

APEC agrees against protectionism; pushes for Doha

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Rising protectionism is a threat to a global economic recovery, the Asia-Pacific Economic Cooperation (APEC) group said on Wednesday, vowing to stamp out such policies.

APEC trade ministers also agreed to intensify efforts to reach a global trade pact by 2010, seen as a way to spur the global economy out its worst downturn in decades.

"If protectionism is not controlled, this could be a severe setback for our growth prospects," Singapore trade minister Lim Hng Kiang, the chair of the APEC meeting, told a news conference after a two-day meeting.

Trade officials at the meeting offered cautious optimism over their export outlooks, with China, leading hopes for a tentative global recovery, saying the decline in its exports could ease in the second half of the year.

"Overall China's economy is stabilizing and improving. As for exports in the second half, we'll have to look at the global economic situation," Commerce Minister Chen Deming told reporters.

World Trade Organization Director-General Pascal Lamy, also at the meeting, said this month that governments were unfairly blocking trade in response to the global downturn, hurting wealthy economies most and raising concerns about stimulus measures in both rich and poor nations.

"Protectionism does not protect," Lamy said on Wednesday.

Some APEC members criticized "buy local" campaigns during the talks, including by the United States, saying they were hurting exports, Thailand's commerce minister told reporters.

Michala Marcussen, head of strategy and economic research at Societe Generale Asset Management, said there was a clear risk of rising protectionism that would affect global trade although she did not think it would ever reach 1930s levels.

"I think that politicians are committed to free trade but they have to face elections. The long-term win is clear but the short-term pain is not accepted by the electorate today."

DOHA CHALLENGE

"Buy American" provisions in the U.S. stimulus bill generally require public works projects funded by the bill to use only U.S.-made steel, iron and other manufactured goods. Other countries have also issued "buy local" policies.

U.S. Trade Representative Ron Kirk told reporters the "Buy American" campaign will not violate commitments of the WTO.

"We would like a robust trade policy that is one that American people believe operates fairly in their favor as opposed to just the interest of one industry...as well as protecting the rights of workers that helps us to implement the president's number one objective -- that is to put Americans back to work," Kirk said.

The U.S. position on "Buy American" looked contradictory to the APEC statement. The 21-member APEC group, which includes the U.S., China, Russia and Japan, makes decisions by consensus and commitments are not binding.

Kirk said a review of U.S. trade policy was "80 to 90 percent" complete. The U.S. has so far given little public indication on how it sees Doha talks progressing for a global trade pact, seen by some as insurance against protectionism.

The Doha round, launched in the Qatari capital in 2001 to help poor countries prosper through trade, has been written off many times as WTO members squabbled over calls to cut tariffs and subsidies to boost commerce in food, goods and services.

Lamy has estimated a Doha deal could boost the world economy by \$130 billion.

World leaders will next look at progress in the Doha talks at a G20 summit in Pittsburgh in September. G8 nations agreed earlier this month to push for the Doha deal by 2010.