

The Australian

National Affairs

Craig Emerson pushes breakaway plan to sideline protectionist nations

- by: Matthew Franklin and David Uren
- From: The Australian
- October 17, 2011 12:00AM
- 10 comments

TRADE Minister Craig Emerson has declared the Doha Round of global talks has hit a dead end, and says Australia will lead a breakaway free trade push sidelining the nations that cling to protectionism.

The World Trade Organisation would hold liberalisation talks on a sector-by-sector basis under the Emerson plan, sealing agreements among those nations genuinely willing to negotiate, and leaving the protectionists to their own devices.

Dr Emerson unveiled his plan yesterday as he warned that the world would not emerge from its economic woes unless it embraced free trade as the best means to harness resources to create new jobs and prosperity.

"Without it, countries will be consigned to squabbling over the carve-up of existing jobs and incomes," Dr Emerson told The Australian yesterday.

"Worse, surrender to protectionism would reduce global jobs and prosperity."

The minister's comments came as countries around the world started acknowledging that the decade-long Doha trade talks were doomed.

The negotiations, involving 153 nations through the World Trade Organisation, began with a mission to give developing nations access to developed nations' markets, with the philosophy that trade was better than aid in alleviating poverty.

However, arguments between the developed and developing nations have hobbled the talks, with a series of attempts to revive the round ending in failure.

WTO director-general Pascal Lamy set this year as the final deadline, because presidential elections in the US, France and India next year would make ratification impossible.

A spokesman for Brazil's Finance Ministry said last week the negotiations would end without result this year. However, China's Premier Wen Jiabao said his country still hoped to see concrete results from Doha, and called for all countries to push ahead with the talks.

Australian Treasury secretary Martin Parkinson, who is travelling to China next month, said in a speech on Friday that Beijing must do more to speed the process of negotiations.

"China's emergence has benefited greatly from the existing rules-based multilateral economic, financial and trade system," he said, arguing that China should take greater responsibility for finding a way forward on global trade liberalisation.

In April, Dr Emerson wrote to more than a dozen counterparts in nations that favoured abolition of trade barriers seeking their help to generate new impetus for a conclusion of the round.

But in a document he is about to circulate to other trade ministers, Dr Emerson says it is time to face reality and accept that Doha has reached a dead end.

"If further global trade liberalisation is to occur, new approaches must be adopted," the paper says.

"Declaring the round dead, or proceeding with business as usual, pretending there is life in the Doha Round while watching it die, is to surrender to protectionism."

Dr Emerson's paper advocates "a new pathway" under which trade ministers meeting at the WTO in Geneva in December would commit to freezing all existing trade barriers and raising no new barriers.

They would provide pledges on trade sectors where they were genuinely interested in negotiating reform, and officials would then work towards a program for sector-by-sector negotiations.

New agreements, using such means as the declaration of most-favoured trading status, would deliver results without having to include all WTO members.

Questioned yesterday on Australia's priorities, Dr Emerson said putting Doha on ice would allow Canberra to negotiate greater trade access for services, allowing Australian professionals such as engineers, lawyers and architects to seek more work overseas.

He said there was potential for like-minded nations to boost trade facilitation by reaching agreements to eliminate accidental or behind-the-border trade barriers.

The new approach could lead to further progress in agricultural trade, he said.

"The problem is that anything that requires the approval of all 153 nations will not succeed, in my view," he said. "I'm not saying we should turn our back on multilateralism, but I am saying it's important we recognise the road is blocked, and that we need to walk back and find a new path."

He argues that Doha will never progress as long as nations continue to retain high trade barriers.

But he notes: "Yet without further trade liberalisation, where are the world's future jobs and prosperity to come from? In the absence of trade liberalisation it is hard to see how Europe, the US and Japan will emerge from an economic funk. The world must openly and candidly confront the price of failure of the Doha round instead of complaining about the price of a successful round. A new pathway to global trade reform must be found."

Last month, India's Trade Secretary, Rahul Khullar, blamed the US for the Doha impasse, saying it wanted to abandon a development agenda and had prevented any further progress for the past two years. He said progress would have to wait until after next years presidential elections in the US.

A possible model for the new negotiations is an agreement on government procurement which is close to being finalised among 42 nations. It is a voluntary agreement among a a coalition of the willing rather than the full WTO membership. China has not yet signed up to it.

Have your say

Comments on this story

- *Linda of QLD* Posted at 9:12 AM Today

As a horti-farmer, Doha has perpetually failed because of the unwillingness of the US, Europe, New Zealand and other countries to cease subsidising their farmers. In Australia, our input costs (labour, power, water, freight) are already far higher - so how can we begin to compete with the increasing imports from China, Thailand, the Philippines (Corporate \$ backed)? It's all well and good Dr. Emerson supporting free trade and seeking to do so with a select group - but perhaps it's time he considers subsidising Aussie farmers to protect Australia's future food security needs before looking to grow enough to trade overseas.

- ***Ken of Balwyn Posted at 9:06 AM Today***

Sounds like the rest of the world has joined the Australian taxpayers in not listening to this weak minority labor government and it's spokesmen. Being a leader in free trade for years hasn't led to the rest of the world following our lead. It doesn't look good for our stance on a carbon tax leading the world. Perhaps 20 + million people don't have that much influence.

- ***Wayne Posted at 8:53 AM Today***

It seems that multilateralism is as successful as multiculturalism! Why would 152 other Nations listen to anyone from our inept and incompetent Government? Just more money spent for the individuals own attempt at glory via the public purse.

- **Read all 10 comments**

Copyright 2011 News Limited. All times AEDT (GMT +11).