

# Lamy: 'Moment of Truth' for the Doha Round

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Disagreement persists in global trade talks despite a growing resolve among some WTO delegations to bring an urgent conclusion to the negotiations. While most countries stress the importance of pressing forward in the talks, others argue that haste should not precipitate an unsatisfactory compromise on complex issues.

Trade ministers from the world's major economies met on the sidelines of the annual ministerial meeting of the Organisation for Economic Cooperation and Development (OECD), held in Paris last week, to discuss prospects for the struggling Doha round of trade talks at the WTO. Ongoing negotiations over a deal to lower barriers to world trade have reached a critical juncture, with some saying that a successful conclusion of the round hinges on a breakthrough in the talks within the next few weeks.

Speaking at a side event to the OECD meeting, WTO Director General Pascal Lamy identified three "fundamental elements" - a worsening economic climate, high commodity prices, and the "technical maturity" of the Doha negotiations - that have brought the round, now in its seventh year, to a "moment of truth."

"After innumerable meetings and several revised compromise papers on agriculture and industrial products, the negotiations are reaching a point where ministers could soon meet to agree on what we call the modalities in these two areas," he said.

Lamy has urged negotiators to work towards a ministerial meeting in Geneva at the end of June.

However, the Director General noted that delegates must keep working to overcome persistent differences in the industrial products negotiations, as well as in the talks on agriculture, services, trade facilitation, anti-dumping, and fisheries subsidies.

"All these boats will need to reach the shore at the same time, and nothing is agreed until everything is agreed," Lamy said. "We have a lot to do and little time to do it. But I remain convinced this is doable."

Australia's trade minister, Simon Crean, made a similar call for rapid progress. "I think it is critical to conclude the round by end of the year," he told an OECD discussion panel. "If we don't, I think at best the round goes into a freeze, worse a deep freeze or and even worse it is a breakdown of the multilateral system and will see us revert to the protectionist tendencies."

Mexican trade official Beatriz Leycegui Gardoqui echoed the Australian minister's remarks, stressing that immediate action is necessary to ensure a successful outcome to the foundering negotiations.

"Our first and our most immediate challenge is to conclude the Doha Round this year," she told the forum. "If we are not able to deliver in the next few weeks, it will amount to a failure of the round. Time has come for our Members to make difficult decisions," she said.

New Zealand's trade minister, Phil Goff, said that, while bilateral and regional trade agreements can help reduce some trade barriers, "ultimately we need the security of global trade rules and we need a multilateral agreement which can encompass issues such as elimination of subsidies."

"The key question is what we can do to get a deal in the WTO," he said.

But the calls for a swift conclusion to the Doha round fell on some deaf ears.

France, historically a strong advocate of farmer support and protections, says that European negotiators have made too many concessions to the developing world in the trade talks and that the EU should not rush into a deal that could harm European producers. Reacting to her colleagues' calls for swift action to secure agreement in time for a late-June ministerial meeting, French trade minister Anne-Marie Idrac protested that, "given the size of the challenges, to reduce the matter to 'June or never' is a bit simplistic."

Irish leaders have expressed similar scepticism. In a further blow to European solidarity, Brian Cowen, Ireland's new prime minister, promised the 80,000-member Irish Farmers Association (IFA) last week that he would use Ireland's veto in the European Council to block the finalisation of a Doha deal.

The farmers' group fears that an agreement to lower trade barriers would cause an influx of cheap agricultural goods from developing countries, and could potentially cost them their jobs.

Cowen's promise is widely seen as an effort to guarantee that the powerful IFA will throw its support behind the Treaty of Lisbon, an agreement to reform the EU that replaces the ill-fated EU Constitution that was rejected by Dutch and French voters in 2005. The passage of the treaty, which will be the subject of a referendum in Ireland later this week, is seen as a critical test of the recently installed Cowen government.

Despite the reluctance of French and Irish leaders, EU Trade Commissioner Peter Mandelson, speaking at the OECD side event last week, cautioned that any delay in negotiations to liberalise world trade "will make things harder."

"Everyone knows that those who are playing it long are playing for failure," he said.

But even if the Europeans overcome their differences, politics across the Atlantic could interfere with any progress in the Doha round.

Indeed, many trade officials consider the upcoming US presidential election a de facto deadline for the finalisation of an agreement. While President George W. Bush is considered to be relatively supportive of striking a Doha deal, the same backing cannot be guaranteed in the next administration.

The AFL-CIO, the largest federation of unions in the US and a crucial source of support for the Democratic Party, is heavily lobbying Senator Barack Obama, the presumptive Democratic presidential nominee, to require the inclusion of labour standards in all US trade deals.

"We are implacably opposed to a trade deal that does not include a clause that ensures workers have to be given basic labour rights, including the right to form trade unions," said AFL-CIO president John Sweeney. "If this is protectionism, then so be it."

A Doha agreement with such a clause would be even less likely to achieve consensus among WTO Members, as developing countries such as China and India would strongly oppose it.

On the legislative side, two members of the US Congress introduced a bill last week that would require the government to review - and potentially renegotiate - all existing US trade pacts, including both the North American Free Trade Agreement and the Marrakech Agreement, the 1994 deal that created the WTO. The new legislation, which was sponsored by Senator Sherrod Brown and Congressman Michael Michaud - both Democrats, sets out standards on a range of issues affected by trade, including labour, the environment, food safety, and intellectual property.

Brown and Michaud do not expect the bill to be passed this year. Rather, they view the legislation as a way to call attention to trade issues as the presidential campaign moves into high gear. They also hope to use it to influence trade policy in the next administration.

Nevertheless, US Trade Representative Susan Schwab, speaking to the press in Paris last week, underscored the US' commitment to working toward a swift conclusion of the Doha round.

"We really do feel a sense of urgency," she said. "We are prepared to press ahead."

ICTSD reporting. "Ireland wins over farmers on EU treaty," THE FINANCIAL TIMES, 4 June 2008; "Lawmakers, citing Obama, urge US redo trade deals," REUTERS, 4 June 2008; "Trade critics on the offensive," CBS NEWS, 4 June 2008; "Australia fears WTO freeze, France wants no rush," REUTERS, 4 June 2008; "OECD MEETING U.S. trade envoy says ready to speed up Doha trade talks," 5 June 2008; "EU's Mandelson says trade must play role in easing food crisis," THOMSON FINANCIAL, 5 June 2008; "Crisis

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