MEDIA CLIP | The Australian
Wednesday 31 July 2013
Section: Commentary
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AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY

FOUR KEYS TO BOOST TRADE

We should lead by example at G20

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THE decade-long slowdown in global trade liberalisation must be reversed to provide a debt-free stimulus to the global economy.

Amid concerns over deficits and sovereign debt, many leading trading nations put trade liberalisation on the back-burner. That's one reason the volume of global trade increased only 2 per cent last year, down from a 5.2 per cent increase in 2011. And the World Trade Organisation recently scaled back its projected global growth estimates for this year from 4.5 per cent to 3.3 per cent.

We need renewed momentum in favour of trade liberalisation, the most effective way to stimulate growth and job creation. Governments should unilaterally reduce internal red tape and constraints on business, then act collectively to liberalise trade and investment around the world.

At a time of slow or no growth in many parts of the world, the stimulus of trade liberalisation is even more important. The biggest pay-off would come from completing the global trade negotiations launched in Doha in 2001. But with those talks at a standstill, there is an urgent need to focus on four trade goals that are achievable in the run-up to the G20 summit in St Petersburg in September and the WTO ministerial conference in Bali at the end of the year.

First, a WTO agreement on trade facilitation should be concluded at Bali to reduce red tape and simplify Customs and border controls. This could generate more than $1 trillion in world export gains just by increasing trade flows, according to a recent Peterson Institute report commissioned by the ICC Research Foundation.

Second, WTO members should expand coverage of the Information Technology Agreement, a highly progressive measure agreed to in 1996 that committed the signatory nations, which were responsible for more than 90 per cent of the world's IT trade, to eliminate all tariffs on 180 products in the IT sector. In the intervening years, countless IT products have come on to the market, some of which have resulted in trade disputes growing out of uncertainty as to whether these products are covered by the ITA. A renewed commitment to refrain from imposing tariffs on IT products is needed.

Third, we must further open markets to international trade in services, given the growing role of services in today's global knowledge-based economy. Twenty-one like-minded economies including Australia, representing nearly two-thirds of the global trade in services, are about to start negotiating a comprehensive liberalisation of trade across a range of services through the International Services Agreement.

Fourth, we allow least-developed countries to export to developed markets on a duty-free and quota-free basis. While Australia and some other developed markets already do this, others should make it a priority. It will accelerate the integration of least-developed countries into the global economy.

These measures would deliver benefits and signal an unambiguous global commitment to free trade. And that would give new energy to the WTO's global trade liberalisation efforts, started more than a decade ago, which, once completed, would deliver prosperity throughout the world. Australia has been a champion of trade liberalisation. As it takes on key leadership roles hosting the G20 next year and leading the Indian Ocean Rim Association for Regional Co-operation beginning in November, we must use these opportunities to create growth in Australia and around the world.

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