

W.T.O. Talks Moving Slowly, Chief Says

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By Keith Bradsher

HONG KONG, June 13 - Negotiations aimed at producing a new global trade pact are moving very slowly on trade in services, but a comprehensive deal remains possible next year, the director general of the World Trade Organization said here on Monday.

Supachai Panitchpakdi, director general of the W.T.O., expressed optimism that textile disputes involving China, the United States and Europe would not disrupt the current round of global trade negotiations.

Earlier rounds of global trade talks, including the Uruguay round that ended in 1994 and created the W.T.O. in 1995, focused mainly on trade in manufactured goods and agriculture, although the Uruguay round also covered some service industries like banking.

The current Doha round, which started in Doha, Qatar, in 2001, encompasses manufacturing and agriculture, but was in particular supposed to bring greater international competition to services like banking and stock brokerage, health care, education, transportation and telecommunications.

Trade in services is especially important to countries like the United States where the bulk of the growth in employment has tended to be in services and not in manufacturing or agriculture.

But little progress has been made on services so far, with the exception of international voice and data communications, said Supachai Panitchpakdi, the director general of the W.T.O. The 148 member nations of the W.T.O. were supposed to submit by May their best offers to open up their services sectors to foreign companies, but only a handful have done so, he said.

"I don't think there is much on the table at the moment," Mr. Supachai said in a meeting here with foreign correspondents and local journalists.

While Mr. Supachai voiced worries about the services negotiations, he expressed optimism that recent disputes over textile trade, pitting China against the United States and the European Union, would not disrupt the Doha round. China reached an agreement on Friday night to limit its textile and apparel exports to the European Union.

The European Union has threatened to impose limits on Chinese exports but, unlike the United States, has not actually done so. Wu Yi, a vice premier of China, criticized the United States at a conference here on Monday for having taken what she characterized as an approach that was more unfair to Chinese companies.

Trade ministers from the W.T.O. member nations are scheduled to meet here in mid-December in an attempt to resolve most of their remaining differences in the Doha round, with the goal of then reaching a comprehensive agreement in further meetings next year.

It is arguably easier to hold large demonstrations in Hong Kong than in the host city of any W.T.O. ministerial meeting since the Seattle gathering in 1999, which ended in violent street protests.

Mr. Supachai, who will step down as director general in August, said that he had been told that 8,000 farmers would be coming from South Korea alone to protest at the Hong Kong meeting, but added that he still expected an orderly event. Pascal Lamy, the former European trade negotiator, will assume the leadership of the W.T.O. on Sept. 1.

At the Pacific Basin Economic Council conference that brought Mr. Supachai and Ms. Wu to Hong Kong, several speakers were gloomier than Mr. Supachai about the prospects for significant progress here in the December talks and beyond.

Norman Sorensen, the chairman of the Coalition of Service Industries, an American trade association, commented, "The outlook for an agreement in services is not good."

Mr. Supachai said that services issues were proving difficult because most countries sent delegations from their trade ministries to the W.T.O. headquarters in Geneva, when the real decisions need to be made by their health, education, finance and transport ministries. "Don't blame us in Geneva that we're not moving on services," he said.

International voice and data communications have been an exception because developing countries have been willing to open their markets in the hope that multinational companies will invest substantially and bring in the latest equipment, allowing these countries to compete better in global markets.

Developed countries, already competitive in such services, have also been eager for more open competition in such services. Americans already pay relatively low rates for international calls, and competition could bring international rates down sharply for residents of other countries.

But if little overall progress is made at the Hong Kong meeting, some countries may start withdrawing the offers they have already made, Mr. Supachai warned. "It's not going to be the end of the world, but it would be costly," he added.