

How the WTO increases your blood pressure

Simon J. Evenett

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By now you should be getting used to the desperate headlines. Maybe they've spoiled your breakfast, or worse, your day. WTO Meeting in Hong Kong to Fail! Doha Round to Collapse in Hong Kong! Let the WTO Fail! The rising blood pressure of journalists, bloggers, NGO scribblers, and let's be honest the occasional academic, as they plumb the depths of their rhetorical skills to catch your eye with something interesting to say about the WTO, must be causing their doctors and loved ones alarm. The people who really count on WTO matters --government leaders, WTO ambassadors in Geneva, and the WTO's new head, Pascal Lamy-- are as cool as a cucumber. They've been here before and, if you're old enough to be reading this article, so probably have you.

Worldwide trade negotiations are meant to be fraught, apparently never-ending, nasty, dramatic, deceitful, and subject to more mood swings than the average teenager. But these negotiations have delivered the goods, literally. They've delivered eight agreements to cut tariffs and eliminate quotas since the end of the Second World War. Certainly, advances in transportation have helped bring down the prices of imports, but who would have invested in the new ships, planes, and ports necessary to carry all those goodies to our shops if uncertainties over tariffs and other meddling trade restrictions had remained at their high 1945 levels? If you work in an export industry your job may almost certainly depend on the confidence that your company's products can enter foreign markets unharassed by bossy or corrupt customs officials. The same is true for developing country exporters and the people who work for them. The confidence to trade comes from somewhere. For the last 50 years trade negotiators have been building this confidence by far-sighted decisions to limit meddling with trade. It is a legacy that is responsible for a lot of the commerce and diversity that we see in today's world. It is a legacy to be proud of. But these negotiations aren't easy and they take time.

Continuing in the spirit of frankness the latest round of WTO negotiations aren't going well and their end is nowhere in sight. Why? Because the WTO, that is, your governments and not a collection of bureaucrats who fly around in black helicopters, have in their wisdom allowed this round to be dominated by reforming the agricultural sector. Many industrialized countries, and it is not just the "wicked" EU, subsidize their farmers and food processors and keep foreign food out of their shops with a number of ruses. By and large, all of this means that we pay more for our food. Farmers are encouraged to produce more than we can eat, and the balance gets dumped on world markets--hurting farmers abroad. This system is far from perfect, it wastes a lot of money (your money, dear taxpayer and food buyer), and it has mutated over time into such a beast that the only arguments its defenders can reliably count on are emotional, not rational.

The lengthy negotiations on agriculture have proved just how politically sensitive farm reform is in many countries. Again, it is not just sensitive in France and in the EU countries hiding in her shadow. Politicians in Switzerland, Korea, and Japan probably lose more sleep over this subject than those comfortably installed in their palaces in Paris. After a number of dodges, feints, and other wheezes (which would make any poker or chess player proud), only in the last three months have WTO ambassadors begun to see just how little Western countries are prepared to liberalize their farming sectors. Those pushing agricultural trade reform have received a brutal reality check. They have responded by refusing to improve their offers to liberalize imports of manufacturers and services, so undermining the basis for the following deal: Brazil, Argentina, Australia, New Zealand, Canada, and the USA get to sell us more food and we get to sell them more insurance policies, fancy cars, etc.

Delay isn't the only price of the focus on agriculture. Frustration over exclusion is too. A lot of developing countries simply don't have a big stake, either way, in reforming the industrialized world's farming sector. Worse, these countries increasingly believe their interests are being sidelined in the WTO while a small number of agricultural exporters push their own agenda. Now that that agenda has gone nowhere, there is a mad rush before the meeting in Hong Kong to put together a package of measures to benefit developing countries. After being sidelined for two years, don't expect much gratitude from the beneficiaries.

In an age when everything moves so fast the slow pace of WTO trade negotiations may seem infuriating. But with so much at stake, countries often come to the negotiating table with incompatible expectations and after a while some illusions get shattered. That is what has happened during the last three months, at least for the agricultural exporting nations. Going forward a more balanced negotiating effort, which includes manufacturing and services trade as well as agriculture, is needed. No one expects these negotiations to be easy, but with fifty years of history on our side, it can be done.

Simon J. Evenett teaches economics at University of St Gallen, Switzerland.