



Governing Council  
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**REPORTS ON RECENT IPU SPECIALIZED CONFERENCES AND MEETINGS**

**(h) PARLIAMENTARY PANEL WITHIN THE FRAMEWORK OF THE  
ANNUAL WTO PUBLIC FORUM**

**Geneva, 30 September 2009**

1. Over recent years, the World Trade Organization (WTO) has established a tradition of holding annual public events where participants from government, parliament, civil society, the business sector, academia and the media jointly reflect upon the functioning of the multilateral trading system and analyse the state of advancement of the Doha Development Agenda. The annual WTO Public Forum is now a significant feature of the international calendar.
2. It has likewise become a tradition to hold special parliamentary panels within the overall organizational framework provided by WTO Public Forums. Such parliamentary panels are geared towards the specific interests of members of parliament specializing in international trade and are closely linked with the process known as the Parliamentary Conference on the WTO, which is driven by the synergies of the IPU and the European Parliament and constitutes a de facto parliamentary dimension of the WTO.
3. The WTO Public Forum 2009 was held in Geneva from 28 to 30 September, under the overall theme *Global Problems, Global Solutions: Towards Better Global Governance*. The Forum took place at a time when the global economic and financial crisis was taking its toll, international trade was shrinking and protectionist pressures were mounting, while the Doha negotiations were stalled.
4. In line with the overall theme of the Forum, the parliamentary panel was entitled *Can protectionism protect trade? The legislator's perspective*. This issue was of special interest to parliamentarians, who oversee government action in the field of international trade and are faced with protectionist pressures resulting from the economic downturn and social recession.
5. The parliamentary panel took place on 30 September and was attended by more than 150 participants, including numerous members of parliament. A summary of the panel's discussions, prepared for the purpose of inclusion in the overall record of proceedings of the WTO Public Forum 2009, is to be found in the Annex. A complete record of Forum proceedings is to be published by the WTO Secretariat.

## WTO Public Forum 2009 REPORT ON SESSION 23

### Title of the session

Can protectionism protect trade? The legislator's perspective.

### Co-organizers

Inter-Parliamentary Union and European Parliament

### Abstract

As the world is mired deeper in the economic crisis and collapsing international trade, parliaments are faced with pressures from various sectors of the economy and the population who demand protection from economic hardship and social recession. What room for manoeuvre is there for policymakers to support national producers without awakening the demons of all-out protectionism? What is the responsibility of parliaments in the face of trade-restricting measures taken by other countries that appear to be merely shifting their problems to their neighbours? How to ensure uninterrupted aid-for-trade flows to developing countries and in particular the least developed nations, which bear no responsibility for the current economic crisis but rely heavily on exports to drive their growth? What is the role of the WTO in providing a mechanism to monitor trade and trade-related measures taken in the context of the crisis, and how can legislators make effective use of this mechanism?

The panel examined the role of parliaments in providing - as part of the system of checks and balances - essential scrutiny of government policies in the area of international trade.

### Composition of the panel

Moderator:

- Mr. Ram Etwareea, journalist, *Le Temps* daily

Panellists:

- Mr. Vital Moreira, Chairman of the Committee on International Trade of the European Parliament
- Mr. Jacques Bourgeois, MP (Switzerland), Director of the Swiss Union of Farmers
- Mr. Shakeel Mohamed, MP (Mauritius)
- Mr. James Bacchus, former Chairman of the WTO Appellate Body, former member of the US Congress

### Summary of the main points raised by the panellists

In his introductory remarks, the moderator stressed that the world was trying to get back on track after the severe shock caused by the economic and financial crisis, with trade featuring prominently on the recovery agenda. As indicated in a recent WTO report, several countries had already introduced protectionist measures in response to the crisis. These developments are to be seen against the background of the stalled Doha Round negotiations.

**Mr. James Bacchus**

A former Member of the US Congress, Mr. Bacchus began by stating that he was a democrat and a firm supporter of free trade. In his opinion, the best thing that countries could do was to embrace the global trading system. Protectionism was always a case for lost opportunities and inefficient use of capital.

Thanks to the system of WTO rules, with its binding dispute settlement machinery, world trade worked better now. Countries that did not respect trade rules could face economic penalties, and often did.

There was a tacit debate within the WTO currently about the amount of protectionism one could get away with without openly breaking the rules. That was known as legal protectionism: measures that did not transcend the boundaries of WTO's legal system, but were still in essence protectionist. Legal protectionism entailed a risk for the entire system and might become an additional stumbling block for the progress in the Doha Round negotiations.

Mr. Bacchus expressed concern that signs of protectionism emerging from his own country, the United States, might have a significant negative impact on other countries, which could use them to justify their own "closed door" policies.

Disputes handled within the limits of the WTO system were by definition not "trade wars". That was why it was so important to channel trade conflicts through the WTO dispute settlement system, instead of letting them grow dramatically out of control.

For Mr. Bacchus, the G20 meeting in Pittsburgh was keeping its promise and the G20 leaders were committed to the goal of bringing the Doha Round to a successful conclusion.

**Mr. Jacques Bourgeois**

Mr. Bourgeois started his presentation by explaining why he always defended agriculture. For him, agriculture could not be compared to services or some other sectors insofar as it had to do with the livelihood of communities. He pointed out that his country, Switzerland, had accepted the notion of the multifunctionality of agriculture through a referendum. That notion was now enshrined in the Constitution.

According to the Marrakech Agreement, each country had the right to support and protect its agriculture. Even though that right was uncontested, Switzerland saw its agriculture exports shrink from day to day. The government therefore had to decide on what kind of regulatory system to put in place. Each country had its own peculiarities and needs. A Swiss farm with 20 hectares of land was clearly different from a typical farm in the United States.

Agriculture had a special and essential role to play in maintaining the sustainability of communities. It also performed a social function: a country without agriculture could not exist. Nonetheless, Switzerland imported more agricultural products per capita than most of its neighbours.

### **Mr. Shakeel Mohamed**

Mauritius, Mr. Mohamed's homeland, had made a conscious choice in favour of strict respect for trade rules. It did not move away from that choice even at the time of the financial crisis, which had affected developing countries more severely than developed ones.

"We, parliamentarians, have this thing called politics", said Mr. Mohamed. Politicians are naturally tempted to apply protectionist measures, especially during election time. However, it was a false and dangerous path to take.

Every time the G20 met, the world held its collective breath because the Group's decisions had an impact on the lives of all. For free trade to thrive, an effective global financial system should be put in place. The G20 had started to deal with that matter but the concerns of the developing countries were not sufficiently taken into account.

The main victims of the crisis were citizens of developing countries, such as Mauritius. Nonetheless, they were not represented in most of those meetings, with their role having been reduced to that of aid recipients. There was a need for greater inclusiveness. The current system resembled a doctor who prescribed a treatment without ever having seen the patient.

The G20 promised that there would be no protectionism. However, the reality of the situation contradicted those pledges as those very countries had already embarked on the path of protectionism. If we all went down this road, the Doha Round, with the promise of free trade, were dead letter.

### **Mr. Vital Moreira**

The economic crisis had not been caused by trade, but trade could be part of the solution. Politicians needed to realize that world trade would continue to grow, even if protectionist tendencies often dressed in political wear in times of crisis.

International trade was more resilient today than it was a few years ago. Multilateral trade rules agreed by the WTO had improved the entire system. The G20 commitment, made at the Summit in Washington D.C., to prevent protectionism, was very important. So was the commitment to bring the Doha Round to a successful conclusion.

Mr. Moreira expressed confidence that the potential of trade to mitigate the effects of the economic crisis would be realized. In the view of the European Parliament, legislators should start questioning their governments about all instances of protectionist policies. The need for stringent parliamentary oversight of government action was crucial.

### **Summary of the discussion**

The debate proceeded with several interventions from members of parliament and other Forum participants present in the room.

A parliamentarian from Cameroon stated that, from the perspective of developing countries, the session's title was misleading: developing countries on their own were unable to introduce protectionist measures and were mainly bound by the decisions of developed countries. That opinion was echoed by other parliamentarians who wondered who was actually responsible for the standstill of the Doha Round.

Part of the reply to that question came from one panellist, who suggested that developing countries also needed to make concessions for the negotiations to succeed.

The debate also dealt with the issue of obstacles to trade. Some delegates argued that, due to lack of competitiveness, developing countries were simply obliged to protect their economies. They also evoked the need for more transparency in WTO procedures.

Despite palpable differences of views as to how much free trade the world could actually afford, there was a clear consensus that the Doha Round should be continued. Opinion was divided between proponents of free trade and those who - in the face of the financial crisis - advocated the need for more rigorous regulation. It was emphasized in that regard that the current financial crisis should be seen in its broader global context, together with the consequences of the food and energy crisis and the challenge of climate change. They were all interconnected and all affected trade.

### **Conclusions**

The ongoing crisis has had adverse effect on both developed and developing countries, but the developing world has been affected to a greater extent. It is hardly a surprise that protectionism has reappeared on national agendas. This poses a threat to international trade and can further complicate Doha Round talks. The danger is real. Despite their "natural" political instincts, parliamentarians should withstand protectionist pressures.