

THE ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM – 2009

4–6 JUNE 2009, ST. PETERSBURG

**STRENGTHENING THE ROLE OF INTERNATIONAL COOPERATION AND
OPPOSING PROTECTIONISM**

Moderator:

Thomas L. Friedman, Foreign Affairs Columnist, New York Times

Panellists:

Alexei Kudrin, Deputy Prime Minister and Minister of Finance of the Russian Federation

Ronald Kirk, United States Trade Representative, Ambassador

Alejandro Jara, Deputy Director General, WTO

Dr. Noeleen Heyzer, Under-Secretary-General of the United Nations, Executive Secretary of the Economic and Social Commission for Asia and the Pacific

Professor Klaus Schwab, Founder and Executive Chairman, World Economic Forum

Discussion participants:

Mario Monti, President of Bocconi University, Milan; Former EU Commissioner

Carlos Ghosn, President & CEO, Nissan Motor Co.; Chairman and CEO, Renault

Petko Draganov, Deputy Secretary General UNCTAD

Aleksey Mordashov, CEO, Severstal

Bhagwati Jagdish, University Professor, Columbia University; Economics & Law Senior Fellow, Council on Foreign Relations

Daniel Price, Partner Sidley Austin LLP, Former Assistant to the President of the USA for International Economic Affairs

Paul Bulcke, CEO, Nestle S.A.

Maxim Medvedkov, Head of the Russian Delegation on the negotiations on the accession of the Russian Federation to the WTO, Director of the Department of Trade Negotiations of the Ministry for Economic Development of the Russian Federation

Attendees of this discussion on strengthening the role of international cooperation and opposing protectionism agreed that protectionism should be prevented and eliminated across the board, especially in light of the current crisis. Free trade should remain the foundation of global wealth growth. Protectionism, it was agreed, could push the global economy into recession. Unfortunately, countries still take protectionist measures, despite the rhetoric against it. According to the panellists, protectionism is one of the most important issues in the context of the financial crisis. States take protectionist measures in order to preserve domestic jobs. In the modern economy, along with tariff barriers, a number of other strong protectionist measures exist, such as local currency depreciation, subsidies and antidumping measures. Overall, it was commented that a balance needs to be achieved between long-term economic efficiency and short-term issues such as maintaining the number of employed.

The panel noted that protectionism is not yet widely spread; however, there are some dangerous indications that significant protectionist measures could be employed, such as violation of WTO rules. Retaliation has already taken place, putting a drag on trade. The panel concluded that both legal and illegal actions with regard to WTO rules adversely impact global trade.

The world is now very interconnected, which favours the further development of free trade. The participants commented that trade remains an integral part of the global economic system and an appetite for liberalism still exists.

The panel agreed that it is crucially important for Russia to be admitted to the WTO, especially during the crisis as Russia has felt increasingly severe discrimination measures globally and the impact of protectionism.

Participants said that, it is important to create a mechanism for dialogue between countries in order to stimulate free trade.

It was commented that protectionism could be differentiated by intent and impact. On the one hand, countries trying to preserve jobs, eliminate social imbalances and impose protectionist measures in the short term have justification for their actions. However, the panel concluded that, if countries try to sustain a business model that fails with or without the global economic and financial crisis, protectionism is at fault.