Congress Faces Key Decisions as Efforts to Reach Doha Agreement Intensify

What GAO Found

The Doha talks remain deadlocked, and their ultimate success is uncertain. However, the recent resumption in negotiations and renewal decisions facing Congress in 2007 create a window for breaking the deadlock.

- Regarding agriculture, WTO members differ sharply over how much to reduce barriers that distort production and trade, namely import restrictions such as tariffs (import taxes) and government payments and other “domestic support” to farmers. As the world’s largest agricultural exporter, the United States is seeking to sharply reduce foreign barriers to U.S. exports and has insisted on attaining greater promise of commensurate market access gains before agreeing to further cut its trade-distorting payments to U.S. farmers. The European Union (EU) is among the major agricultural players that have resisted this, and it has joined forces with developing countries in demanding U.S. subsidy cuts far beyond those already offered. In particular, the EU and developing countries have pressed the United States to cut subsidies below current spending and to disavow certain programs that could lead to future increases.

- Regarding development, members remain divided over how the WTO can best promote economic growth and reduce poverty in the developing countries. Despite their diverse interests, developing countries maintain solidarity in pressing myriad demands for special treatment that would shield them from liberalizing their own imports. The United States believes such liberalization is not only critical to fostering development, but needed for WTO members to maximize the likely economic gains to both developed and developing countries, and to offset anticipated losses for some countries.

Participants and observers offer mixed views on the implications if Doha is not successfully concluded. Some warn of forgone economic gains, a weakened global trading system, and a more difficult U.S. trade policy environment. Others suggest that the ramifications are much more limited. Congress faces renewal decisions in 2007 on two key pieces of legislation—Trade Promotion Authority and the Farm Bill—that could spur a breakthrough and be pivotal to the trading system and the future U.S. role in it.