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Critical review

Changing power relations in the WTO – Why the India–U.S. trade agreement should make us worry more, rather than less, about global trade governance

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A R T I C L E I N F O

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A B S T R A C T

This review offers a critical reading of the November 2014 India–U.S. trade deal that unblocked an impasse in the World Trade Organization's (WTO) Doha round and considers what it means for the way we govern global trade. It argues that the agreement, rather than being a 'victory' for the developing world or a cause for celebration, may simply reinforce an unfair and problematic system of distributing trade opportunities among WTO members. It may also obscure further the need for a fundamental overhaul of the way global trade is governed. In so doing, the review speaks to broader debates about what happens when 'rising' powers replace established states in global institutions in the absence of wider processes of reform; and it adds to growing concerns about the increasing precariousness of least developed countries (LDCs) in international economic regimes.

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Introduction

In mid-November 2014 India and the United States reached a deal clearing the way for a package of trade measures agreed at the World Trade Organization's (WTO) December 2013 Bali ministerial conference finally to be implemented (Wilkinson et al., 2014). The deal—which unlocked an impasse that had arisen in July 2014 and which modifies the decision on *Public Stockholding for Food Security Purposes* to extend indefinitely the protection afforded to developing country agricultural stockholding programmes from challenges under the WTO's dispute settlement mechanism until a 'permanent solution' can be negotiated—was greeted in many quarters with relief and welcome, and as a signal that the Doha round might actually be moving towards something like a conclusion (Business Standard, 2014; Mehra, 2014; Wolfgang, 2014; Needham, 2014; Kumar et al., 2014; also Donnan, 2014; Elliott, 2014). It was also seen as something of a victory for India. The BBC's Sanjoy Majumder (2014), for instance, suggested India's actions had contributed to saving the WTO from what the organization's Director General (DG) Roberto Azevêdo's had previously suggested was 'the most serious situation that this organization has ever faced' (WTO, 2014). He also suggested that it had

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strengthened India's role of as a 'firm leader' and champion of the global poor.

What is noteworthy about much of the post-agreement commentary is that it takes the deal as sure evidence that positive effects will result from changes in the distribution of power in the multilateral trading system. Yet, while it is certainly the case that a greater diffusion of power can—in the abstract—be positive for the governance of global trade, we celebrate India's 'victory' at our peril. While it may be the case that the India–U.S. agreement enables the Doha round to move forward, the history of the multilateral trading system tells us that such forward movement is unlikely to result in broad-based, equitable, development gains. Indeed, it is more likely that the agreement will serve to reinforce the long-run tendency in multilateral trade negotiations to produce bargains that buttress and exacerbate existing inequalities in the distribution of trade and related economic opportunities. What we should be doing, instead, is seeing the India–U.S. agreement not as an antidote to the ills of the multilateral trading system but as symptomatic of much that is wrong therein and as yet another example of a small number of large trading powers dominating negotiations while at the same time holding the rest of the membership hostage to their special interests.

This critical review explores why we ought to think more critically about what the India–U.S. agreement means for the way we govern global trade and not get side-tracked by the collective sign of relief that occurs when *something* happens that appears to have broken a deadlock in multilateral trade negotiations. It explores how the agreement may simply reinforce an existing and problematic way of distributing commercial opportunities among WTO members as well as what might result should movement forward in the Doha round take place on the basis of the agreement and the operationalisation of the Bali package. In so doing, the review speaks to broader debates about what happens when 'rising' powers replace established states in governance regimes in the absence of wider processes of reform (Hopewell, 2014; Kahler, 2013; Scott and Wilkinson, 2013); and it underscores Amitendu Palit's (2015) claims in an earlier issue of *Geoforum* that least developed countries (LDCs) are increasingly precariously placed in global economic regimes by casting doubt on the capacity of the multilateral trading system to offer shelter to the most vulnerable and least able.

What the India–U.S. deal *really* means for the way we govern trade

The India–U.S. deal is not, as many claim, a antidote for an ailing form of trade governance. Rather, it is an agreement that enables trade governance to continue in the same way that it always has—that is, as a system which distributes commercial opportunities disproportionately to the largest and most significant trading powers while at the same time offering little that is of comparable value to smaller, less able developing and least developed countries. In this way, the India–U.S. agreement merely replicates the manner in which multilateral trade deals have always been done (thereby adding further credibility and precedent to continuing to do deals in this way); and it ensures that the actual substance of what the India–U.S. agreement generates, not only in terms of moving the Doha round forward but also within the broader context of the distribution of economic opportunities across the lifecycle of the multilateral trading system, will be asymmetrical and limited for the vast majority of WTO members.

What is interesting about the India–U.S. agreement is not so much that it unlocks the post-Bali deadlock but that the brokering of the deal happened in a way that is entirely consistent with the manner in which multilateral trade negotiations have always been conducted. Often forgotten in analyses of the way the multilateral trading system works is the fact that the negotiation machinery is not a neutral, technocratic device that manages the flow of world trade for the gain of all involved. It is a fundamentally political mechanism the character of which is determined by the interactions of its member states. These interactions are not mere instances of co-ordination, collaboration and mutual assistance. They are at root adversarial encounters designed to leverage trade advantages that are of greater benefit to domestic rather than foreign interests. This is a somewhat obvious—but nonetheless important—point because it helps us see that in large part the WTO is a forum in which competition among member states over trade advantages takes place and that the outcome of that competition (that is, what has been, and who has 'won') forms the basis of the way trade is governed globally (see Wilkinson, 2014: 45–78). It is not, as a result, a forum intrinsically designed to promote trade co-operation. If it were then the primary goal would be the conclusion of deals designed to promote absolute and reasonably equitable gain and not to mediate in a competition among members to secure individualistic gain and relative advantage.

Competition not co-operation

Why does this matter? It matters because it helps us see that a global trade regime governed by competition and not co-operation is unlikely to distribute welfare gains equitably among members; nor is it likely to make a major contribution to the elimination of extreme poverty precisely because it is the strongest and most powerful that benefit most from adversarial systems. Pitching member states against one another in strategic games wherein few hard-and-fast rules exist, where myriad strategies are deployed in pursuit of a deal, and where the bulk of negotiating takes place away from the scrutiny of others, inevitably produces asymmetrical bargains. These bargains, in turn, produce trade opportunities, rules governing the conduct of negotiations and procedures for the administration of the system that affect all aspects of the system's operation but which inevitably favour the interests of the strongest and most powerful.

Certainly other aspects of the system are important—such as the dispute settlement system, trade policy review mechanism, and the technical and support services offered by the secretariat—but in themselves these are not going to drive forward the kind of trade opportunities the poorest and least developed need. It thus remains the case that the primary means of governing global trade and of distributing commercial opportunities is through competitive bargaining among 160 members all of whom seek at a minimum to maintain—and preferably to extend—their advantages.

Organising a system of trade governance in this way has two effects. First, it ensures that negotiations will always be highly contested affairs and exude a propensity towards crisis and collapse—as the passage of the Doha round amply shows but which also has been evident across the multilateral trading system's history (see Wilkinson, 2006). Second, in the absence of a clear preponderance of power, an agreement between leading adversaries (such as India and the United States) or a capacity to bring members together around specific and shared issues, negotiations will tend towards stasis—as they have frequently in the Doha round.

Bargaining among unequals

Yet, before we are able to think about how global trade governance might be reformed, we need to recognise that it is not just negotiating among unequals *per se* that is the problem. It is that the vast majority of WTO members are excluded from negotiating in the first place. Member states do not just come to the