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Failed Trade Talks Usher in Uncertainty

WTO System Could Weaken After Breakdown Puts Globalization on Unclear Path

By Paul Blustein

Washington Post Staff Writer

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So now it's official: Global talks to lower trade barriers are "suspended," perhaps never to resume. Yesterday, leading negotiators continued to fling accusations at each other for the breakdown. But the more profound issue confronting policymakers around the world is whether globalization has been fundamentally redirected, slowed or possibly thrown into reverse.

The talks' failure raises the prospect of weakening the multilateral system that has governed global commerce for the past six decades, possibly even a splintering into regional blocs. Another potential is an erosion of respect for the World Trade Organization's authority to settle disputes, increasing the chances that countries will resort to tit-for-tat trade wars that could disrupt the global economy.

Ensuring that economic interconnection would continue to advance was one of the chief reasons for launching the talks after the Sept. 11, 2001, attacks. With fear of disintegration then haunting the globe, the member nations of the WTO meeting in the Qatari capital of Doha sent a powerful signal that they would deepen their mutual ties by starting a new round of multiyear negotiations aimed at reducing tariffs and other trade obstacles.

For all its boldness, the initiative was fraught with risk -- and on Monday, those risks loomed menacingly, when WTO Director-General Pascal Lamy called a halt to the talks because trade ministers from the United States and five other major powers were at such loggerheads over the main issues. The upshot could have "serious systemic implications for multilateral trade," Peter Mandelson, the European trade commissioner, said yesterday.

Critics of the 149-nation WTO are jubilant, seeing evidence of a backlash to the fast and furious pace at which globalization has proceeded. "The cause of this collapse is not specific countries' unwillingness to concede on particular themes, but growing public opposition in poor and rich countries alike to the very WTO model," said Lori Wallach, director of Public Citizen's Global Trade Watch, a group founded by Ralph Nader.

Even free-trade enthusiasts see some validity in that interpretation. "Countries want to liberalize trade, because they recognize the link between open trade and economic growth, but there just isn't a whole lot of interest right now in the kind of liberalization that binds countries to new rules and new commitments," said Daniel J. Ikenson, a trade specialist at the libertarian Cato Institute. "Countries want to liberalize at their own pace."

It would be misleading to view the problems besetting the Doha talks too apocalyptically. Globalization is not about to stop in its tracks; new forms of cross-border commerce are continuing to proliferate, especially because of the Internet and the fast-growing efficiency of container shipping. "A lot of globalization goes on outside the world of negotiations and agreements," said Edward Gresser, a trade analyst at the Progressive Policy Institute.

But for the WTO and its multilateral rules, which underpin the system and maintain its stability, the outlook has darkened. That is in part attributable to the success of the WTO and its predecessor, the General Agreement on Tariffs and Trade, in sharply reducing trade barriers since World War II.

Eight rounds of negotiations over the past six decades have slashed tariffs and eliminated quotas in many countries and in many industries such as electronics, automobiles and machinery; the sectors that still have high levels of protection in rich countries are the most politically sensitive, notably agriculture, textiles and apparel. Those are the areas where much of the current haggling has proven so fruitless.

"We're really into the tough stuff," U.S. trade representative Susan C. Schwab said in an interview. Farm trade was the main source of the dispute that dissolved the meeting at the WTO's Geneva headquarters on Monday. Schwab insisted that other countries open their markets wider to the United States' highly efficient agricultural producers, a demand

