

WTO wants Doha for Christmas

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Geneva - WTO Director-General Pascal Lamy seems set on clinching a global trade pact by Christmas but some analysts question if a Doha deal would be the best gift for the world economy in these troubled times.

World leaders have called for a rapid conclusion to the World Trade Organisation (WTO) Doha talks after seven years of wrangling but even best estimates of what an accord would bring are dwarfed by the hundreds of billions of dollars spent already on bank bailout plans.

"No one believes that a Doha deal can fix the financial crisis," said Carin Smaller, WTO specialist at the Geneva-based think-tank Institute for Agriculture and Trade Policy.

"It pushes for less government intervention in the markets at a time when the reverse is happening - everyone, particularly the corporate sector, is now asking governments to intervene," Smaller told AFP.

Timothy Wise, Research Director of the Global Development and Environment Institute (GDAE) at Tufts University, said: "If part of the deal involves further deregulation of the financial sector, that could just make things worse. It's a really bad time."

Lamy has estimated the benefits of a successful trade deal at up to \$100 billion a year - compared with the \$700 billion US bailout package for its financial sector alone.

Wise also pointed to World Bank and other studies which have shown that only \$16 billion worth of benefits would go to the developing world.

"Economic projections indicate that there are very limited gains from this round (of talks)," he said, adding that the only benefit to rush through a deal at this time is "psychological as it shows that the world can come together to agree on something."

He, like Smaller, said that a deal as it stands would not fulfill the "development agenda."

The global financial and economic crisis has prompted world leaders to urge a rapid conclusion to the Doha Round, which was launched in November 2001 and initially scheduled to be wrapped up by 2004.

The most recent call was made in Peru during an Apec leaders meeting, in line

with the recommendations of a Group of 20 summit held in Washington.

The idea is that besides sending a strong political signal of global cooperation, a deal would prevent protectionism from rearing its head during the current crisis.

But analysts also point out that the United States, a major player in the negotiations, is simply unable to move towards a deal given domestic opposition and the lack of manoeuvre afforded to outgoing President George W. Bush.

With over half a million job cuts in November alone, US domestic sentiment is hardening against any compromises that might be necessary to secure a deal and the incoming administration of Barack Obama will not be in a hurry to tackle the issue during his first months in office, diplomatic sources said.

"The Doha Round is certainly not a priority for the Obama administration. For them, it is easier to manage a situation by saying that the conditions are not right rather than to have a failed ministerial meeting," one diplomatic source said.

Many areas risk tripping up negotiators with some of the most contentious including cotton, mechanisms to protect poor farmers and proposals to make especially sharp tariff cuts to certain sectors.

As Oxfam analyst Romain Beniscio pointed out: "Clearly, the common point in the three difficult questions is the United States.

"The US is not in a state to show flexibilities," he said, noting the end of the Bush administration, resistance from Congress and vocal agriculture and industrial lobby groups.

A diplomatic source described the current US position as "hardening."

"What Lamy will have to assess is whether this hardening stance is a bluff or whether it is true that they have no further flexibilities," the source said.

The European Union's current French presidency also said Monday that prospects for a WTO trade liberalisation deal were clouded by uncertainty, mainly over the US stance.

Meanwhile, Lamy has more telephone diplomacy to do before deciding whether to summon ministers here, possibly around December 17-19.

WTO watchers remain sceptical despite the Frenchman's repeated insistence a deal is "doable".

"I fail to see what difference a week would make," said another trade diplomat. - AFP