

# **IPA** MEDIA RELEASE

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Level 2, 410 Collins St. Melbourne ph: 03 9600 4744 ipa@ipa.org.au www.ipa.org.au

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## **WTO TRADE NEGOTIATION COLLAPSE WILL HARM AUSTRALIA AND THE WORLD'S POOR**

"The collapse of the World Trade Organisation's Doha Round of trade negotiations will harm Australia and the world's poor", according to Tim Wilson, Director of the IP and Free Trade Unit at free market think tank, the Institute of Public Affairs.

"Australia will be hard hit by the collapse. Primary gains from the Round would have come from reductions in US and EU agriculture subsidy programs and increased agriculture market access. The pressure on the US and EU is now off, and Australia's agriculture sector will suffer", Mr Wilson said.

"While Australia has reduced its tariffs, it can still liberalise more and increase standards of living. But, further gains come from increased market access as other countries liberalise. The failure of Doha will reduce benefits for Australia from the global economy".

"Today is a sad day for free trade, Australia's trading interests and the world's poor".

The negotiations held in Geneva since last Monday collapsed yesterday after difficulties in securing an agreement. The US, EU and Brazil had agreed to lower developed country agriculture subsidies and developing country industrial tariffs. But China and India balked at the proposals. Because the WTO operates on consensus their opposition spells the end of negotiations.

"The collapse will also harm the world's poor. From full agriculture liberalisation alone the World Bank estimates the gains for developing countries are \$142 billion", Mr Wilson said.

But developing countries are also to blame. The collapse of the WTO's negotiations was caused because of a focus on 'development' rather than trade liberalisation".

"The WTO is designed to achieve one objective – trade liberalisation. The aim was to achieve progressive liberalisation between countries. Adding 'development' to the mix has undermined this process. Instead developing countries have demanded slower liberalisation and made securing a deal harder to negotiate", Mr Wilson said.

"The irony is that free trade serves the best interests of developing countries, not protectionism", Mr Wilson said.

"The failure of the trade negotiations will push countries interested in achieving free trade into the third-best option – bilateral agreements. The first-best is unilateral, the second-best is multilateral".

"Bilateral agreements are no substitute for a unilateral agreement at the WTO. Only a big deal in the WTO would reduce trade-distorting subsidy programs", Mr Wilson said.

### **For Further Information**

Tim Wilson

Institute of Public Affairs

0417 356 165