

Lamy dismisses rise in US-China disputes

By James Politi in Washington

Pascal Lamy, director-general of the World Trade Organisation, has brushed off concerns about the rising number of **trade disputes between the US and China**, suggesting they are a natural product of a maturing economic relationship.

On a visit to Washington, where Barack Obama and Mitt Romney are **vying to be seen as the toughest on China** in the race for the White House, Mr Lamy appeared confident that the boisterous campaign rhetoric – and the recent flurry of WTO disputes – would not inflict lasting damage on **US-China economic ties**.

“Trade frictions are a statistical proportion of trade volumes, and trade disputes are a statistical proportion of trade frictions,” he said at a breakfast meeting with reporters. Overall, **three times as many WTO cases were filed this year as in all of 2011**, but Mr Lamy seemed unconcerned: “I’m not surprised by it, I was expecting this. It’s [just] a resource management problem for me, I have to deploy more lawyers”.

Just last month, **China and the US filed two suits at the WTO on the same day against each other**, with the American claim against Chinese auto parts export subsidies filed just as Mr Obama was gearing up for a re-election campaign rally in the key industrial battleground state of Ohio.

But Mr Lamy did not appear worried that trade cases were being used as overt political weapons. “I’m on the receiving end. It’s not for me to judge the rationale of these cases. **What matters is that we process them peacefully,**” he said.

In Washington, Mr Lamy met with Jim Kim, president of the World Bank, as well as Ron Kirk, US trade representative. He also gave a speech at the Brookings Institution, a prominent think-tank. **There, Mr Lamy trumpeted the WTO dispute settlement mechanism, saying it “has taken the heat out of disputes through a process which is rules-based, predictable and respected”.**

“I know that some lawyers in Washington have not always been happy with the outcomes produced in Geneva, but the fact that the United States of America is the most active participant in the system indicates the degree of confidence that the US government and US companies have in our ability to resolve disputes effectively,” he added.

At the meeting with reporters, he said: “If you want to make sure China abides by the rules, the place is the WTO. There’s no other place.”

In his remarks at Brookings, Mr Lamy described the growing impact of global supply chains in bolstering trade and the need to “reduce the discrepancies” in regulations around the world that often constitute non-tariff barriers to trade. But Mr Lamy sounded downbeat about the economic environment for global trade. “The macroeconomic context is not good and is probably going to get worse. We have to brace for some more years of this morass,” he said.

Mr Lamy said an agreement in the short term was “out of reach” in the stalled decade-old Doha round of multilateral trade talks. But he added: “In this difficult environment, the possibility still exists of advancing in smaller steps.”