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## **IS THERE LIFE YET IN THAT OLD WTO DOG ?**

By Stephen Jacobi<sup>1</sup>

*Have Trade Ministers meeting in Davos really kicked some new life into the WTO's Doha negotiations ?*

It's in the nature of international trade negotiations that they teeter constantly on the brink.

The Doha Development Agenda, launched in 2001, may yet exceed the record of the Uruguay Round which took seven years to complete.

That was before the January meeting of Trade Ministers in Davos, Switzerland. Amidst the snow capped mountains and the leather trim armchairs, they agreed to "re-start" the suspended Doha negotiations.

Here's the story so far. Last July WTO Director General Pascal Lamy put Doha on ice because it was clear that there was not the political will necessary to conclude negotiations by year end.

In November a Congressional election in the United States returned a Democrat majority. Democrats have reservations about trade but, judging from more recent pronouncements, may just be willing to work with the Republican President to conclude Doha and other trade agreements if key concerns on labour, the environment and assistance for displaced American workers can be satisfied.

This signal from the Democrats is important because without their agreement to renew the President's Trade Negotiating Authority (TPA), expiring at the end of June, any future agreements negotiated by the Administration can be modified by the Congress. That will be enough to dissuade most trade partners (except perhaps New Zealand!).

There is now another election underway: France elects a President in May and French Presidential candidates will not want to disturb the agricultural lobby.

EU Trade Commissioner Peter Mandelson has pointed to "success or failure for Doha in the next two to three months". It's a tall order at best to come up with a

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deal acceptable to the French and yet ambitious enough to satisfy Republicans while not antagonising Democrats.

The risk is that in an effort to “just get it done” a quick and dirty deal is achieved between the major players – the US, EU and key developing countries like Brazil and India.

That could be bad news for New Zealand and Australia if key sectors, like dairy, are sidelined. And it could be bad news for the wood products industry also if the formula adopted for tariff reductions does not lead to cuts in applied tariffs and there is no time to complete a sectoral deal on eliminating wood tariffs completely.

A sectoral deal in forest products has been worked on actively by the international industry over several years but there is a lot more than three months' technical work to get the job done.

If Doha does not ultimately deliver – and there must now be a more than even chance it won't - the fall back position – free trade agreements - is noticeably less rosy for New Zealand than for its key competitors Chile and Australia.

Chile already has trade agreements, admittedly of varying quality, with the US, Korea, China and is advanced in negotiations with Japan.

Australia has an FTA with the US and in December announced a negotiation with Japan.

New Zealand's much heralded negotiation with China is not expected to be completed until April 2008. We are not even in the starting blocks with the US and Japan. Our other trade negotiations, including the recently announced negotiation with the Gulf states, may provide some useful, if small, tariff reductions but are not of the nature to protect our competitive position globally.

A recent trade mission by eight companies to India was reported to have showed the potential for NZ Pine in another country with a growing population and a need for wood. But India applies a 17.26 percent tariff on sawn timber and a 9.3 percent tariff on logs.

These tariffs, and others which penalise exports, will not be reduced without a strong outcome from Doha.