

Does WTO still enjoy priority?

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A too early obituary for WTO

ANALYSE

L'OMC est morte

L'ÉCHEC de Cancun rappelle celui de Seattle. Les ONG crient victoire, les pays riches font grise mine et les pays pauvres s'interrogent : sont-ils dupes ou vainqueurs de ce nouvel échec ? Le plus probable est en fait que l'OMC soit la principale victime de Cancun, qu'elle en soit déjà morte, même si elle ne le sait pas encore.

Le fragile idéal démocratique d'une organisation dont chacun des 148 membres dispose d'un droit de veto n'a pas survécu à la diversité des attentes et des exigences qui se sont manifestées.

Dans une situation a priori beaucoup plus simple, celle de l'Europe à 25, on s'accorde en général à considérer qu'un recours étendu au vote à la majori-

té qualifiée est indispensable pour éviter la paralysie. Or, indépendamment même du nombre de participants, l'OMC doit gérer une hétérogénéité de situations bien plus formidable.

Elle doit d'abord faire face à une diversité qui tient à la taille et à la richesse des populations concernées. La Chine et le Cambodge ne seront jamais exactement deux pays équivalents, même si chaque Cambodgien peut individuellement se considérer comme l'égal d'un Chinois. Ce problème apparemment trivial est sans doute celui qui a fait le plus de mal à la construction européenne.

Daniel Cohen pour *Le Monde*

Le Monde

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After Cancun

What is not new

Failure of a GATT/WTO Ministerial

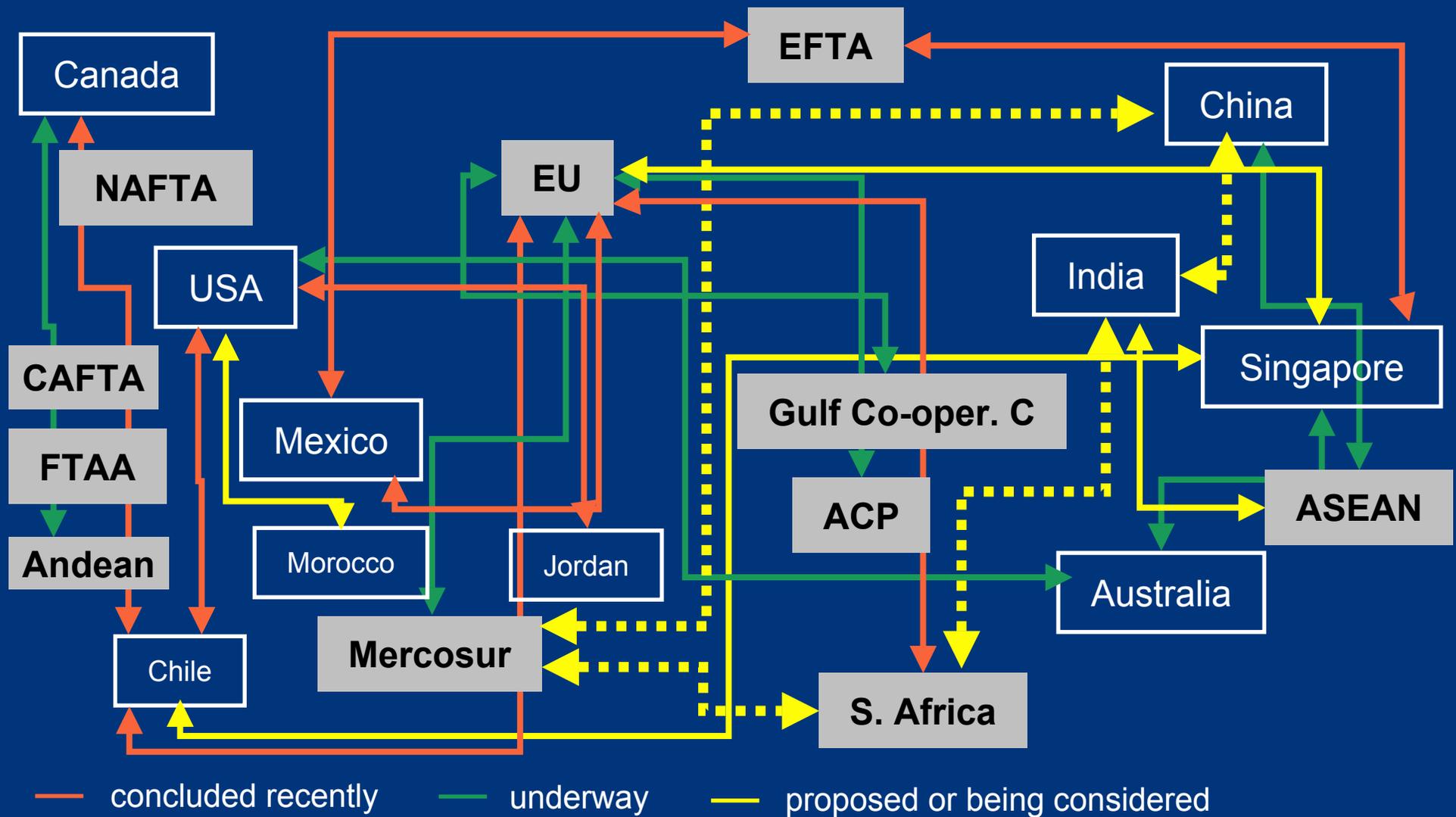
What is new

China as an active player; effective co-ordination among G-20+ and African countries

Presence of NGOs in negotiation teams

No more low-hanging fruits

Spaghetti bowl – too complicated for business



... but complementary pragmatic bottom-up regional opening will help

Regional liberalisation not as a substitute but as a complement for WTO/global liberalisation

- ad hoc for regional products
- mutual recognition of standards
- trade facilitation
- a tool for political understanding and regional "détente"
(e.g., Germany-France in early EEC; Pakistan-India in SAFTA)

The global fundamentals: (consumers) gaining from more free trade globally

US\$ 380 billion per annum (50% cut in agricultural support and 50% reduction of protection in services and manufacturing; static)

US\$ 1860 billion per annum (100% cut in all protection; increasing economies of scale)

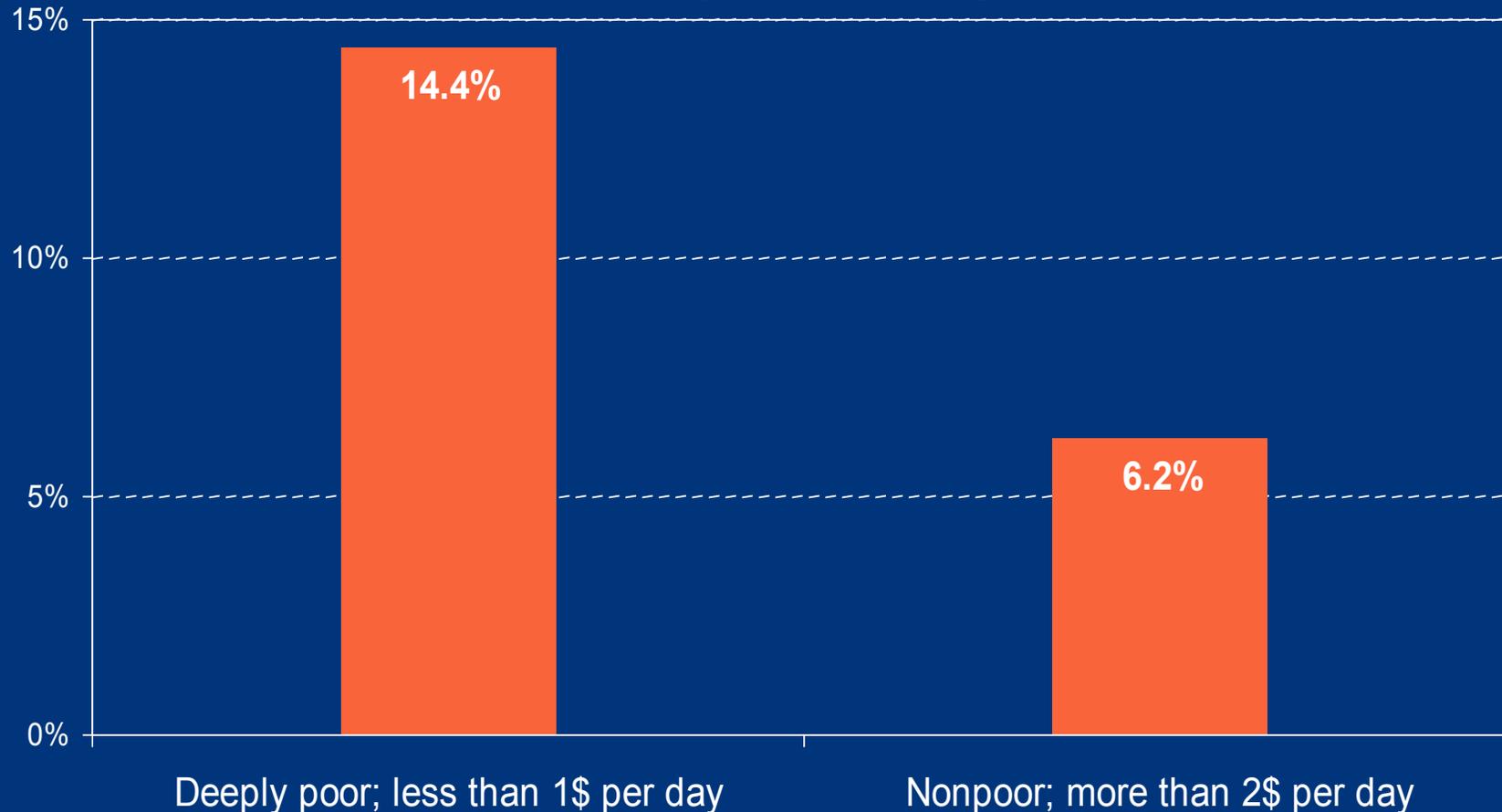
Shares in gains:

	<i>liberalising:</i>	
<i>benefiting:</i>	industrialised c.	developing c.
industrialised	38%	19%
developing	17%	26%

= 43%

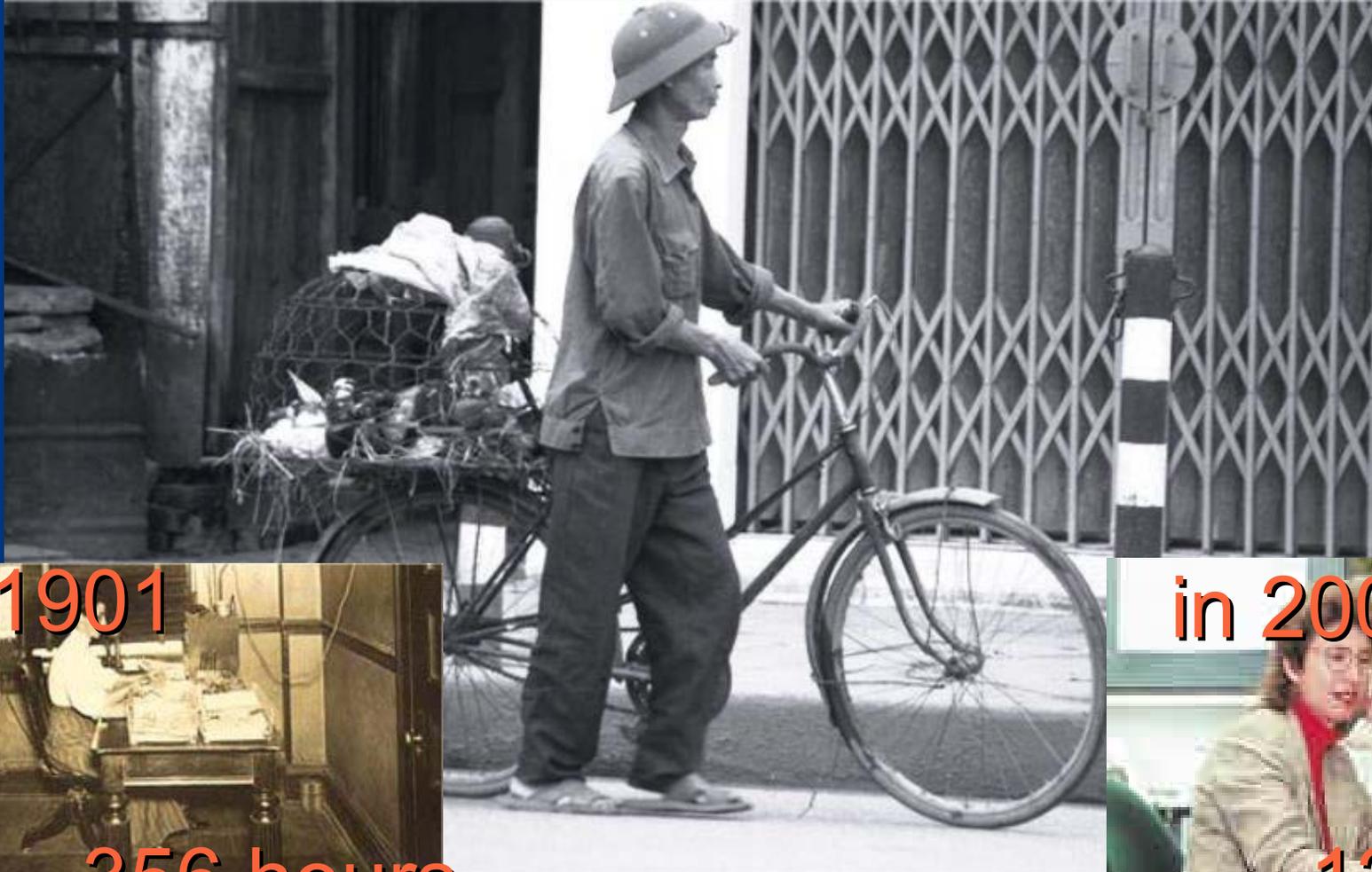
If done correctly, the poor can gain, because they face a higher burden from protectionism

Effective tariff as faced by income groups



Source: World Bank, Global economic prospects 2002. Making trade work for the world's poor; Washington 2001

Consumer gains in real prosperity: Hours of work needed to buy a bicycle, 1901 and 2001



Consumer gains in choice: shop before



... and after the Berlin Wall came down



Priority for Doha Round: The right balance

Development aspects – Doha and beyond:

- market access for developing countries (also South-South); phasing out all trade distorting subsidies
- capacity building (trade facilitation)

Priority: Changing course in agricultural policies

The Guardian
INTERNET EDITION

08.09.2003

Opinion

Peter Brabeck



Big business has been attacked for exploiting developing countries. Here, Nestlé's chief executive joins forces with those who are calling for change

I have spent a good part of my career with Nestlé in Latin America and I am well placed to see why a broad reform of agricultural policies is urgent. As a corporation, Nestlé needs to rely on a steady supply of high-quality agricultural raw materials at prices that are affordable for the vast majority of consumers whose purchasing power is much lower than the OECD average.

We buy massive amounts of coffee, cocoa, milk and sugar and we cannot help noticing the effects of abrupt price fluctuations on producing countries where we also sell a growing proportion of our finished products.

The development agenda agreed at the WTO meeting in Doha sent a powerful signal to the world. Ninety-seven per cent of the world's farmers live in developing countries, and it is in these populations that the most persistent pockets of poverty are found.

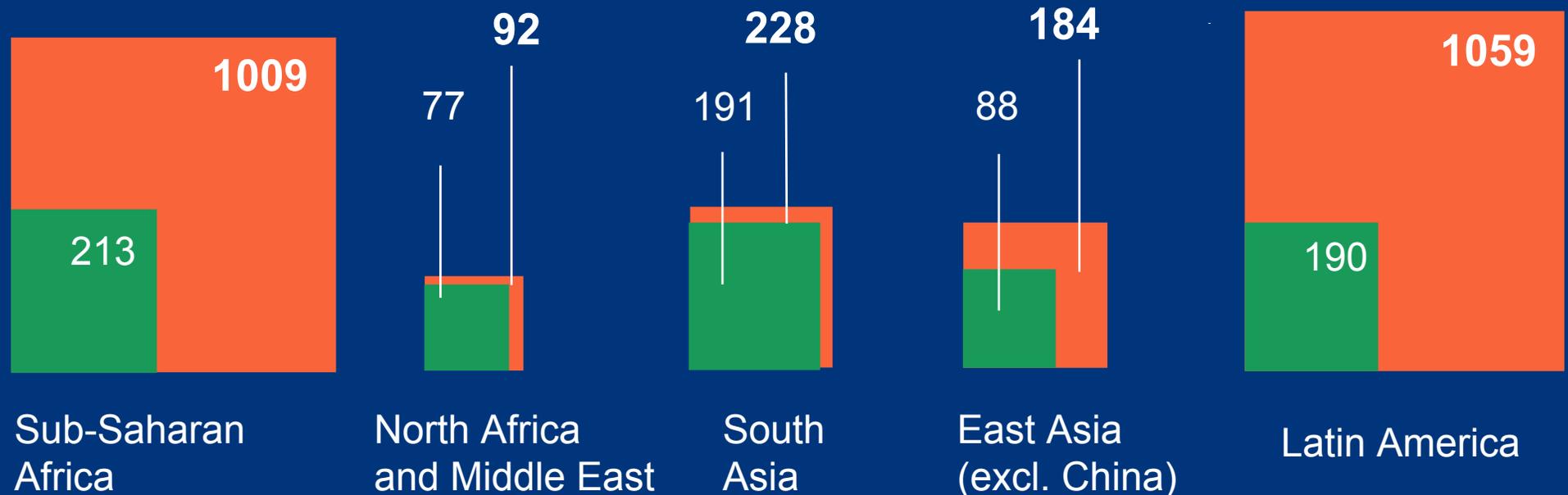
The promise of a significant reduction in tariffs on farm products and the ultimate phasing out of farm subsidies and protection of the rich countries offers real benefits.

For decades, people have juggled with agri-

- ... dismantling protectionism and subsidies in agriculture of the industrialised countries ...
- ... improve poor farmers' access to markets ...
- ... programmes for rural development in the South
- ... stabilisation of export earnings ...

Priority: Open markets for long-term food supply security from unused land

- Land under cultivation (1990s), million hectares
- Total land with crop production potential (including land in use) mn hectares



Sources: FAO

Long-term WTO perspective: competition as a concept - against misperceptions circulating

- Competition being mainly created by competition authorities?
- Smaller countries more exposed to abuse of market power by companies?
- Increasing/excessive size of companies (e.g., compared to GDP of countries) "alarming"?
- Intervention to achieve an "optimal amount" of competition for developing economies?

Sources: WTO Symposium May 2002; Evian Group meetings

Long-term priorities: broader view on WTO

	"vases"/flows	Process	Setup/focus
from:	trade	"Do ut des", reciprocity	rule-based world economic order
to:	knowledge investment	Consumer gains	strengthening competition (as a concept!)



Nestlé

Good Food, Good Life