

# European Chosen to Head WTO

By Evelyn Iritani  
Times Staff Writer

May 14, 2005

Former European Commission trade chief Pascal Lamy on Friday won the race to be the next head of the powerful World Trade Organization, the overseer of global commerce.

Lamy's diplomatic skills will be put to the test immediately because he comes on board at a time when protectionist forces triggered by the rise of China and tensions between rich and poor countries threaten the WTO's efforts to push through a new global trade pact.

His selection was applauded by government officials worldwide, including U.S. Trade Representative Rob Portman, who said Lamy's experience would enable him to be a "strong public advocate for the WTO."

Lamy emerged as the winner after his chief opponent, veteran trade diplomat Carlos Perez del Castillo of Uruguay, dropped out of the race. The WTO director general is selected by the 148 member nations through a consensus process. If approved by the WTO General Council as expected, Lamy will take office Sept. 1, succeeding Supachai Panitchpakdi.

Lamy, who stepped down as EC trade commissioner last fall, is inheriting an organization that has been struggling to close a rift between rich and poor nations that led to the collapse of global trade negotiations in the fall of 2003.

His first job will be rounding up support for the so-called Doha Development Agenda, which is entering a crucial stage. All the WTO's trade ministers are gathering in Hong Kong in December to try to forge a blueprint for what would be the first comprehensive global trade deal since 1994. The WTO hopes to complete the talks by the end of 2006.

A key goal of the Doha trade round was to address concerns from poor countries that they have not gotten enough benefits from trade liberalization, particularly in agriculture. The biggest hurdle has been persuading Europe, the U.S. and Japan to phase out agricultural subsidies that have hindered exports from poor countries. In exchange, farmers want greater access to highly protected markets in the developing world.

"Without an agricultural deal that is credible, this round will not conclude," said Charlene Barshefsky, a trade attorney in Washington and former trade representative in the Clinton administration.

Barshefsky said Lamy, 58, would be watched carefully for signs that he is taking a neutral position on issues that he worked on as chief trade negotiator for Europe. The WTO is handling a number of thorny disputes, including a disagreement between the

European Union and the U.S. over government support for aerospace firms Airbus and Boeing Co.

Daniel Griswold, a trade analyst at the Cato Institute, said Lamy's trade experience and his ties to the French government should make it easier to persuade the Europeans to move forward on sensitive issues such as agriculture reform. Lamy once held a leadership position in the French Socialist Party.

His political leanings also have made him more empathetic to the potentially harmful effects of trade on the environment and human rights, said Susan Aaronson, who directs a project on trade and corporate social responsibility at the University of North Carolina's Kenan-Flagler Business School.

"Through his leadership, the [European] commission focused on trade policy that was very flexible and incentive-oriented in trying to help developing countries," she said.

"He opened the door to having trade policy that was more supportive to poverty reduction and good governance."