

WTO Symposium 25-27 May 2004

Report on the panel:

Does the WTO Still Enjoy Priority?

Organised by UNICE and BDI¹

Participants: Peter Naray (ITC): Chairman
Reinhard Quick (UNICE): Speaker
Herbert Oberhaensli (Nestlé): Speaker
Rodolphe Munoz (University of Liège): Speaker
T.S. Vishwanath (CII²): Speaker

The power point presentations by Reinhard Quick, Herbert Overhaensli and Rodolphe Munoz are available by contacting avh@unice.be.

Introduction

The main objective of the panel debate was to examine, in the light of renewed interest in bilateral trade negotiations, whether business still considers the WTO to be the priority for trade policy.

Presentation by Reinhard Quick

Mr Quick emphasised that that the WTO remained the priority for European business but also underlined the problems in the DDA negotiations. Negotiations on a significant part of the Doha mandate have not made much progress and there is a distinct lack of ambition in many areas of the negotiations. Mr Quick was disappointed with the lack of flexibility shown in the negotiations by governments and was concerned that governments were focusing too heavily on political issues rather than on the economic rationale for trade liberalisation. His presentation also underlined the risks associated with the new drive for bilateral trade negotiations although he recognised the need for developing countries to increase trade with one another.

Presentation by Herbert Oberhaensli

Mr Oberhaensli focused his presentation on agricultural liberalisation and emphasised the importance of the WTO work in this field. The underlying case for agricultural liberalisation is clear when one considers that economic development in large developing countries (i.e. India, China) will increase demand for food on world markets significantly. Inevitably, world food production will need to increase to match the increase in demand. This would seem to undermine the arguments made by agricultural protectionists that agricultural trade liberalisation will harm farmers or lead to massive overproduction. The two main regions where large production increases will be possible to match future demand are Latin America and sub-Saharan Africa. Mr Oberhaensli reminded participants that multilateral trade liberalisation had done more to increase competition and economic efficiency than many other international organisations.

¹ The Union of Industrial and Employers' Confederations of Europe and the German Federation of Industry.

² The Confederation of Indian Industries.

Presentation by Rodolphe Munoz

Mr Munoz began his presentation by stating the simple fact that while most countries profess that the WTO is their priority in trade policy, they are also engaging in a large number of bilateral trade negotiations. The end result is a large “spaghetti bowl” of trade agreements which could, over time, undermine the objectives of freer trade due to problems with rules of origin, for instance. For Mr Munoz, the slowness of the WTO and its inability to address many of the problems in trade, such as technical barriers to trade, forced WTO members to look for solutions at the bilateral level. Mr Munoz made some provocative suggestions for reform of the WTO to ensure that it would have the ability to remove trade barriers and thus reduce recourse to bilateral solutions.

Presentation by T. S. Vishwanath

Mr Vishwanath was happy to be “provoked” by his friend from UNICE, Reinhard Quick, who lamented India’s lack of commitment to ambitious DDA negotiations. Mr Vishwanath told the audience that India was committed to the DDA negotiations and that it would contribute to trade liberalisation. However, the CII representative emphasised the importance of special & differential treatment for developing countries in the negotiations. While the WTO remains a priority for Indian industry, Mr Vishwanath also believed that India needed to explore possible synergies with trading partners in the Asian region to help foster south-south trade.

Reactions/comments from the audience

- Some business representatives (from Canada) agreed with the panellists that the WTO was important for establishing a framework of rules for the multilateral trading system. However, it is more difficult to keep business engaged in following the negotiations at the WTO when the progress is so slow and when the agenda gets narrowed down.
- Other participants emphasised the great contribution that the WTO had made to liberalise trade in the past and that much more could be achieved but that it takes time to conclude agreements in such a large (on a country basis) organisation. In reaction to this point, the panellists and others in the audience agreed that negotiations take time but also recalled that the DDA (whose agenda has been narrowed already) will be a less far-reaching negotiation than the Uruguay Round.
- Some participants questioned whether institutional reform of the WTO would help make progress in future trade negotiations. Mr Munoz defended this idea, nevertheless, because he did not believe that the current system could continue to function with 148 members.

Summary by the chairman

Mr Naray thanked the speakers and UNICE/BDI for organising the panel and for presenting their views. It was clear from all of the speakers and from the audience that everyone agrees on the importance of strengthening the multilateral trading system. However, some countries are also looking to develop bilateral trade strategies to deal with trade problems. We all need to reflect on how to make the two approaches work together in harmony.