

Financial Crisis: International Trade In Jeopardy

By [Global Research](#)

Theme: [Global Economy](#)

Global Research, November 15, 2008

AFP 12 November 2008

WTO warns trade finance 'deteriorating' amid financial crisis

GENEVA (AFP) — The World Trade Organization warned Wednesday that the financing of global commerce is “deteriorating” amid the financial crisis and the situation is likely to worsen over the coming months.

“The market for trade finance has severely deteriorated over the last six months, and particularly since September,” WTO Director-General Pascal Lamy told ambassadors of the organisation’s 153 members following a meeting with trade experts and bankers.

“The view expressed this morning by the trade finance practitioners is that the situation is likely to deteriorate further in the months to come,” Lamy said.

He was speaking after a meeting at the WTO’s headquarters here with experts and representatives from top banks involved in trade finance — but without the presence of key invitees such as the heads of the World Bank, Robert Zoellick, and the International Monetary Fund, Dominique Strauss-Kahn.

Even at the time the meeting was announced in October, trade sources indicated that Zoellick and Strauss-Kahn might not attend in person but could send specialists well-versed in trade finance matters.

Representatives from key banks active in the field of trade finance such as HSBC, JP Morgan, Citigroup, Royal Bank of Scotland and Commerzbank did attend the meeting, WTO sources said.

Armando Mariante Carvalho of the Brazilian national development bank (BNDES) said the meeting touched on all aspects of the financial crisis and its impact on trade.

“A summary of the situation of the crisis was made, with an emphasis on the trade finance problems, which are quite severe,” Carvalho told journalists.

“Nobody knows how deep and how long this crisis will be, and how 2009 will be affected and how the trade flow will be affected,” he warned.

Brazil has so far not suffered too badly even though some international credit lines have dried up, as the BNDES and the central bank have been able to provide necessary funding, he said.

In October, credit volumes dropped around 20 percent compared to the annual average,

equivalent to around 16 billion dollars, Carvalho said.

Another banker from Citibank, who did not give his name, said merely that trade financing “has not dried up, but it can always be better.”

Lamy said last month that the WTO could act as a model of how to regulate anew the global financial system in the wake of the crisis that has seen Wall Street titans humbled and unprecedented levels of state intervention in the banking sector.

“At a time when there are renewed calls for a better regulation in the financial area, the WTO system provides an example of how the lessons of history and experience have led to the construction of a system of international governance,” Lamy said.

On Wednesday, Lamy reiterated once more his call for the WTO’s members to finally conclude the Doha Round of trade liberalisation talks which have made scant progress since they were launched in the Qatari capital seven years ago.

“My sense is that we are not that far away from our objective of concluding the round, even if a number of tough nuts remain to be cracked,” particularly on agriculture and industrial goods, Lamy said.

“My sense is that we can achieve modalities in these two areas by the year-end. I remain of the view that it is doable,” he added.

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