Does WTO still enjoy priority?

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A too early obituary for WTO

L’OMC est morte

L’ÉCHEC de Cancun rappelle celui de Seattle. Les ONG crirent victoire, les pays riches font grise mine et les pays pauvres s’interrogeant : sont-ils dupes ou vainqueurs de ce nouvel échec ? Le plus probable est en fait que l’OMC soit la principale victime de Cancun, qu’elle en soit déjà morte, même si elle ne le sait pas encore.

Le fragile idéal démocratique d’une organisation dont chacun des 148 membres dispose d’un droit de veto n’a pas survécu à la diversité des attentes et des exigences qui se sont manifestées.

Dans une situation a priori beaucoup plus simple, celle de l’Europe à 25, on s’accorde en général à considérer qu’un recours étendu au vote à la majorité qualifiée est indispensable pour éviter la paralysie. Or, indépendamment même du nombre de participants, l’OMC doit gérer une hétérogénéité de situations bien plus formidable.

Elle doit d’abord faire face à une diversité qui tient à la taille et à la richesse des populations concernées. La Chine et le Cambodge ne seront jamais exactement deux pays équivalents, même si chaque Cambodgien peut individuellement se considérer comme l’égal d’un Chinois. Ce problème apparemment trivial est sans doute celui qui a fait le plus de mal à la construction européenne.

Daniel Cohen pour Le Monde
After Cancun

What is not new

Failure of a GATT/WTO Ministerial

What is new

China as an active player; effective co-ordination among G-20+ and African countries

Presence of NGOs in negotiation teams

No more low-hanging fruits
Spaghetti bowl – too complicated for business
... but complementary pragmatic bottom-up regional opening will help

Regional liberalisation not as a substitute but as a complement for WTO/global liberalisation
- ad hoc for regional products
- mutual recognition of standards
- trade facilitation
- a tool for political understanding and regional "détente"
  (e.g., Germany-France in early EEC; Pakistan-India in SAFTA)
The global fundamentals: (consumers) gaining from more free trade globally

US$ 380 billion per annum  (50% cut in agricultural support and 50% reduction of protection in services and manufacturing; static)

US$ 1860 billion per annum  (100% cut in all protection; increasing economies of scale)

Shares in gains:

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<td>industrialised c.</td>
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<tr>
<td>industrialised</td>
<td>38%</td>
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<td>developing</td>
<td>17%</td>
<td>26%</td>
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= 43%

Source: World Bank
If done correctly, the poor can gain, because they face a higher burden from protectionism.

**Effective tariff as faced by income groups**

- **Deeply poor; less than 1$ per day**: 14.4%
- **Nonpoor; more than 2$ per day**: 6.2%

Consumer gains in real prosperity: Hours of work needed to buy a bicycle, 1901 and 2001

in 1901: 356 hours

in 2001: 12 hours
Consumer gains in choice: shop before ....
... and after the Berlin Wall came down
Priority for Doha Round: The right balance

Development aspects – Doha and beyond:

• market access for developing countries (also South-South); phasing out all trade distorting subsidies
• capacity building (trade facilitation)
Priority: Changing course in agricultural policies

... dismantling protectionism and subsidies in agriculture of the industrialised countries ...

... improve poor farmers' access to markets ...

... programmes for rural development in the South ....

... stabilisation of export earnings ...
Priority: Open markets for long-term food supply security from unused land

Land under cultivation (1990s), million hectares
Total land with crop production potential (including land in use) mn hectares

Sub-Saharan Africa
North Africa and Middle East
South Asia
East Asia (excl. China)
Latin America
Long-term WTO perspective: competition as a concept - against misperceptions circulating

- Competition being mainly created by competition authorities?
- Smaller countries more exposed to abuse of market power by companies?
- Increasing/excessive size of companies (e.g., compared to GDP of countries) "alarming"?
- Intervention to achieve an "optimal amount" of competition for developing economies?

Sources: WTO Symposium May 2002; Evian Group meetings
Long-term priorities: broader view on WTO

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<td>from:</td>
<td>trade</td>
<td>&quot;Do ut des&quot;, reciprocity</td>
<td>rule-based world economic order</td>
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<td>knowledge</td>
<td>Consumer gains</td>
<td>strengthening competition (as a concept!)</td>
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