

Breakdown of trust threatens global free trade

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By Carli Lourens

A breakdown of trust between rich and poor countries threatened World Trade Organisation (WTO) efforts to liberalise global trade, said Deloitte CEO Vassi Naidoo this week.

He also called for the Geneva based organisation to "come to grips" with smaller countries, which were not participating fully in world trade talks.

Naidoo was speaking in Botswana at a meeting of the Trade and Poverty Forum, a group established last year to advocate global trade reform in the belief that expansion of trade is the most likely means to alleviate poverty on a substantial scale.

His comments were made following the WTO members' failure to meet their year-end deadline to conclude the Doha development round of trade liberalisation talks. The deadline was extended by a year to December 2005.

The breakdown of trust was spectacularly brought into the open by the failed fifth WTO ministerial meeting in Cancun, Mexico, a year ago, said Naidoo.

Alleviation of poverty in several countries had been achieved because these countries were able to have access to world markets for their products .

But negotiations by WTO members to extend these benefits through further liberalisation could be thwarted by the breakdown of trust.

"The Trade and Poverty Forum sees it as essential that trust is recovered and that the WTO is able to continue its work ," he said.

Naidoo pointed to rich countries' reluctance to eliminate subsidies for farmers as among the reasons for the lack of trust. Agricultural issues were a continuing sore point, despite the promise rich countries made in July to cut subsidies for exported farm products by a certain date, he said.

Naidoo said deficiencies of trust could also be attributed to lack of open consultation on WTO issues. There was a sense that an "inner circle" of heavyweights settled the important issues.

Naidoo was also concerned that the WTO did not "concern itself sufficiently" with smaller and less developed countries.

Only about 20 to 25 developing countries could be regarded as full participants of the WTO process.

Many developing countries saw negotiations through the WTO as too large and too complex to be viable for the improvement of their trade.

"If global trade is to be used for the reduction of poverty, the WTO has to come to grips with the situations in smaller countries," Naidoo said.

The Trade and Poverty Forum comprises representatives of government, labour and the private sector, among other groups. Representatives are from the European Union and countries including SA, Brazil, India, and the US.

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