

Latin progress on world trade

Mercosur-EU deal may be struck at WTO conference

by David Smith in Buenos Aires

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Representatives from the 164 member states of the World Trade Organisation will congregate in Buenos Aires next week for a grand ministerial conference. The summit will help determine whether the organisation embraces a broad and progressive agenda, or looks back.

'The WTO is idling at the crossroads right now, between the trade issues of the past century, and the controversial themes of this new age,' according to a key adviser of Brazilian President Michel Temer. 'Either the WTO starts the conversation on the new-age agenda, or it withers and dies, especially in the age of Donald Trump.'

Regional luminaries such as Agustín Carstens, Mexico's previous central bank chief and new general manager of the Bank for International Settlements, have warned that Trump's disillusion with the WTO represents a dangerous turn. 'Trade is so important to the US,' he remarked as he stepped down. 'If the US wants to weaken the entire system that generates international trade, that would be drastic.'

But for Susana Malcorra, Argentina's former foreign minister and the chair for the conference, this round of talks is an opportunity for the WTO to adopt an agenda that could make it more relevant, despite a turn towards unilateralism in Washington.

'Such a meeting is always going to be complicated... the tendency for countries to look inwards is strong,' she told me in a telephone interview. 'But my sense, in the countdown to this meeting, is that important players recognise the need to shift the WTO agenda.'

Malcorra points to trade and investment, China's key issue for the talks, and food security, a point of great concern for countries like India. 'I'm pleased most of us seem to understand that we have to address a whole host of other challenges, everything from e-commerce, to climate change, to gender,' added Malcorra.

Sceptics point to Latin America's internal divisions as evidence of the WTO's global challenge. 'There's Balkanisation in trade in our region, and it mirrors other continents,' to quote one former adviser at the Inter-American Development Bank. 'There's Mercosur [the subregional trade bloc], then there's the Trans-Pacific Partnership countries, then there's the North America Free Trade Agreement. Countries are looking after themselves. They are not thinking regionally, let alone globally.'

Malcorra admits as much, but stresses how she has worked to ensure Latin American governments speak with one voice in Buenos Aires. 'Are we wise enough, mature enough, to put our money where our mouth is? I believe we are.'

For Mauricio Macri, president of Argentina, there are many issues to address before the conference opens. Fears of civil protest, specifically with local opponents joining forces with visitors, have triggered extensive security plans. Some international non-governmental organisations have had accreditation revoked.

At the same time, Macri's economic advisers and their Brazilian counterparts have been pushing for Mercosur to complete a long-awaited trade deal with the European Union before the end of 2017. The sidelines of the WTO summit seem to be the final negotiating venue.

'We understand European concerns, we know the Germans want greater access to our market for cars, and that the French and the Irish are nervous about our agricultural exports,' says Temer's adviser. 'But the Europeans can save billions in tariffs and send the Chinese a powerful message, that others are their largest export market.'

The latest talks suggest both sides are closer than ever. Argentina senses too how a deal would signal success for the conference, as well as the country's return to the international stage, a year ahead of Buenos Aires hosting the G20.

As Malcorra puts it, 'An EU-Mercosur agreement would send a clear and much-needed message that we bet on trade, here in Latin America and in Europe.'

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