

The big complication, it was suggested, is the risk of a China-US power struggle emerging as the balance of power shifts and as the role of the US dollar comes under potential pressure.¹⁰ In this regard, a comparison was drawn with Britain looking at the rise of German industrial power in the 1900s. Such tensions could spillover onto the trade system. For the smaller players in the international system, the talk of confrontation between the US and a rising China is unsettling.

Thus, much as it might be wished for by the trade policy community, a simplistic dynamic of macroeconomic policy problems leading to positive, forward-looking trade policy activism simply does not exist. Rather, there is the uncomfortable underlying sense that the combined macroeconomic/geopolitical context embodies risks for the trading system.

Still, it was argued, while the Doha Development Agenda may in the end be a minimal, face-saving round, the trading system will carry on business as usual. Will it?

Attenuating the risks to the system

Some observers sense a certain complacency about the stability of the global trade system with negotiations focused on the "nuts and bolts" while the major pressures that bear on the system go largely ignored. This is hardly unusual: the minutiae debated in

¹⁰ A commentary noted in the roundtable discussions on the implications for the US of the shift in global power is that by Michael Lind, "How the U.S. Became the World's Dispensable Nation", *Financial Times*, 25 January 2005. Lind argues that "It is true that the US remains the only country capable of projecting military power throughout the world. But unipolarity in the military sphere, narrowly defined, is not preventing the rapid development of multipolarity in the geopolitical and economic arenas." In the latter regards, he suggests that "Today the evidence of foreign co-operation to reduce American primacy is everywhere – from the increasing importance of regional trade blocs that exclude the US to international space projects and military exercises in which the US is conspicuous by its absence." As regards foreign central banks diversifying away from the US dollar as reserve currency, there is some evidence that some have done this; however, such diversification has necessarily been made up for by the Chinese and Japanese central banks which have intervened heavily to support the dollar.