

# Mandelson regrets loss of Doha “insurance policy”

(30 July 2008)

Peter Mandelson's remarks to the TNC in Geneva this morning sum up the basic line being taken by our press office on events last night.

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Full remarks:

“Colleagues. Yesterday we failed. Today and tomorrow we have to face up to the consequences of our failure. We did not fail for lack of time. We failed because we lacked the political will to close the final gaps. Despite the extraordinary leadership and determination shown by Pascal Lamy, he has concluded, and we must now conclude, that these cracks cannot be papered over. In the end we were not able to bring on board the coalition of the unwilling we encountered in the final stretch.

This failure weighs heavier because it comes so quickly after a week of genuine success. What we achieved in the first stages of this Ministerial massively exceeded most people's expectations. We had had agreement on 90-95% of the issues at stake in modalities. This was a deal within reach. I believe that people will look at the question on which this round broke – or the gap of figures within it - and shake their heads in disbelief.

Europe came here to negotiate. It's easy to portray us as a house divided because of course, there are always tensions in a family of 27. But we were and are united in our belief in an ambitious Doha Round.

We tabled offers in both agriculture and NAMA that not only went further than any previous EU trade liberalization offer, but further than *any offer, by anyone*, in a multilateral trade round. Not perfect, but not bad either.

- A sixty percent average cut in the EU's farm tariffs.
- An 80% cut to our trade distorting subsidies.

- Cuts in our industrial tariffs that would have left us with an average tariff of barely 2% and no tariff over 6%.

The outline deal on the table offered twice as much in terms of tariff cuts than the Uruguay Round, *in the OECD area alone*.

This package would have not just *reformed* farm trade, but *protected* those reforms and the farmers who shoulder them from further international pressure and legal challenge.

Unprecedented reform. New market access. An end to trade distortions. New south-south trade. Only Doha could have delivered these things in a single package. What would have been a huge collective success, must now be counted a massive collective failure.

So, collectively, we must reflect. First, let's recall, we are still the custodians of the multilateral trading system, the shareholders in the WTO.

We have just lost the insurance policy that would have bound in the openness of the global economy. We have lost the opportunity to put in place the openness that we need not just for next year, but ten years from now. The decisions we take now are not for tomorrow but for how we want the international trading system to be functioning and performing a decade or more from now. That was the perspective that ultimately did not weigh sufficiently with some.

There will be opportunity costs from failure. We will spend the next decade counting them. But we have a responsibility to ensure that the failure of this trade round does not weaken the WTO or strength of the trading system at a time of turmoil and growing protectionist sentiment.

Equally we have a duty to the principle at the heart of the Doha mandate: the principle that a global trade agreement can be put at the service of development. There is no law that says that only the few or the rich will benefit from globalization. That is not the globalization we were building here.

All the economic estimates suggested that the biggest beneficiaries of the Doha Round in terms of growing GDP would have been developing countries.

Today we have lost an agreement that would have fundamentally reformed the way the rich world supports its farmers so that these policies no longer squeeze farmers in the developing world.

We have lost an agreement that would have brought trade justice to the cotton trade and a solution to the banana wars after sixteen years of insecurity for banana growers

We have lost the chance to extend from the EU to others the principle that the very poorest should pay nothing to export to those richer than them.

A system of trade rules matters for all of us, but it matters for the poorest most. Ultimately, that obligation to development is bigger than the Doha Round. So we must find a way to keep these ideas alive.

Rather than focus on blame, this is the moment to ask why we failed. To ask why, when we had so much on the table, we nevertheless let it slip past us. Why our failure to bridge *one small difference*, in one area of the negotiation has left us with a much larger failure on our hands.

So in the autumn, after a summer of reflection, we must renew our dialogue, nurture our relationships. Talk like adults about where we go from here. None of the politics in our countries will get any easier. Our job is not to resign ourselves to the inevitable but to define for ourselves what is inevitable or not. So my team and I look forward to returning to Geneva, not to take up where we left off, but to make sure what we have is not entirely lost".