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Highlights

Highlights of [GAO-05-538](#), a report to the Chairmen, Senate Committee on Finance and House Committee on Ways and Means

Why GAO Did This Study

The outcome of ongoing World Trade Organization (WTO) negotiations is vital to the U.S. economy, because trade with WTO members accounts for about one-fifth of the U.S. gross domestic product. The current round of trade negotiations—called the Doha Round—was supposed to end by January 2005 with agreement on the key issues of agriculture, industrial market access, services, and to strengthen the trading system’s contribution to economic development. Failure to reach any agreement at the last WTO ministerial meeting in Cancun, Mexico, in September 2003, put the talks behind schedule and threatened the outcome; however, talks resumed in 2004, and a new ministerial conference will convene in Hong Kong in December 2005. In light of these events, and with the impending renewal decision on U.S. Trade Promotion Authority, which streamlines the process by which Congress approves trade agreements, GAO was asked to assess (1) the overall status of the Doha Round negotiations, (2) progress on key negotiating issues, and (3) factors affecting progress toward concluding the negotiations.

www.gao.gov/cgi-bin/getrpt?GAO-05-538.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347 or yagerl@gao.gov.

WORLD TRADE ORGANIZATION

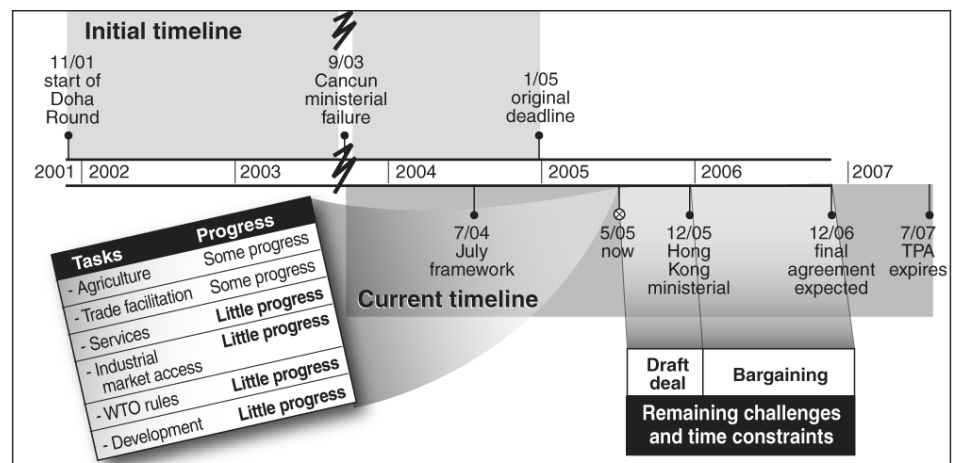
Global Trade Talks Back on Track, but Considerable Work Needed to Fulfill Ambitious Objectives

What GAO Found

During 2004, Doha Round negotiations got back on track as trade ministers signed a framework agreement known as the “July package.” By committing to eliminate agricultural export subsidies, the agreement’s main achievement was to recognize the importance of agriculture in the round and thus reopen talks on other issues. Since this breakthrough, negotiations are picking up momentum, as WTO members are working toward deadlines for more detailed agreements at the December 2005 Hong Kong ministerial conference. Yet despite the improved negotiating atmosphere, the talks are behind schedule, and considerable work remains on the numerous issues that must constitute a final agreement.

Progress has been uneven on the six negotiating issues identified as central to the Hong Kong meeting—agriculture, trade facilitation (customs reforms), industrial market access, services, WTO rules, and development issues. The United States has particular reform interests in the first four of these issues. Progress has occurred on two of them: in agriculture, based on agreements in the July framework, and trade facilitation, for which talks have finally been started. However, little progress has been made on industrial market access and services, two other issues of interest to the United States.

Several factors could affect progress in the critical period leading up to the December 2005 Hong Kong ministerial. Achieving consensus among the WTO’s 148 members is a challenging task, and diverse economic incentives and competing visions add complexity to the negotiations. Cooperation by the United States, the European Union, and some of the developing countries is also seen as key to a successful conclusion before U.S. Trade Promotion Authority expires in mid- 2007, an implicit deadline for the talks.



Source: GAO analysis of WTO data.