

Doha deal could boost world GDP \$300-700 billion: study

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GENEVA (Reuters) - A successful Doha round trade deal could boost the global economy by \$300-700 billion a year, a study by the Peterson Institute for International Economics said.

The figures that the Washington-based institute calculates are similar in size to stimulus packages deployed by the biggest countries to tackle the economic crisis, and underline how much is at stake in the long-running talks.

Delays in completing the round, now in its eighth year, prompted two leading trade economists at the institute -- Gary Clyde Hufbauer and Jeff Schott -- to examine the potential benefits.

The economists estimated the boost to global exports from concluding the Doha Round could range between \$180 billion and \$520 billion annually, depending on how far-reaching an eventual deal turns out to be.

"The potential GDP gains are significant, between \$300 billion and \$700 billion annually, and well balanced between developed and developing countries," they said.

World leaders have called for the round, launched in the Qatari capital in 2001 to help poor countries prosper through trade, to conclude next year.

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Key trade ministers will meet in Delhi early next month to relaunch the talks, which collapsed in July last year at the World Trade Organization (WTO), largely through differences between the United States and big emerging countries such as China and India over measures to protect subsistence farmers from floods of imports and eliminate duties in some industries.

It is notoriously difficult to quantify the possible gains from a new trade deal because there are so many variables.

Estimates vary widely, with some more skeptical economists seeing few benefits, especially for developing countries.

World Trade Organization Director-General Pascal Lamy has put the gains to the global economy at \$130 billion but that conservative estimate largely reflects the savings on existing trade flows from cutting tariffs as proposed in the talks.

The Peterson economists looked at the impact on exports and imports of cutting tariffs and subsidies in agriculture and industrial goods, examine the broader impact on the economy, and then look at the possible impact of some proposed deals -- some of which are still far from agreement.

Proposed agreements in agriculture and industrial goods would increase exports by \$65 billion a year, pushing up world gross domestic product by \$100 billion annually, they said.

"The reason GDP gains are so large is that both imports and exports contribute to economic efficiency and income growth, and world two-way trade gains are more than double export gains alone," they said.

Proposals to create duty-free zones in the chemicals, electronics and environmental goods industries -- sought by the United States but resisted by China and some other countries -- would increase exports by a further \$57 billion and the world economy by a further \$104 billion a year, they said.

Liberalizing services such as banking and telecoms could add another \$56 billion to exports and \$100 billion to world GDP.

Helping developing countries trade more effectively by developing ports and customs, easing red tape and improving the service sector could increase world exports by \$340 billion and world GDP by \$385 billion, they said.