

**SPOTLIGHT**

# Opening trade to close the gap

*Lamy aims to make  
globalization a force for fairness*

By Graham Bowley

**PARIS**

From someone who heads an organization tightly linked in the public mind to the benefits of free markets, a frowning critique of capitalism is unexpected.

But Pascal Lamy, 59, director general of the World Trade Organization, which sets and enforces international trade rules, almost seems to enjoy surprising people with his sympathy for the critics of globalization.

"Capitalism is an unjust system because of huge imbalances between capital and labor," Lamy said during a recent visit to the International Herald Tribune.

"The virtues of trade opening are huge," he said, but "trade opening alone is not sufficient. The idea that you liberalize everything and the rest will follow does not work."

To anyone familiar with Lamy's background, a thirst for social justice — what he calls "managed globalization" — is not that surprising. He comes from the left wing of French politics and has spent most of his career in multilateral institutions — the European Commission in Brussels and the 149-member WTO in Geneva — dedicated to ensuring a fair voice for poorer and weaker nations.

"To understand Lamy, you have to know that he wants to contribute to a more balanced world economy and system," said Erika Mann, a member of the European Parliament's trade committee. "In this sense, he is very French, a French intellectual. He wants to intervene and reunite the world."

In the battle for the WTO job last year, Lamy garnered support from rich and poor members alike, defeating candidates from Brazil, Mauritius and Uruguay. When he won, he said he

would "place the interests of the developing countries at the center of the world trading system."

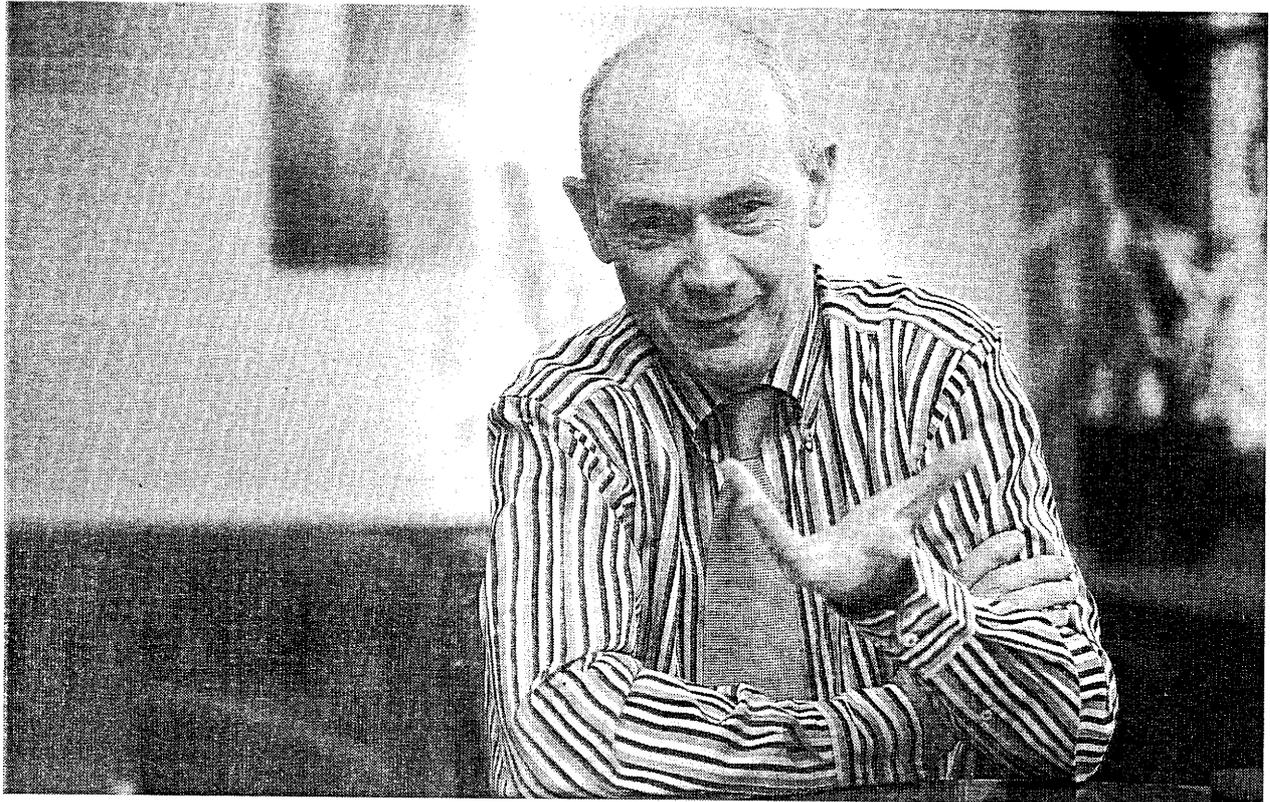
He is now presiding over the latest round of global trade talks, the Doha round, which he helped start in 2001 in Doha, Qatar, when he was the European Union's trade commissioner. This new round is designed to make trade fairer for less developed countries. If successful, it could open Western markets to goods from the developing world.

Slender and fit, a marathon runner who gets up every morning at 5 to train, Lamy has a reputation as a poor public speaker — a sharp technician who fails to create passion for his ideas. Yet during the interview he punctuated his conversation with humor and gestures, articulating his points in impeccable English.

The Doha negotiators have already missed their original 2004 deadline, and there was no breakthrough at the last WTO meeting in Hong Kong in December. Yet Lamy is remarkably upbeat. "The core elements of the deal should be done this year," he said. "Although it is slow, we are reaching that stage where people are looking at what is on the table rather than what is not on the table." He added: "It is down to how you play it with your political constituencies. It is tactics now."

Born to a middle-class family from Normandy — his parents were pharmacists — Lamy graduated from the École Nationale d'Administration in 1975. He and his wife, whom he met through French Socialist politics, have three children.

Lamy's star took off when he went to Brussels in 1985. For 10 years he was chief of staff to Jacques Delors, the commission president, during the heyday of European integration. According to people who knew him then, Lamy was efficient and tough, even



Christophe Bosset/Bloomberg News

Pascal Lamy, the WTO chief, expressed sympathy with the foes of globalization. "Trade opening alone is not sufficient," he said.

charmless, in enforcing Delors's writ.

"He was absolutely crucial for Delors's success," said Charles Grant, director of the Center for European Reform and Delors's biographer. "Delors was a kind of foreign minister and did the high politics, but Lamy ran the house."

Lamy left for *Crédit Lyonnais* to help prepare the French bank for privatization — "the five most stressful years of my professional life," he said. When he returned to Brussels in 1999 as EU trade commissioner, he had acquired a softer political edge and a more free-market outlook, former colleagues say. But it was a searing period for world trade. Anti-globalization protests turned into street riots and led to the collapse of WTO talks in Seattle in 1999.

"Until then, world trade was seen as a rich man's club," said Peter Guilford, a lobbyist in Brussels who worked alongside Lamy in the commission. "But after Seattle, Lamy saw that it had to become a North-South global story and he began to court poorer countries assiduously."

As trade commissioner, Lamy pushed through "Everything But Arms," an EU policy extending to the

world's poorest nations access to European markets for all goods except weapons. He helped jog China and Russia toward WTO membership.

He also developed a close working relationship with Robert Zoellick, his American counterpart, now U.S. deputy secretary of state. Although some critics say Lamy did not do enough to build relations between the EU and Washington, his rapport with Zoellick meant that despite bitter points of discord — on steel tariffs, hormone-raised beef, export tax credits, Boeing and Airbus — Europe's most important trade relationship remained intact at a time of broader political tensions over the Iraq war.

"I felt I could trust him totally," Zoellick said of Lamy. "We both understand we have to deal with domestic constituencies as well each other, but one always has the sense with Pascal that he would not do it in a way that makes my job harder."

Perhaps most important, Lamy kept the Doha talks on track by persuading European countries that they should consider cutting their agricultural subsidies. That provoked criticism in France and may have been why Presi-

dent Jacques Chirac reportedly blocked his candidacy for commission president and managing director of the International Monetary Fund in 2004.

At the WTO, Lamy has the chance to finish what he helped start in Doha in 2001. The anti-globalization movement is weaker than it was at Seattle, he said, but there is only a narrow window of opportunity since many governments face elections and they are becoming less positive about the benefits of trade opening. The U.S. Congress, for example, is unlikely to extend the White House's authority to negotiate trade deals directly when it expires next year. The latest talks, among six of the biggest groupings including the United States and the European Union, began Friday in London and will end Sunday.

One of the biggest sticking points has been the reluctance of France, in particular, to make further cuts in agricultural support. Could that be the deal breaker? Lamy considered the question, then shook his head. "It's up to Peter Mandelson," the current EU trade commissioner, Lamy said. "In the EU it is majority voting. France alone will not block a deal."

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