calculations.

### Box 1.2 Doha Round box score

Country/region	Doha "formula cuts" in agriculture and NAMA				Doha "topped up" reforms in goods, services, and trade facilitation			
	Trade gains (billions of dollars)		GDP gains		Trade gains (billions of dollars)		GDP gains	
	Exports	Imports	Percent	Billions of dollars	Exports	Imports	Percent	Billions of dollars
United States	7.6	14.2	0.1	9.3	39.4	45.9	0.3	36.2
European Union	13.4	26.3	0.1	16.3	62.7	53.5	0.3	45.6
Japan	8.1	4.9	0.1	5.6	30.6	13.7	0.4	18.6
Brazil	2.7	1.0	0.1	1.5	6.0	13.9	0.7	8.9
China	16.8	6.9	0.3	9.7	55.7	68.4	1.6	52.7
India	1.9	0.7	0.1	1.1	7.7	20.3	1.0	11.8
Total of 22 Doha participants	67.7	66.1	0.1	55.5	280.4	311.6	0.5	248.8
World total <sup>a</sup>	92.8	86.9	0.1	63.0	384.1	409.9	0.5	282.7

a. World total is derived from a simple scaling-up of the sample countries accounting for 73 percent of world exports (2008), 76 percent of world imports (2008), and 88 percent of global GDP (2007).  
 Note: GDP gains result from increases in global imports and exports to other Doha participants.  
 Sources: Tables 1.2 and 1.3.

2007). As a big trading bloc, the European Union would also benefit substantially from trade facilitation reforms, which could boost EU exports and imports by \$16.3 billion and \$17.2 billion, respectively. Combined, EU benefits would total \$62.7 billion on the export side and \$53.5 billion on imports, which would boost EU GDP by \$45.6 billion.

## Japan

Japanese trade gains are most notable in NAMA: Exports would increase by \$7.5 billion and imports by \$2.5 billion. Agricultural reform, by contrast, offers much fewer benefits, mostly on the import side (\$0.5 billion in exports and \$2.4 billion in imports). In services, Japanese exports increase by \$3.8 billion and imports by \$3.5 billion. In the three "top-up" sectors, Japan has barely any import gains, but gains can be significant on the export side, notably a \$7.8 billion increase in electronics and electrical goods. Somewhat surprisingly, Japan benefits far less than other big traders from trade facilitation, with export gains of \$7.5 billion and import gains of \$5.1 billion. Combined, Japanese export gains of \$30.6 billion are more than double its import gains (\$13.7 billion), and a large share of those benefits derive from broad NAMA tariff reforms. The overall *GDP gains* for Japan

(\$18.6 billion) are smaller than those of the European Union and the United States in absolute numbers; in relative terms, however, Japan is in line with them—0.4 percent of GDP for formula tariff cuts, services, NAMA “top-ups,” and trade facilitation combined.

## Brazil, India, and China

Brazil’s *trade gains* are most prominent in exports of agriculture (\$2.3 billion) and imports of services (\$2.8 billion) and electronics and electrical goods (\$3.9 billion). Overall, Brazilian trade gains would be \$6.0 billion on exports and \$13.9 billion on imports. Formula cuts would boost Brazilian GDP by \$1.5 billion; services reforms would yield benefits of \$1.6 billion; NAMA top-ups would add \$2.6 billion to GDP; and trade facilitation reforms would yield \$3.2 billion more. In total, the boost to Brazilian GDP would be \$8.9 billion or 0.7 percent of GDP—almost double the impact of the Doha package on developed-country economies.

India’s *trade gains* from both the formula cuts and Doha top-ups are much more muted, with the notable exception of import gains in services (\$7.2 billion). Trade facilitation reforms also are important, with export gains of \$2.6 billion and import gains of \$9.1 billion. All combined, India could garner \$7.7 billion and \$20.3 billion in export and import gains, respectively. As a result, India could achieve GDP gains greater than Brazil from an ambitious Doha accord (\$11.8 billion or 1 percent of GDP). Liberalization of services would generate an increase of \$3.6 billion in Indian GDP (0.3 percent) and account for about one-third of India’s *GDP gains* from an expanded Doha accord.

As a result of liberalization undertaken in its WTO accession process, China has low tariff barriers in NAMA relative to other developing countries. China’s agriculture and NAMA *trade gains* are concentrated on the export side, with gains of \$16.8 billion, more than twice as large as its import gains. Conversely, its gains from services reform are predominantly on the import side (\$12.0 billion in imports versus \$4.4 billion in exports). NAMA top-ups would yield greater balance between China’s export and import gains, especially if additional reforms are made in the electronic and electrical goods sectors. Liberalization in the three sectors would increase Chinese exports and imports by \$14.5 billion and \$17.5 billion, respectively. China is also, by far, the largest beneficiary of trade facilitation reforms, with export gains of \$19.9 billion and import gains of \$32.0 billion. Taken together, China would be one of the top beneficiaries of an ambitious Doha accord, with export gains of \$55.7 billion and import gains of \$68.4 billion. Combined, liberalization of goods and services and trade facilitation reforms would boost Chinese GDP by \$52.7 billion or 1.6 percent of GDP.

## Comparing Gains for Developed and Developing Countries

WTO members expect that a final deal should provide relatively larger benefits for developing countries if Doha is to meet its advertised goal of being a “development round.” Overall, we find this to be the case, as reported in tables 1.2 and 1.3.<sup>6</sup>

In absolute numbers, *trade gains* in agriculture are larger for developed countries (\$9.5 billion and \$19.2 billion in exports and imports, respectively) than for developing countries (\$7.7 billion and \$1.4 billion, respectively). In NAMA, gains for the two country groups are of similar magnitude, but developing countries gain more on the export side (\$27.5 billion for exports versus \$16.1 billion for imports), whereas developed countries gain more in imports (\$29.5 billion in imports versus \$23.1 billion in exports). Still, as shown in table 1.3, *GDP gains* from agriculture and NAMA formula cuts for developing countries amount to 0.2 percent of GDP (\$21.5 billion), more than double the percentage increase for developed countries of 0.1 percent (\$34.0 billion).

In services, under a 10 percent liberalization scenario, *trade gains* for developed countries are higher than for developing countries in exports (\$38.9 billion versus \$16.1 billion for developed and developing countries, respectively) but lower in imports (\$14.5 billion versus \$35.3 billion, respectively). *GDP gains* for developing countries reach \$21.5 billion (0.2 percent of GDP) compared with \$18.5 billion for developed countries (0.05 percent of GDP).

In the three NAMA top-ups, the additional increase in trade from sector tariff cuts above the NAMA formula cuts is roughly equal for developing and developed countries on the export side, but developing countries gain more in imports. *GDP gains*, when all three sectors are liberalized, total \$31.5 billion for developing countries (0.3 percent) and \$18.2 billion for developed countries (0.05 percent).

As for trade facilitation (where the numbers are less rigorous), *trade gains* for developing countries exceed those for developed countries, both in exports (\$47.3 billion versus \$39.5 billion for developing and developed countries, respectively) and imports (\$84.0 billion versus \$54.5 billion for developing and developed countries, respectively). *GDP gains* for developing countries might be 0.6 percent (\$60.4 billion) and for developed countries 0.1 percent (\$43.2 billion).

In sum, the broader reforms we recommend would validate a core objective of the venture officially called the Doha Development Agenda: Potential trade and GDP gains for developing countries exceed those for developed countries. Compared with the outcome from the formula cuts, which substantially benefit the richer countries, the broader package of reforms in an expanded Doha Round accord would yield results that are both more ambitious and more balanced among WTO participants.

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6. Note that these results don't incorporate “duty-free, quota-free” reforms, which would eliminate tariffs and quotas on least developed countries' imports.

## Appendix 1A

**Table 1A.1 Comparison between sample and G-20 countries, 2008** (billions of dollars)

Sample group	Exports to world	Imports from world	G-20	Exports to world	Imports from world
<b>Countries that are in both the sample group and G-20</b>					
Argentina	69.8	53.2	Argentina	69.8	53.2
Australia	185.7	211.0	Australia	185.7	211.0
Brazil	199.8	185.3	Brazil	199.8	185.3
Canada	457.3	448.9	Canada	457.3	448.9
China	1,484.1	1,190.0	China	1,484.1	1,190.0
European Union	1,986.3	2,296.5	European Union	1,986.3	2,296.5
India	187.4	300.5	India	187.4	300.5
Indonesia	155.1	137.6	Indonesia	155.1	137.6
Japan	783.1	761.8	Japan	783.1	761.8
Korea	417.5	435.0	Korea	417.5	435.0
Mexico	269.7	304.2	Mexico	269.7	304.2
South Africa	82.4	104.3	South Africa	82.4	104.3
Turkey	132.3	202.0	Turkey	132.3	202.0
United States	1,300.2	2,166.0	United States	1,300.2	2,166.0
Subtotal	7,710.5	8,796.5	Subtotal	7,710.5	8,796.5

<b>Other members</b>					
Colombia	38.7	41.4	France *	606.6	706.7
Malaysia	217.4	187.2	Germany *	1,465.2	1,204.8
Norway	168.0	89.1	Italy *	539.9	556.3
Pakistan	21.8	46.3	Russia	464.0	276.0
Philippines	64.6	76.9	Saudi Arabia	280.2	110.7
Switzerland	189.5	228.4	United Kingdom *	459.9	2,166.0
Taiwan	233.0	229.4			
Thailand	173.2	178.5			
Total trade of sample group	8,816.7	9,873.6	Total trade of G-20	8,454.7	9,183.1
Total trade of sample group as a share of world trade (percent)	72.5	76.2	Total trade of G-20 as a share of world trade (percent)	69.5	70.9
Subtotal as a share of total trade of sample group (percent)	87.5	89.1	Subtotal as a share of total trade of G-20 (percent)	91.2	95.8

\* = these individual member states of the European Union are listed in this table because they are part of the G-20, but their trade numbers are not added to the total since EU trade numbers are already included.

Source: IMF, *Direction of Trade Statistics*, June 2009, for all countries but Taiwan. For Taiwan, UN Comtrade Database through the World Integrated Trade Solution, 2009.

