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CHINA

WTO chief criticizes regional free-trade deals

Separate regional free-trade agreements will not work in the long run for China, WTO chief Pascal Lamy warned on Wednesday.

By Christopher Bodeen

Associated Press

SHANGHAI, China - WTO chief criticizes China's regional free-trade deals

WTO chief Pascal Lamy on Wednesday warned that China's pursuit of separate bilateral and regional free-trade agreements would harm its long-term commercial interests.

"Free-trade agreements, whether bilateral or regional, cannot, in my view, replace the WTO," Lamy said in a speech in China's commercial hub of Shanghai.

"These may serve China's geopolitical interests or short-term commercial interests, but not China's systemic interests in the long-run," Lamy said, according to a copy of his speech distributed to journalists.

MAKING DEALS

China is in negotiations with Australia and several other countries and trade blocs on such agreements, seeking to leverage better trade terms for its fast-expanding economy.

The World Trade Organization, however, aims to forge a global trade treaty among its 149 members -- an endeavor that collapsed in July over disagreements between rich and poor nations, particularly over lowering barriers to farm trade.

Free-trade agreements, or FTAs, are "by nature discriminatory to nonparties," Lamy said, and do not constitute an alternative option for China, given the volume of its foreign trade.

"If FTAs continue to proliferate worldwide, as China would not be able to be involved in most of the FTAs in the world, the environment of China's exports will deteriorate, not improve," Lamy said.

Lamy, who met with Chinese Premier Wen Jiabao on Tuesday, urged China to redouble its efforts toward a successful conclusion of the current Doha round of WTO trade negotiations, saying the country would be a major beneficiary of an agreement and has a "long-term interest to safeguard the multilateral trading system."

"A successful Doha Round can provide China a stable and predictable global trading environment and offer the prospects for another 10-15 year period of peaceful economic development," Lamy said.

PROTECTION

Lamy said a WTO agreement would protect China from a possible rise in trade protectionism, expand multilateralism and ensure an adequate food supply for China's 1.3 billion people through lower agricultural tariffs.

"Without the Doha round and without a well-functioning WTO, China could well be one of the biggest victims," Lamy said.

But Wen and Commerce Minister Bo Xilai have signaled that China does not plan to take a leading role in reviving the WTO negotiations, with Bo saying earlier this week that the breakdown in talks had "nothing to do with China."

On Tuesday, Wen urged developed nations to make concessions to help restart the talks, expressed China's support for a global trading system and "opposes trade protectionism," according to the Chinese government's Xinhua News Agency.