



HOUSE OF LORDS

INFORMATION

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ECONOMIC DOWNTURN MUST NOT BE ALLOWED TO UNDERMINE EFFORTS ON TRADE LIBERALISATION – LORDS EU COMMITTEE

The current downturn in the world economy and fears of global recession must not divert the EU and the UK Government's commitments to developing free trade argue the House of Lords EU Committee in a report published today.

The report *Developments in EU Trade Policy* calls on the Government to continue to press for further trade liberalisation through the EU and asserts that the continued removal of trade barriers will help generate economic growth and create jobs world wide. The Committee stress that EU Member States must not use the current economic slump as an excuse to push for protectionist measures

The Committee look in detail at the state of the Doha Round trade negotiations and express disappointment that those negotiations are not yet concluded. They are also concerned that negotiations to free up trade in services are proving particularly slow. This is of specific concern to the UK as we have well developed service industries that could benefit from being able to operate more freely across national borders.

The Committee remain optimistic that the Doha Round can produce benefits in liberalising trade and stress that given the current economic crises and the consequent dangers of protectionism, a round in which World Trade Organisation members agree not to increase tariffs from their current historically low level might be regarded as a success. The Committee point out that the current low tariff levels cannot be taken for granted especially given the volatility of raw material prices and a likely world wide economic recession.

The report considers the role of bilateral trade agreements and argues that they are now an inevitable fixture of the trade negotiation landscape. To ensure that such agreements do not disadvantage developing nations the Committee call on the WTO to become more active in monitoring bilateral negotiations. They propose that the WTO should work to ensure bilateral agreements include provisions to minimise the damage to non-signatory countries.

The report proposes that while the Doha Round should be completed under the WTO's current trade rules, **discussion should start now on how the WTO can be reformed for the future.** The Committee assert that it is no longer appropriate that the WTO should move at the speed of its slowest or most cautious member. The Committee suggest that groups of WTO members should be allowed to negotiate their own agreements within the auspices of

the WTO as long as the agreement is then made open to all WTO members who wish to join. They also argue that the WTO should promote unilateral trade liberalisation among its members and encourage them to set applied tariffs at rates below the maximum the WTO allows.

The Committee consider ways to improve the trading capacity of less developed nations, pointing out that this will be vital if the developing world is to take advantage of liberalised international trade. The Committee support the Government in the leadership role the UK has taken on development but point out that many of the proposals in Aid for Trade are simply a rebranding of pre-planned, existing development aid. The Committee stress that development funds should be directed towards infrastructure improvements and advice for potential exporters in developing countries.

Commenting, Baroness Cohen of Pimlico, Chairman of the Lord EU Sub-Committee on Economic and Financial Affairs, said:

“It is vital for the world economy that the current economic crisis does not persuade nations to fall back into dangerous patterns of protectionism.

“Now more than ever the EU, the WTO and the British Government must refocus their efforts on ensuring we have a completion of the Doha Round that maintains the international momentum towards liberalisation of world trade.

“Free international trade will be vital in getting the world economy moving again and now is the time to ensure it is done in such a way that developing countries as well as the West begin to enjoy the benefits of open, fair and efficient trade across national borders.”

Notes to Editors

1. The report *Developments in EU Trade Policy* is available from The Stationery Office, House of Lords European Union Committee Sub-Committee A (Economic and Financial Affairs), 35th Report of 2007/08, HL Paper 200.
2. The report will be available online shortly after publication at:
http://www.parliament.uk/parliamentary_committees/s_comm_a.cfm

For copies of the report or to request an interview with Baroness Cohen, please contact Owen Williams, Head of Press and Media House of Lords, on 020 7219 8659.