

## Bilateral deals raise risk of recession: chamber chief

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Pursuing bilateral trade deals instead of furthering the multilateral system could expose the world economy to a greater risk of recession, the first Asian chairman of the International Chamber of Commerce has warned.

But the rise of developing economic giants such as the China, India and Brazil had helped to cushion the world from the fallout of the US downturn, Victor Fung Kwok-king said

He said the key would be to complete the stalled Doha round of World Trade Organisation free-trade talks, which started in November 2001, this year. However, it was now down to political will, he said.

At a meeting last week with Japanese Prime Minister Yasuo Fukuda, Mr Fung urged Mr Fukuda to push for a successful conclusion of trade negotiations at the Group of Eight summit in Hokkaido next month.

Mr Fung stepped down as Airport Authority chairman last month to head the 90-year-old Paris-based chamber for a two-year term. He was previously its vice-chairman. The chamber has about 7,000 members from 137 economies.

It will hold a meeting in Hong Kong in November.

"We feel that, in today's global environment, especially with the subprime crisis, high fuel prices and food prices going up, the world cannot stand a failure of the Doha round. That would lead to a fairly catastrophic situation," Mr Fung said.

"If in fact the multilateral world trade system breaks down, we feel we're going to degenerate into a world in which protectionism will rise and further impede the flow of food, commodities and so on.

"The consequences are very serious, especially for the developing countries and the poor. That could lead to very dire circumstances."

Mr Fung was nevertheless encouraged by the warming ties between China and Japan.

"Some people tend to react to the current crisis of high commodity prices by turning inwards and closing borders. That's the wrong instinct. That's the wrong reaction," he said.

"The more this happens, the more you need to go outward and embrace, and have an interlocking system that will provide strength for everybody."

Communicating the chamber's views to a global audience was not easy. Mr Fung said there had been a realisation that its focus had been too EU- and US-centric.

He said he planned to restructure the organisation into national committees covering five main regions - Europe and Russia, Africa, South Asia and the Middle East, Asia-Pacific and the Americas.