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WTO offers to mediate in complaints over US steel tariff

Maisara Ismail

THE World Trade Organisation (WTO) has volunteered to act as a mediator for the international community to find solution to the US steel tariff issue.

Its next chief Supachai Panitchpakdi said countries should opt for negotiation in finding solution to the issue.

"If I could suggest, WTO will play the role of mediator, not as a settlement body but as a mediator in reconciling differences to identify the real solution," he told reporters on the sideline of the Asian Economic Summit in Kuala Lumpur yesterday.

The US has caused an uproar when it decided to slap tariff of up to 30 per cent on its imported steel on Tuesday, resulting in steel producing countries around the world, including the European Union (EU), Japan, Australia and Russia indicating potential retaliatory moves.

Some countries, like South Korea and the EU had said they are prepared to file a complaint against the US at WTO's Geneva-based court.

Supachai, however, cautioned the issue could drag on for several years if legal dispute is pursued.

"If the case is taken to the panel in WTO, it would last a few more years and in the intervening years, no one will gain anything," he added.

"Legally, we can ask for a verdict, but it will not solve the problem. We need a real economic solution to this," added Supachai, who will be taking over from New Zealander Mike Moore beginning September.

He said it would be better if the countries involved in steel trades could sit together and negotiate to resolve current global problem of excessive production of steel, which may include reduction in the number of steel producers worldwide.

The US imposition came a scant four months after WTO's 144 members struggled amid vast differences to come to an agreement to launch a new round of trade talks in Doha.

Analysts have expressed concern that US move may start a tit-for-tat trade war that could unravel the latest trade rounds.

While steel is not on the declaration agenda, the designated director general said the subject may be raised in the negotiation hall of Geneva that may distract the progress of the trade round.

At the same time, Prime Minister Datuk Seri Dr Mahathir Mohamad also expressed his unhappiness with the US move.

"Of course we are not happy with this tariff," the Prime Minister said during a dialogue session at the summit.

"We have to do something about it. Alone we can't do anything, but together we can do something," he added, referring to other countries that are also protesting American move.

Acknowledging the fact that countries are sometimes pressured to "protect the interest of their own people", Dr Mahathir said similarly Malaysia would like to impose tariffs in certain products under the Asean Free Trade Area.

"Its a question of give and take. If you protect too much, your (market) access to other countries may face problems," he added.

Meanwhile, China's trade representative, Long Yong Tu, also said the country reserved the right to lodge a complaint to the WTO. "We hope the US will consider the views of others," he said.

The US President George W. Bush's decision to protect the steel

industries has been criticised as a move to improve the chances of his Republican Party in the congressional election this year.

"The US, like other countries, has its own domestic political issues to contend with," said Supachai, adding that this is one internal political issue that may have to be solved internationally.

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