

preparation was made in terms of thinking through the governance issues.

Over the course of the discussion, a number of observations were made that bear on the question of direction.

First, it was noted that, while most of the issues in the Doha Round are old and basically well-understood (if hard to resolve politically), the really new thing about this round is the active participation of a large number of developing countries—by contrast, developing country participation in the Uruguay Round was largely passive. While some developing countries are playing constructive roles (e.g., China, which has tabled a interesting variation on the tariff-cutting formulae being discussed in the context of non-agricultural market access), others have tabled proposals that include systemically impossible ideas such as providing flexibility to impose tariffs above bound levels, calling their understanding of the system into question (and suggesting in the view of some that they are rather more in need of a Marshall Plan than a trade negotiation!) In a consensus system, this becomes important because to be recalcitrant is to be important and to be wooed. In other words, the incentives as presently constituted are not helpful. While this might not affect the long-run outcome, it certainly complicates and tends to extend negotiations.<sup>6</sup>

The question of direction and objectives cannot be divorced from the question of negotiation modalities: it was pointed out that similar problems faced in the Tokyo Round were resolved in that context by negotiating concessions from the systemically important developing countries while effectively letting the others off the hook. The move in the Uruguay Round to the single undertaking approach, with every issue being interlinked, complicates matters here considerably. Perhaps, it was suggested, the rules of the Round need to be re-thought—e.g., a return to codes?

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<sup>6</sup> Editors' note: By contrast, the early GATT rounds were characterized by a "club" atmosphere in which peer pressure and like-mindedness worked against such a dynamic causing delay and complicating consensus formation.