

Moreover, preferences have proved to be of uncertain benefit even for those receiving them. The utilization of the General System of Preferences (GSP) is weak because of the operation of ROOs. For example, many apparel export contracts stipulate the source of textiles to be used in the manufacture of articles of clothing. Thus, if competitive East Asian textiles are used in South Asian apparel manufacture, the products cease to qualify under the GSP because of the GSP's ROOs.

Supporting development

Success is needed in the current multilateral trade talks, it was suggested, for broader reasons as well: in particular to support development. The Millennium Development Goals, many thought, will not be met ("not even close"). Trade was to have provided the resources and for this a minimal negotiated outcome simply will not do: subsidies must be cut in the rich countries, barriers must come down in middle income countries, reforms are needed in the poor countries. A non-ambitious outcome would not only be deleterious to the reform momentum in the poorer developing countries, it would also mean that aid would have to be maintained at higher levels than otherwise would be necessary. Accordingly, the aim of the Doha Round has to be pitched unambiguously high.

The path to an ambitious outcome

The question of the size of the outcome is not unrelated to the question of the path to the outcome. The challenge for 2005, in the estimation of some observers, was to set the level of ambition, which is implicit in the modalities. Every capital will have to decide what to put on the table. If countries bite the bullet on tough issues, it builds up the size of the outcome. The Round has been kept alive until now by marvelous work by key individuals such as Robert Zoellick, and movement on some key issues (in particular, the EU's pledge to eliminate agricultural export subsidies), but a quantum leap is needed to set up a successful conclusion to the Round.