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Latest WTO talks hold promise to spur global growth

By Bill Ruckelshaus and Bill Center

Four years ago, the World Trade Organization launched an ambitious round of negotiations with the lofty goal of expanding trade's circle of benefits to more fully include the world's poor. As business leaders, we believe that enhancing the ability of individuals in developing countries to support themselves and their families helps build a healthy local economy, expands the global economy, strengthens global stability and creates new opportunities for businesses of all sizes, both here and around the world.

Meeting in Hong Kong last week, trade ministers from 148 WTO member nations made little meaningful progress on the development agenda. The consultations are extremely complex, involving trade rules for manufactured goods, services, intellectual property, financial transparency and rule of law. But the major sticking point is agriculture, particularly the trade-distorting tariffs and subsidies used by rich nations to protect their farmers.

The subsidies under debate total well over \$200 billion annually. The amount is not the issue. If the taxpayers of the rich nations wish to make transfer payments from one segment of their economy to another, that's their business and is allowable under WTO rules.

The problem is, subsidies cost the poor farmers of the world more than \$100 billion in lost income annually. That's roughly double the amount of yearly economic

assistance rich nations provide the poor. Clearly, that assistance could be much more effective if poor countries were able to avail themselves of the economic opportunities afforded by trade.

Subsidies encourage overproduction of certain commodities, then underwrite their sale on the global market at prices below which farmers in South America or Africa can grow a crop. We provide massive financial support to large commercial producers of sugar, corn and cotton each year in the name of protecting the American family farmer. But in the process we deprive poor farmers in developing countries the opportunity to build a better life. We can do better.

If our legislators determine continued support to America's farmers is a national priority, the \$14 billion currently used for subsidies could be used in better ways. We could pay farmers to protect the environment, to combat global warming by sequestering carbon or simply to keep our treasured countryside green.

The benefits of such an approach are huge. American farms can survive and thrive while we enjoy a world of high-quality, low-cost produce year-round. And without investing an additional dime on foreign aid, the income of the world's poorest nations could be boosted by more than \$100 billion annually.

That's just the beginning. Resolving the agricultural issues in the WTO could facilitate early agreement on other rules as well. Economists calculate the potential additional economic growth resulting from that agreement at \$2.8 trillion over the succeeding decade.

More than half of that growth -- \$1.4 trillion -- will happen in the developing world. No other program on the horizon can envision results even remotely approaching that. The impact could lift as many as 2 billion people out of poverty within the next 20 years.

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Latest WTO talks hold promise to spur global growth continued

And where does the other \$1.4 trillion go? It goes to support continued economic growth in the developed world ... so we can continue to pay our taxes and support our farmers, and do more to help the poor in our own countries.

Happily this is one issue on which it's not necessary to urge our nation's leaders to do right. Our trade representatives are providing strong, positive leadership. Now we urge the negotiators from every nation to follow their lead and bring this debate to a speedy conclusion. The poor can't wait.

BILL RUCKELSHAUS is a former administrator of the Environmental Protection Agency and Rear Adm. BILL CENTER is president of Washington Council on International Trade. Ruckelshaus and Center are members of the Initiative for Global Development, a coalition of business and civic leaders that favors the elimination of extreme global poverty. For more information, go to www.igdleaders.org.