The Geopolitics of Multilateralism: 
The WTO Doha Round Deadlock, the BRICs, and the Challenges of Institutionalised Power Transitions

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Abstract

Geopolitical transitions are rare and yet sure events in international relations. Most analysts would agree we live in a time of geopolitical change from a unipolar international system, centered on the USA, to a multipolar configuration of international power, in which the BRICS are among the new poles of power, especially economic power. But the real issue arising from this shift in the global balance of power concerns the relationship between power and international order. What do the BRICS want from the international economic order? Is it possible to identify a unity of purpose among BRICS in relation to the multilateral trading system? The WTO Doha Round of trade negotiations has been caught in the middle of a tangled web created by the new geopolitics of multilateralism. Reforming the multilateral trading rules in order to level the playing field and to reflect a new balance of power, interests, and views is the challenge and main objective of the Doha Round and a necessary step for the WTO as an institution. The current deadlock in negotiations underscores the linkages between geopolitical transformations and the multilateral trading system and, more broadly, the challenges of what might constitute a different kind of great-power transition. Are established powers up to the challenge of peaceful reforms to international regimes and global governance structures? Call it institutionalized power transitions.
**Introduction**

The World Economic Forum’s *2011 Global Risk Report* described ‘global governance failures’ as one of the key emerging risks in the world economy. According to the report, ‘global governance failures create and exacerbate systemic global risks’, and gives as an example of such governance impasse the difficulty in completing the World Trade Organization (WTO) Doha Round of trade negotiations.\(^1\) After ten years of negotiations, the WTO and the Doha Round have been caught in the middle of a tangled web created by the new geopolitics of multilateralism. The current impasse underscores the linkages between geopolitical transformations and the multilateral trading system and, more broadly, the challenges of what might constitute a different kind of great-power transition. Call it institutionalized power transitions.

Geopolitical transitions are rare and yet sure events in international relations. Most analysts would agree we live in a time of geopolitical change from a unipolar international system, centred on the USA, to a multipolar configuration of international power, in which the BRICS are among the new poles of power, especially economic power.\(^2\)

But the real issue arising from this shift in the global balance of power concerns the relationship between power and international order. Political scientist Randall Schweller captures well that problem when he asks: *What sort of global order will emerge on the other side of the transition from unipolarity to multipolarity?*\(^3\) In this connection, classical questions in international relations regain relevance: Are rising powers ‘revisionist powers’ geared towards overthrowing the international order and substituting it to their alternative view? Or are they rising powers with the same interests and views of established powers, ready to be assimilated into the existing international order as ‘responsible stakeholders’ and to share the burden of its management?

The focus of those questions applicable to power transitions and the existing international order tend to overlook two important details: (i) the nature of rules and rule-making in international regimes; and (ii) the possibility that multilateralism may provide—with an emphasis on ‘may’, because this hypothesis has never been tested—an institutionalized way to

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1 World Economic Forum 2011, p. 11.

2 The transformation of the investment portfolio acronym created by Goldman Sachs’ Jim O’Neill in 2001 into an international coalition among Brazil, Russia, India and China took shape in 2009, when their heads of government met for the first time in Yekaterinburg (Russia). South Africa joined the coalition in 2011 at the BRICS heads of government summit in Sanya (China).

3 Schweller 2011, p. 285.
bring about power transitions. Rearrangements of power could be managed institutionally via diplomatic negotiations and reforms of the rules and governance structures at the multilateral level. This institutionalized power transition would be a novelty in international relations, one to which the deadlocked Doha Round does not augur well.

The complex interdependences of a globalized economy make the multilateral trading system even more important. Brazil, China, India, all benefit from the international trading regime. All of them have a stake in preserving the system. This fact was clearly recognized by the BRICS Declaration during the first meeting of its trade ministers on 13 April 2011 in Sanya, China. In it, they:

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\text{stressed} (\ldots) \text{the importance of a strong, open, rule-based multilateral trading system, embodied in the World Trade Organization, for providing a stable, equitable and non discriminatory environment for international trade. They committed themselves to helping preserve and strengthen the multilateral trading system, as well as to making it increasingly supportive of economic and social development.}
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Nevertheless, in strengthening the multilateral system, it is essential to recognize that a number of WTO specific rules accommodate decades of trade-distorting policies and practices by established economic powers. Rights and obligations are tilted in their favour. Despite the advantage of basic principles (‘most-favoured nation’ and ‘national treatment’), the rules of the trading system evolved in an unholy alliance, among established powers, between selective liberalism (defining sectors that should be protected from trade liberalization) and carve-outs in the rules (to accommodate political sensitivities and to preserve policy spaces). In agriculture trade, for instance, obligations applying to Brazil, China, and India are significantly stricter than those applying to the USA, EU, and Japan.

This should not come as a surprise, for established powers made those rules over several rounds of trade negotiations. Those rules embody a balance of priorities that no longer is supported by economic power realities. The world has changed profoundly over the last decade. Reforming the multilateral trading rules in order to level the playing field and to reflect a new balance of power, interests, and views is the challenge and main objective of the Doha Round and a necessary step for the WTO as an institution.

**Shifting Balance of Economic Power and the International Trade Regime**

There is a clear historical correlation between the balance of power and the rules of the multilateral system. In the past 60 years or so, asymmetries of power were a necessary
component to the updating of the trade regime. Today, reforms need to take place in the shadow of an increasingly more symmetrical balance of economic power and interests.

Concluding rounds of trade negotiations were not very difficult in the past, given the right amount of power and pressure. The power configuration prevailing at the establishment of the GATT in 1948 and throughout its rounds of negotiations was clear: The USA and Europe were the trade powers and rule-setters of the multilateral trade regime. To give one example, the conclusion of the Uruguay Round came only after an agreement was struck between the USA and Europe on agriculture trade (The Blair House Accord in 1992), which was presented to the whole membership as a _fait accompli_. The bargain accommodated their reciprocal interests and, as a result, agriculture remained the most distorted part of international trade, lagging behind all other areas in terms of regulation and disciplines.

The Doha Round started in 2001 with the goal of reforming the current international trade regime. Agriculture trade—that symbol of protectionism and distortions—was central to the negotiations. The Doha package also included other areas, such as industrial goods and services, plus a number of specific issues, such as anti-dumping and trade and environment.

But the Doha Round was caught in the middle of a tectonic shift in the global balance of economic power. The rise of China, Brazil and India, among other emerging countries, had an impact on the WTO negotiations and affected the negotiating structure and processes. A few examples illustrate that change in economic power. The two graphics below show the relative economic change in terms of shares of world GDP (in Purchasing Power Parity). The first in 2001 at the beginning of the Doha Round (figure 1); the second ten years on in 2011 (figure 2), which coincides with the DDA timeframe so far:

**Figure 1 – The global GDP shares (PPP) in 2001 (percentages)**
Figure 2 – The global GDP shares (PPP) in 2011 (percentages)

Source: IMF (2011)

The third graphic shows changes in terms of shares of world trade between 1948 and 2009:

Figure 3 – World trade shares between 1948 and 2009 (percentages)
Over the past decade, the BRICS’ global GDP and international trade have significantly changed, dislodging traditional poles of economic power. The Doha Round negotiating history takes shape precisely in the shadow of this new global balance of economic power, and so does the current negotiating deadlock.

**Multilateralism and Institutionalized Power Transitions**

There is today a growing incongruity between rising multipolarity and existing multilateralism, between economic power and international economic order. To know ‘what sort of global order will emerge on the other side of the transition from unipolarity to multipolarity’ depends largely on the existing mechanisms set in place to carry about the process of change.

Reverting to the structural trend towards multipolarity would be difficult—though of course it is not an impossible geopolitical scenario. Part of the debate on the rise of China seems to be predicated on the assumption that the international system is moving from a unipolar configuration centred on the USA to another unipolarity centred on China. But the essence of multipolarity is actually that no pole is dominant, all share a relatively similar, though not equal, power weight. This is already the case in terms of economic power.

The real question then becomes how to solve the mismatch between shifting economic power and the existing global economic order and governance. Robert Gilpin’s classic *War and Change in World Politics* is a good starting point. According to Gilpin, it is possible to understand the inter-temporal mismatch between changes in power and the international order in the following analytical sequence:

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4 Brazil, China and India play an increasingly sectoral preponderance in international trade, respectively, in agriculture and commodities, manufactured goods, and services.

5 Another game-changing geopolitical scenario would be the formation of a G-2 condominium between the USA and China, the sort suggested in 2009 by Zbigniew Brzezinski. But the likelihood of this great-bargain scenario needs to take into account how such condominium would be absorbed within both country’s domestic political systems and regional arrangements in Asia, as well as whether China would be prepared to undertake alone with an indebted USA the burdens of providing global public goods, while still needing to complete its own process of economic development and risking to be isolated from other poles of power in a multipolar world. Unless conceived as a tactical move to enfold China, the G-2 great bargain would also require the US to be politically and geopolitically comfortable with the position of a ‘normal power’, instead of the self-perception of an “exceptional power”. Thus, in the foreseeable future, the political and geopolitical risks and costs of cooperation in a G-2 condominium are higher than their possible advantages.

• The international order is established to advance particular sets of political, economic and other interests;
• The structure of the international order—its regimes, institutions, principles, values—tends to reflect those interests and values of the main actors;
• The particular interests that are most favoured reflect the relative power of the actors involved;
• Although the international system imposes constraints on the behaviour of all actors, the behaviours rewarded and punished will coincide, at least initially, with the interests of the most powerful states in the system. Great powers lock in a favourable international order and project it into the future;
• Over time, however, the international balance of power changes, and new powers seek to alter the system in ways that favour their interests. This can be a reform within the order or the complete overthrow of the system.

In Gilpin’s view, the political precondition for change is precisely the disjuncture between an existing international order and a new balance of power. The dynamics of change to overcome that mismatch can be portrayed in the classical political conflict between conservatism (established powers) and revolution (revisionist powers). For Gilpin and other realists, war would be the final arbiter and historically the decisive factor to the dawn of a new international order. Reforms within the international order are rare events.

Henry Kissinger’s *A World Restored* deals with the ‘revolutionary challenges’ to the established world order. According to Kissinger, the accommodation of the revolutionary powers within the existing international order is impossible, for their main goal is the very overthrow of that order. ‘Whenever there exists a power which considers the international order or the manner of legitimizing it oppressive’, Kissinger argued, ‘relations between it and other powers will be revolutionary. In such cases, it is not the adjustment of differences within a given system which will be at issue, but the system itself.’ Diplomacy loses meaning in a revolutionary international system, for the adjustment of interests and differences require a legitimate international order, in which the power constellation and the rules of the system are accepted by all geopolitical players.

On a different note to solve the impasse between power and order, Princeton University’s political scientist John Ikenberry advises not to worry in his *The Future of the Liberal*
World Order. He argues that even if we have a complete change in power configurations, the liberal principles of the international economic order are so embedded in the international regimes and organizations that they will remain solid, despite relative changes in the balance of power. In a similar vein to Fukuyama’s ‘end of history’, Ikenberry implicitly makes the case for ‘the end of the international order’—both sharing a common liberal end. The corollary to this argument leads to Robert Zoellick’s idea that the BRICS should act as ‘responsible stakeholders’, that is to say, to share the burden of an unreformed international order, whose rules are tilted towards established powers, and be happy to be part of the club. This is hardly the recipe of international legitimacy.

Kissinger’s and Ikenberry’s approaches reflect to some extent Schweller’s three geopolitical scenarios for the future of the international order. The first, ‘great-power conflict’, foresees a systemic conflict as the order changer; the second, ‘great-power concert’, suggests the logic of adaptation and accommodation of rising powers under the existing multilateral rules. Schweller calls the third – and what he views the most likely scenario – ‘time’s entropy’, in which ‘international order will become increasingly scarce’, as ‘its old architecture becoming creakier and more resistant to change’.

It is possible to envisage, as an alternative scenario of power transition, a variation of the ‘great-power conflict’ and ‘great-power concert’ scenarios, thus avoiding Schweller’s ‘time’s entropy’. In a world where the geopolitical, multilateral and transnational are integral dimensions of international power politics, an inter-dimensional approach to power transitions is clearly required.

One interesting—and often overlooked—feature of the multilateral dimension, with its regimes and international institutions that embody those regimes, is that it may allow for reform and, therefore, for power transitions to take place in an institutionalized and peaceful fashion. Diplomacy, geopolitics and multilateralism become deeply connected. International conflict, as well argued in a recent paper, becomes institutionalized.

Amrita Narlikar, a professor of international relations at Cambridge University, is on the mark to focus on negotiating processes rather than pure structures to analyze how Brazil, China

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8 Ikenberry 2011.

9 This is a phrase repeatedly used by Zoellick as exemplified by his statement in: Zoellick 2005.

10 Scheweller 2011, p. 287.

and India bargain for their rise at the multilateral chessboard. ‘Negotiation behaviour’, writes Narlikar, ‘is an important indicator of the motivations driving rising powers and the impact that they might have on the balances of power as well as the norms that underlie the system.’

In this light, neither all rising powers are necessarily revolutionary in nature, nor are all international regimes underlying the global order shaped to be eternal. We are not living in a period of revisionisms, but of adjustments and reforms to the existing rules and structures that underlie the global order. Today’s rising powers are ‘status-quo powers’.

Properly understood, there is no contradiction between ‘status-quo’ and reform. Hans Morgenthau made this distinction between the two faces of ‘status-quo policies’, for they are commonly understood by their first static nature—keeping things as they are. However, status-quo policies have also a second dynamic nature: rising powers would be looking for adjustments of power positions within the existing international order. Changes would occur by reforming the rules of international regimes and the governance structures to accommodate a new balance of power and views. It is not the case of adding up new powers to the unreformed edifice of the international order, nor to construct an entirely new building from a demolition site. Rather it is the case of reforming the internal rules and structures of that edifice. And it is precisely the unwillingness of established powers to adjust—so well represented in the Doha Round deadlock, but also in the UN and the IMF—that seems to block nowadays the possibility of institutionalized power transitions at the multilateral chessboard.

Being a post-Bretton Woods institution, the WTO is a special institutional case to test institutionalized power transitions, because its decision-making structure is flexible enough to translate geopolitical transformations into the multilateral trade regime negotiations. As opposed to other international organizations in the global multilateral architecture, created in the aftermath of World War II, decision-making at the WTO has not frozen a certain geopolitical configuration whose time has passed—as in the case of the IMF voting system, based on quotas, and the UN Security Council veto system.

Theoretically, institutionalized power transitions via the multilateral chessboard do not eliminate the possibility of war as a way to solve the mismatch between new geopolitical powers and old international order. What it does is simply—but very importantly—to create the political alternative of a peaceful power transition beyond mere cooptation. The BRICS are already veto-

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12 Narlikar 2008

13 Morgenthau 1985, p 53 and 56.
wielding players and rule-setters at the WTO. But that is not enough. For the institutionalized power transition to take place, established powers must be ready to play the reform game. Arguments that emphasize the differences among the BRICS and the difficulties of its members to coming up with common positions are lagging behind the evolution of diplomacy and miss two important points: (i) the BRICS are already a political reality; and (ii) the BRICS display a solid political unity in favour of reforms in the rules and structures of the existing international order.

The Anatomy of a Deadlock: Are Established Powers Responsible Stakeholders?

Ministers met in Geneva in December 2011 for the 8th WTO Ministerial Conference. The formal accession of Russia to the WTO was clearly the highlight of the Conference. As for the Doha Round, the last real chance of an agreement was the Geneva Mini-Ministerial meeting in July 2008. The provisional agreements reached at that stage in the key areas of Agriculture, Industrials (NAMA) and Services were reflected in the December 2008 draft modalities texts. Over those many years of negotiations and trade-offs, it was certainly possible to craft a Doha package that was both balanced and ambitious across all areas of the negotiations. The provisional agreement represented an important step in levelling the playing field.

A few weeks after this failure to conclude the Round, the onset of the financial crisis in September 2008 created a new and completely different economic scenario. With anxieties about economic globalization and unable to politically arbitrate the inevitable balance among domestic winners and losers in international trade negotiations, the USA started to demand a selective reopening of the December 2008 package. According to this view, the necessary condition to close the Doha Round was ‘more ambition’ from ‘advanced developing countries’ (China, India and Brazil)—i.e., more market access in sectors where the US feels competitive in global trade. This approach would effectively negates years of trade-offs in negotiations and upset the delicate equilibrium reflected in the December 2008 package.

Reasoning that no agreement would be possible without appeasing the US, the EU and other allies joined forces in this approach. But given the horizontal nature of the game, more ambition in NAMA would not be possible without equivalent ambition in agriculture market access—a level of ambition beyond the current draft modalities. The disingenuous negotiating

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14 Thus, it is not a matter of ‘soft balancing’, for it assumes the unreformed structure of the rules of the international system. To understand the debate, see Pape 2005; Brooks and Wohlforth 2005.
proposition seems to be that NAMA or services liberalization should change for more ambition, while agriculture remains stabilized.

Despite continuous efforts, progress in the Doha Round remains elusive. Over the months, bilateral meetings among the USA, China, Brazil and India revealed unbridgeable gaps and, more fundamentally, two different and opposite conceptions of the Doha Round: development and graduation. The Round started with a development mandate, to combine free trade with development objectives\(^\text{15}\); the rules of the game started to change in 2008, to favour free trade in sectors where established powers are still competitive, while maintaining their flexibilities to preserve policy spaces and to protect some domestic sectors. The Economist got it right:

}\begin{quote}\textit{America sees the Doha talks as its final opportunity to get fast-growing emerging economies like China and India to slash their duties on \textit{[manufactured goods]}, which have been reduced in previous rounds but remain much higher than those in the rich world. It wants something approaching parity, at least in some sectors, because it reckons its own low tariffs leave it with few concessions to offer in future talks. But emerging markets insist that the Doha Round was never intended to result in such harmonisation. These positions are fundamentally at odds.}\end{quote}\textit{\textsuperscript{16}}

An important development in recent times is the coordination among the BRICS in the WTO discussions. The BRICS held trade ministerial meetings in Sanya (April 2011) and in Geneva during the 8\textsuperscript{th} WTO Ministerial Conference (December 2011). From these occasions, it is possible to identify an emerging BRICS’ outlook on international trade policy:

\begin{itemize}
  \item The critical role played by international trade in stimulating economic growth and development;
  \item The centrality of the multilateral trading system and the vital role of the WTO as the guardian of the international trade regime;
  \item The need to strengthening and reforming the current international trade regime through the conclusion of the Doha Round to address in particular the concerns and interests of developing countries;
\end{itemize}

\textsuperscript{15} The centrality of agriculture and the development dimension has been the driving force of the G-20, a coalition of developing countries acting in the Doha Round that includes, among others, Argentina, Brazil, China, India, Indonesia, South Africa.

\textsuperscript{16} The Economist 2011, p. 81
• The commitment to concluding the Doha Round based on the mandates multilaterally agreed since the launching of the Round in 2001 and on the delicate balance of trade-offs achieved over the last 10 years, which are also reflected in the draft modalities texts of December 2008;
• The view that plurilateral trade agreements should not be a substitute to multilateralism and its values of openness and non-discrimination;
• The central role of the WTO in monitoring the implementation of the multilateral trade disciplines and commitments, including in the key area of dispute settlement, to keep protectionist forces at bay;
• The agreement that all forms of protectionism must be resisted and that protectionism is not limited to tariff measures. Trade distorting subsidies granted by developed economies, particularly in agriculture, are one of the most harmful forms of protectionism;
• The continuous development of an institutional framework and concrete measures to expand economic cooperation both among BRICS countries to further expanding economic, trade and investment ties and between BRICS countries and all developing countries, within a South-South perspective;
• The recognition that the BRICS should play a leading role in South-South cooperation and aid-for-trade initiatives, including technical cooperation in areas which are especially relevant to African countries.

This reform-oriented outlook can hardly be construed as an attempt to weaken the multilateral trade rules and structures. But what underlies this outlook is a new fact of international life in the process of reforming the trade regime—the tectonic shifts in the global balance of economic power from the bipolar economic world of the past, centred on the US-EU preponderance, into a much more complex multipolar economic world.

Conclusion

In his report to the Trade Negotiations Committee (TNC) on 29 April 2011 assessing the state of play in the Doha Round, the Director-General Pascal Lamy reminded WTO members of the dangers of the impasse:

*Failure of the WTO to deliver on its legislative function, failure of the WTO to update the rules governing international trade—last updated in 1995—by adapting them to the evolving needs of its*
Members, failure of the WTO to harness our growing economic interdependence in a cooperative manner risks a slow, silent weakening of the multilateral trading system in the longer term. And with this, a loss of interest by political leaders in many quarters, an erosion of the rules-based multilateral trading system, a creeping return to the law of the jungle.

Lamy is right to point out that the multilateral system should not be taken for granted. It requires leadership and continuous adaptation to be preserved. History does not seem to support hopes that the current international order—with its values, principles, rules, organizations—will outlive by pure inertia the profound geopolitical transformations of the 21st century. And that is precisely the case in the WTO, where the current trade regime established in the Uruguay Round is resting on the inertia of an economic power configuration that no longer exists.

But the real question remains unanswered: Will established powers act as responsible stakeholders in dealing with power transitions and accept the institutionalized reform of the international order? In the case of the WTO, the question is not whether the BRICS can accept the international trade regime, but rather whether established powers can accept an international trade regime based on rules that are no longer tailor-made to their interests and concerns; whether they can live with an effectively levelled playing field.

Overcoming the Doha Round negotiating deadlock—by concluding it based on past trade-offs and by preserving the single undertaking and the core Doha mandate and objectives—would be a significant first step in the direction of institutionalized power transitions via the multilateral chessboard, a peaceful power transition reflecting the new multipolar economic reality. This geopolitical window of opportunity will not be open forever.

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