What’s up with the WTO?

IR Professor Kevin Gallagher has some answers

By Dick Taffe

Kevin Gallagher, a College of Arts and Sciences international relations professor, will be attending the ministerial meetings of the World Trade Organization (WTO) in Hong Kong, China, from December 13 to 17, as both a guest and an observer.

While delegates debate various global trade agreement proposals, Gallagher will hold workshops for trade negotiators from developing countries. He has been invited to speak at the Hong Kong Trade and Development Symposium, where academics and policy-makers will be assessing the developmental impacts of the negotiations.

To put the WTO in context, Gallagher answered some questions from BU Today:

Q: Why is this conference important to us as Americans?

A secure and stable world trading system helps Americans by providing export markets for our products while allowing us to import goods from countries that do a better job than we can. The U.S. economy stands to gain $4.9 billion if the U.S. government manages to get cuts in support for agricultural producers in industrialized nations. If structured correctly, a WTO deal would also enable developing countries to grow their economies — which would mean more exports and imports for the United States in the future.

Unfortunately the talks are in gridlock — industrialized nations are being accused of making dramatic demands on the poorer countries, but refusing to make concessions themselves. According to the World Bank, current proposals by the developed countries would yield $80 billion for industrialized countries and only $16 billion for the developing countries, or less than a penny per person per day in the developing world.

Q: What would make the Hong Kong WTO conference a success?

Different countries will have different answers to that question. Indeed, countries will be asking themselves whether no agreement will be better than the current proposals. For many, the answer to
that question would be 'yes.'

For instance, nations in the Middle East and North Africa are projected to be worse off by $600 million, Mexico stands to lose $900 million. The United States, on the other hand, will gain $4.9 billion if the U.S. government manages to get cuts in support for agricultural producers in industrialized nations.

**Q: Do you expect that there will there be success in Hong Kong?**

Expectations are low for Hong Kong at this point. At best the ministers will agree on new deadlines to agree — a frustrating process. But that’s the nature of WTO decision-making. It’s a consensus vote, so all 149 countries have to agree on every sentence. Too much is at stake for the meetings to end as abruptly as they have in the past. There will be a declaration with modest goals and new deadlines.

**Q: With such frustration inevitable, what does the future hold in store for the WTO?**

If these talks don’t end up in a final deal, say in the year 2006, at some point the WTO may lose its legitimacy. That would accentuate the rush to regional trade agreements, where the benefits to Americans and other countries are more ambiguous.