

Inwood 67 February/March 2006

## **WHAT HAPPENED AT THE WTO IN HONG KONG ? - AND DOES IT MATTER ?**

By Stephen Jacobi<sup>1</sup>

“The more things change, the more they stay the same”. The old saying applies particularly well to progress in the World Trade Organisation negotiations.

Last December’s WTO Ministerial meeting in Hong Kong was full of the usual drama. Protesters - although a smaller number than usual – created havoc in the streets; thousands of delegates poured every punctuation mark in the draft declaration and some Ministers enjoyed playing to the gallery rather more than doing the deals required to complete the WTO’s “Doha Development Agenda”.

“Two cheers for the WTO !” was how one newspaper described the result. What happened ? And why is it of significance for the global forest and wood processing industry ?

In my last column I predicted either a train wreck or a great leap forward in Hong Kong. In fact, it was neither. There was no collapse of the negotiation as happened in Cancun in 2003 when Ministers went home after a week’s talking with no final agreement. The Hong Kong meeting took a few faltering steps forward. Welcome agreement was reached on a package of trade and development assistance for the world’s poorest countries. After days of wrangling there was also consensus on an end date of 2013 for agricultural export subsidies. These decisions essentially keep the negotiation alive and enable some success to be claimed.

But in other important areas Ministers ducked for cover. The European Union refused to make concessions on market access for agricultural products necessary to encourage developing countries to open their markets for manufactured goods and services. This is a key stumbling block which, if not resolved early this year, may delay the conclusion of the negotiations by the end of 2006.

Forest products come under the non agriculture market access (“NAMA”) negotiations. There, Ministers agreed to adopt the principle of a formula for across the board tariff cuts but dodged setting the detail. This now needs to be worked out by 30 April 2006 but officials received little guidance on how to proceed.

---

<sup>1</sup> *Stephen Jacobi is a consultant working in the areas of international trade, government relations and industry development. He attended the WTO Hong Kong meeting on behalf of the New Zealand industry and as an advisor to the New Zealand Government delegation.*

On a brighter note Ministers agreed that the formula could be supplemented by sectoral deals on a voluntary basis: this raises the prospect of a specific deal on forest products under which participating countries would eliminate tariffs. If the right countries can be persuaded to participate - and this is no sure thing particularly when it comes to key markets like Japan, Korea, China or India - this could mean good news for New Zealand wood exporters.

The global forest industry was active in Hong Kong. The Santa Catalina Group of six industry associations including New Zealand organised a well attended roundtable meeting with Ministers to draw attention to the case for trade liberalisation in the forest sector.

There remains a lot to do. The industry is seeking a strong formula for tariff cuts, wide participation in a sectoral deal and limited exclusions for wood products from the overall outcome. The New Zealand industry needs to decide quickly whether it wants to continue to devote resources to achieve this, alongside its allies in the Santa Catalina Group, and which of the new industry organisations, WPA or Woodco, will take the lead.

Without continuing focus and effort, the risk is things won't change and New Zealand wood exports will continue to be unfairly penalised in overseas markets.