News Release

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A key year ahead for Doha trade talks

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With fears growing of a global economic recession, trade leaders today urged businesses to press their governments to seek a successful conclusion to the Doha Round of trade talks in 2008, or risk seeing a rise in new barriers to international commerce.

“If it’s not concluded this year, it won’t be concluded next year and by 2010 the caravans will have moved on elsewhere,” Peter Mandelson, Commissioner, Trade, European Commission, Brussels, told participants at the World Economic Forum Annual Meeting 2008. “Not only will the caravans have moved on in different directions of trade negotiations, but what has already been on the table, which in my view is quite substantial, will have been put into deep freeze.”

After more than six years of stop-start negotiations, the Doha talks between members of the World Trade Organization have ground to a halt. With less than a year before US President George Bush leaves office, time is rapidly running out for reaching an agreement to reduce tariffs, subsidies and promote freer and fairer trade, panellists said.

The plenary session “Threats to the Global Trading System” followed an informal lunch meeting of trade ministers in Davos. Despite important progress on technical issues over the past six months, panellists revealed, the group remains no closer to an agreement and scepticism is high. Concerns persist among developing countries that lower tariffs will unfairly expose poor rural farmers to global competition and jeopardize growth that would be a potential buffer against a global slowdown. “The content of this Round must deliver to healthy economies in Asia, in Africa, in the Pacific and in Latin America because that’s the goose that’s laying the golden egg,” said Kamal Nath, Minister of Commerce and Industry of India.

But the cost of failure is rising, panellists added. Failure in the Doha Round would be likely to increase protectionist pressures around the world and result in a rollback from the progress already made towards freer global trade. Mandelson said the negotiations had become a prisoner to some extent of the American political calendar. Campaigning is already underway for elections to replace Bush next January, and a new president is unlikely to be able to put the Doha Round at the front of the US policy agenda, he said. The new president is likely to want to review any commitments that have already been made.

President Bush remains strongly committed to reaching a trade deal, insisted US Trade Representative Susan Schwab, and bipartisan support for a deal in the US Congress means there is still time to ratify a deal if one can be reached, she said.

Pascal Lamy, Director-General, World Trade Organization (WTO), Geneva, said a failure in the talks could exacerbate the impact of a slowing global economy and heighten geopolitical tensions. Celso Amorim, Minister of Foreign Relations of Brazil, echoing these concerns, said failure to reach a deal in 2008 would “give the wrong signals to the global economy. And this will be detrimental to everybody, most of all the developing economies.”

Indeed, continued delays had lost the negotiators’ credibility among voters and companies, said Doris Leuthard, Federal Councillor of Economic Affairs of the Swiss Confederation. “When we don’t get a result, national protectionism is a big threat,” she said.

While businesses may be frustrated with the lack of progress in the Doha Round, companies still have a great deal to gain from it, Mandelson stressed and a great deal to lose if a deal is not reached. “There is very significant economic value in binding the existing openness in the global economy,” he said.

Companies, therefore, most overcome their scepticism to push for a successful deal, panellists said. “The capacity of any one of us to deliver such a package through our political systems will depend in large measure on what the private sector is doing and saying, and whether they hold accountable leaders in their countries,” said Susan Schwab.

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World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva
Tel. +41 (0)22 869 1212, Fax +41 (0)22 786 2744, http://www.weforum.org