

Focus-on-Trade is a regular electronic bulletin providing updates and analysis of trends in regional and world trade and finance, with an emphasis on analysis of these trends from an integrative, interdisciplinary viewpoint that is sensitive not only to economic issues, but also to ecological, political, gender and social issues. Your contributions and comments are welcome.

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In the next week, we will be posting Focus on Trade regularly. They will be shorter and newsier and, we hope, a way for all of us not in Cancun to keep informed about the news, negotiations and mobilisations inside and outside the convention centre.

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THOUSANDS MARCH ON EU, US IN BANGKOK

Nicola Bullard*

BANGKOK, 9 September — More than 3,000 people took to the streets of central Bangkok this morning kicking off the wave of global protests against the WTO by marching on the embassies of the EU and the US.

One of the organisers, Kingkorn Narintarakul of the Thai Action on Globalisation Network, said the rally was “above expectations” even though many farmers were not able to join because they did not have the money to get to Bangkok. Khun Kingkorn, like many others, was delighted at the diversity of today’s demonstration which included farmers, private and public sector unions, small business, Assembly of the Poor, HIV-AIDS activists, Greenpeace, consumer organisations, students, the alternative agriculture movement, the Slum Community Network and many NGOs.

Junya ‘Lek’ Yimprasert of the Thai Labour Campaign said that the turnout was a fantastic result for Thailand, “especially when we have the useless director of the WTO.” “It is very important,” she said, “that we come out into the streets to show that the impact of the WTO is huge and to delegitimise the function of the organisation.”

The demonstration in Bangkok was one of the first for the 9 September “Global Day of Action Against the WTO” which will see demonstrations in tens of cities across the world protesting the policies of the WTO on the eve of the 5th Ministerial being held in the Mexican resort of Cancun 10-14 September.

Thousands of flag-bearing and banner-holding protestors gathered in the “green heart” of Bangkok, Lumpini Park, before heading to the office of the Delegation of the European Union and the US embassy, where leaders of the different movements presented the “Declaration of the Thai Popular Sector on the WTO Ministerial Conference.”

EU OFFICIAL SURPRISED AT EFFECTS OF ‘FREE TRADE’

At the high rise office of the EU, representatives were invited to send five delegates to meet an official of the Commission but they refused saying that either he came down or they would ALL go up. Shortly after, First Secretary Carlos Acosta appeared and spent an amiable 15 minutes in a hot and crowded sidewalk listening to the people. After hearing one farmer describe how subsidies and dumping are pushing down prices making it impossible for poor farmers to earn a living and another representative of the HIV-AIDS group explain that compulsory licensing does not work and that patents push up the price of drugs, Mr Acosta expressed surprise that “free trade” is having such a devastating effect on poor people and that he believes that trade liberalisation will improve the lives of poor people.

The US embassy’s encounter with the poors and the workers was more perfunctory: a representative of the ambassador was sent out to receive the letter - from across the barrier and well-protected by security guards - and hurried off after several minutes. (As farmer leader Bamrung Kayotha observed, “you can tell which countries are most hated by the number of police they have outside their building.”) However, the people used every opportunity to explain why they were there. A woman leader of the Slum Community Network explained that the collapse of agriculture after liberalisation has forced thousands of families to migrate to Bangkok in search of work, while a representative of the organisation People Living with AIDS criticised the recent decision on TRIPS and health, demanding that the poor need access to drugs and that governments should “discuss these things with the people” before making decisions.

WTO EFFECTS ‘EVERY PART OF SOCIETY’

The demonstration today was twice the size of the demonstration pre-Doha and much more diverse — a sign, according to the organisers, of the greater awareness of the WTO and that the links between the different social movements and sectors of society are getting stronger. But, as Jiragorn Gajaseni from Greenpeace Southeast Asia said the diversity also shows that the WTO is effecting every part of society.

Representing the movement in Cancun are six farmers and workers, as well as several NGOs working on TRIPS and agriculture. For the Thai Action on Globalisation Network, the basic demand for Cancun is “no new round, no new issues.” Khun Kingkorn said they are hoping for “no agreement” and that the latest draft declaration proposed by the EU and the US is a “total disaster” especially on agriculture.

It seems that few of the people at today’s rally are expecting Dr Supachai to speak out for them or for developing countries. However, the banner “Supachai is not Thai” lay folded and unused at the end of the rally - a sign perhaps that the Thais know Dr Supachai is powerless when it comes to the US and the EU and that slogans such as “Dump food in your own backyard” are closer to the point.

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OPEN LETTER TO THE UNITED STATES GOVERNMENT AND THE EUROPEAN UNION

BANGKOK, 9 SEPTEMBER — The 5th Ministerial Meeting of the World Trade Organisation which opens tomorrow (10 September 2003) in Cancun, Mexico, will be the most important for the world economy and international trade since the Uruguay Round of the GATT (General Agreement on Trade and Tariffs), with a significant impact on people in developing countries.

1. The New Trade Agreement on Agriculture

The draft text issued by the US and the EU on 13 August 2003 makes it clear that these two power blocks are still seeking to prise open markets by calling for further reductions in import tariffs, while maintaining their own high level of domestic subsidies. In effect, this means that the dumping of their produce in developing countries will continue. The US government's direct (non price-related) payments to its farmers and the European Union's subsidies under the Common Agricultural Policy (CAP) are both protected within the "Green Box" and are supposedly "non trade-distorting". On the contrary, such subsidies clearly distort trade, and are eroding the agricultural systems of developing countries. For example, the small-scale farming sector eg those growing soya beans, corn and producing dairy products, etc. are seeing a decline in their product prices; they cannot compete with highly subsidy imported produce. In the meantime, no tangible progress has been made on special and differential treatment proposals put forward by the developing countries groups. These proposals would constitute an important means for protecting agricultural trade vitally important to our national development and food security.

2. Drugs licensing

According to the Declaration on Trade Related Intellectual Property Rights (TRIPS) and Health adopted at the 4th Ministerial meeting at Doha, Qatar, member countries agreed to a system of "compulsory licensing" which allow member countries freedom to decide which conditions constitute an emergency situation or a very urgent case. The US was the only country who still insisted on drawing a line around the diseases to be governed by the agreement until the deadline of 2002 had long expired. Despite the fact that this issue has recently been withdrawn the US and the EU are still pushing for the following conditions to be applied: - Importing countries must prove to the TRIPS Council that they have no capacity to produce any medicines themselves - Countries which have received licenses to produce for export, must produce drugs which look different (with different colors and shapes as well as different packaging) in order to protect competition of existing patent holders.

The above conditions will create hardship by increasing the costs of production. Far from reducing the costs of

drugs, it might pose even further obstacles, so that poor countries might still be prevented from gaining access to cheaper drugs, as before. In Thailand, in which over 1 million people are suffering from AIDS and HIV, over 300,000 people have died because they were not able to afford the expensive life-prolonging drugs.

3. The most important issue in the Cancun negotiations will be the opening of negotiations on the new issues ie 1) Investment 2) Transparency in Government Procurement 3) Competition Policy and 4) Trade Facilitation.

People throughout the world remain opposed to the policies of further liberalisation and are calling for the rolling back of existing harmful agreements. The majority of developing countries oppose the introduction of the new issues into the Cancun negotiations since they are not yet ready. They still experience a range of adverse impacts and losses arising from past liberalisation measures. However developed countries, led by the US and the EU, are lending all their weight to the support of the new issues. Liberalisation in the new sectors will curtail the power of the government and people of Thailand to manage their own economy. This would be tantamount to ceding our economic sovereignty to larger countries and influential investors.

Furthermore, negotiations on free trade in services are being strongly promoted by the US government and the EU, whereas the group of developing countries on the other hand, which are barely able to compete, have no interest in liberalising even further. If Thailand were to accept the further liberalisation of trade in services in various sectors which was committed to under the Uruguay Round (eg education services, electricity and water provision, health administration, transport services, tourism etc), the power to decide on social welfare policy will fall into the hands of profit-seeking transnational companies. Poor people, government officials, the state service sector, businessmen, in fact, all Thai people regard this as unacceptable.

It is clear that the US and the EU have an important role in directing the approach to the negotiations and their outcome. However, the policies adopted by the two powers serve to benefit transnational food industry and distribution companies based in their countries, regardless of how many others throughout the world, including small-scale producers and farmers in their own countries, lose out. While the EU and US appear to provide concessions to the developing countries, they repeatedly fail to specify detailed time-bound commitments which would ensure any real benefit for those countries. The EU and US have the greatest influence in setting the rules and regulations which govern the world trading system, but they expect strict adherence on the part of others while failing to honour the agreements themselves. This is clearly unacceptable.

Therefore, we the network of peoples organisations in Thailand, including the Peasants' network, People's Land

Reform Network, Alternative Agriculture Network, Labour Network, Slum Network and Network of People affected by HIV, join with the people's movement throughout the world, calling on the US government, the EU, governments throughout the world, and the World Trade Organisation to:

1. Cease negotiations to push forward a new round of trade liberalisation and halt discussions to bring 'new issues' into the WTO. This includes further discussions on such issues as investment, competition, government procurement, biotechnology, services, labour and environment.
2. Undertake a thorough review of both the implementation and the environmental and social impact of existing trade rules and agreements (and the WTO's role in this system) in relation to medicine, food, fisheries and agriculture.
3. Initiate measures to remove food and agriculture from under the control of the WTO, through the dismantling of the AoA and through the removal or amendment of relevant clauses in the TRIPS, GATS. Replace these with a new Convention on Food Sovereignty and Trade in Food Agricultural and Fisheries.
4. Eliminate all obstacles against compulsory licensing.
5. Revise intellectual property rights policies so as to prohibit the patenting of living matters and any of their components and to limit patent protection in order to protect public health and public safety.
6. Take drugs out of TRIPS
7. Halt all negotiations on GATS, and dismantle the principle of progressive liberalisation in order to protect social services and the public interest.

Alternative Agriculture Network, 4 Region Slum Network, Northern Peasants' Federation, Thai Labour Solidarity Committee, State Enterprise Labour Union Federation, Consumers Network, Network of People affected by HIV, Assembly of the Poor, Thai Students' Federation

DERAIL THE WTO!

Stuart Hodgkinson*

That is the cry from peasant farmers to factory workers as the WTO prepares for its 5th Ministerial meeting in Cancun, Mexico, 10-14 September. But civil society is far from united on how to respond to the trade negotiations. Stuart Hodgkinson explains.

If analysts are right, Cancun will prove a watershed moment in the short history of the WTO. The 'Seattle Shutdown' in 1999 helped create a crisis of legitimacy from which it has never recovered. Despite the launch of a mini-round of negotiations at Doha two years ago, trade talks have since fallen apart leaving no consensus on the Cancun negotiating agenda. In this context, the role played by the various forces of civil society in the next few weeks and months is going to be crucial in deciding not only the fate of the world's poor, but the future direction of global capitalism itself.

UNITED FRONT? Perception of the moment has led, at one level, to unprecedented unity in the demands of the nascent 'Global Justice and Solidarity Movement' (the actor formerly known as 'anti-globalisation'). Conservative trade union organisations like the British TUC, and its international lobbying body, the International Confederation of Free Trade Unions (ICFTU), can now agree on a basic platform of demands for Cancun with radical Southern-based NGOs and social movements of the 'Our World is Not For Sale' network. These include:

- drastic democratic reform of the WTO
- no expansion of negotiations into 'New Issues' immediate removal of public services from GATS, full disclosure of offers and requests made
- an end to First World dumping subsidised exports on developing country markets
- greater rights for governments to regulate their economies in line with labour, social, environmental standards

A few years ago, such consensus would have been unthinkable. International trade unions publicly feuded with Southern civil society group over how to challenge the WTO. The ICFTU believed that by simply changing the rules managing trade, globalisation could be given a 'human face'. Hence its longstanding campaign, backed by US and EU governments, for a 'workers' rights clause', which would make membership of the WTO conditional on respect for 'core labour standards'.

The campaign was opposed outright by most developing countries. They accused the North of a protectionist conspiracy to destroy poor countries' only competitive advantage - cheap labour. Southern NGOs meanwhile supported universal workers' rights, but opposed making them a condition of trade liberalisation for the simple reason that they wanted to halt free trade and curtail the WTO's power, not give it control over yet more issues.

The debate rapidly turned into a surreal dispute over who had the greater legitimacy to talk on behalf of the world's workers: the ICFTU, formally representing over 100 million workers, almost none of whom knew it existed; or unelected, unaccountable NGO 'think-tanks' of middle-class intellectuals.

Since Seattle, relations between unions and other NGOs have improved after determined efforts by both sides to overcome differences and draw up a common platform on which they can work together. Encouraged by social movement-oriented unions in Brazil and South Africa, as well as progressive Global Union Federations like Public Services International, the unions have clearly shifted their position some way towards groups like the UK World Development Movement, the Southern African Alternative Information and Development Centre and Malaysian-based Third World Network, whose consistent critique of the WTO forms the basis of the civil society consensus for Cancun. For example, unions have toughened their line on GATS, gone from supporting to opposing negotiations on New Issues and quietly dropped the workers' rights clause as their main priority.

So with the present WTO system on a knife-edge, civil society speaking with one voice on critical issues could create the political pressure from both inside and outside the Cancun Convention Centre to bring the global neo-liberal agenda to a shuddering halt. Achieving such an outcome, however, is challenged by entrenched divisions throughout the global justice movement that cut across trade union, NGO and social movement lines.

CIVIL SOCIETY SPLITS

Take the crucial issue of agriculture. Unions belonging to the International Union of Foodworkers agree with Via Campesina - an international peasant movement including the Brazilian Landless Workers (MST) and Jose Bove's Confederation Paysanne - that food security cannot be achieved without food sovereignty i.e. the right of people to define and control their own agricultural and food policy, placing priority on local and regional food production and consumption over export. As this is incompatible with a global agricultural free market, they want 'agriculture out of the WTO!'. The word in the factories and fields, however, has clearly not made it up to the headquarters of the ICFTU, the European Trade Union Confederation (ETUC) or even Oxfam. They are calling for the developing world to have increased market access to industrialised country markets so the former can trade their way out of poverty. There is no contradiction, they argue, between protecting small farmers while encouraging the growth of agricultural exports from developing countries.

Unfortunately, they are wrong. As Walden Bello of Focus on the Global South argued last year in a public condemnation of Oxfam's free trade approach, encouraging export-oriented growth in developing countries will only

benefit "monopolistic export agricultural interests" and encourage export-led development. Small farms and local control over food production would be destroyed.

The issue has led to major tensions within the UK Trade Justice Movement - a huge coalition of campaign groups, NGOs and trade unions. According to an NGO insider, Oxfam's call for 'market access' has "enabled the government to say 'we agree with you' on fair trade, which is not only untrue but has deflected focus away from the Trade Justice Movement's main priority - to expose the government's hardline support for New Issues".

Divisions over agriculture mirror those on 'New Issues', as well as trade agreements on services and intellectual property rights. While conservatives want rules covering such areas to be changed to make them fairer, radicals want the areas taken out of the WTO full stop. Then there is the issue of a possible NGO advisory body to the WTO: most international unions and especially the ICFTU want this kind of 'seat at the side-table'; NGOs like Focus on the Global South vehemently oppose it and warn of the movement being co-opted.

In one sense, such splits shouldn't matter given the basic consensus across civil society to stop investment negotiations - considered as the major deal breaker - beginning in Cancun. However, they could be hugely significant when considering movement strategy towards the Ministerial meeting.

THE WTO: LOBBY OR SHUT DOWN?

In October last year, the first call for a continental-wide day of action against the WTO was initiated by the National Peasant Federation of Ecuador. At Porto Alegre, 2003, hundreds of groups and movements, including the South African trade union COSATU and the PSI, agreed to 'Derail the WTO!' at Cancun. Significantly absent among these signatories was that of the ICFTU, formally representing 158 million workers worldwide.

In May, an historic Hemispheric and Global Assembly Against the FTAA (Free Trade Agreement of Americas) and WTO met in Mexico City to put this call into practice. September 9 has since been declared a global day of action against the WTO to kick off a week of peaceful, creative direct action and civil disobedience to disrupt the meeting. September 13 will see a 'Global March against Globalisation and War'. In between, a 'Peoples' Forum for an Alternative to the WTO' will run parallel to the trade negotiations, including a giant Fair Trade Fair. 100,000 'alternative-globalisers' are expected.

The call to 'derail the WTO' is the correct one. While many 'derailers' favour some kind of WTO, they realise that the neo-liberal agendas of the US and EU, backed by their huge political and economic clout (and a biased WTO secretariat), will inevitably be bad news for developing countries at Cancun and mean yet more liberalisation and loss of democratic control. The only

way to stop such a scenario is simple: stop any agreement being reached at Cancun. As Walden Bello argues, “consensus decision-making is the Achilles heel of the WTO, and it is the emergence of consensus that we must prevent at all costs from emerging”.

There are risks to this strategy, however. If the US fails to get its way at the WTO, it will turn its full coercive powers of persuasion to launching the FTAA - a far more sinister proposition. As presently drafted, the FTAA would expand an extreme version of NAFTA to the rest of the American hemisphere, with the exception of Cuba. Corporations would be able to sue governments for imposing ‘costly’ labour or environmental regulations on business. This ominous spectre has mobilised a huge pan-American grassroots movement, driven by the Hemispheric Social Alliance, to prioritise derailing the crucial FTAA ministerial summit in Miami, just 8 weeks after Cancun. The US unions led by the AFL-CIO are so worried by the FTAA that they are largely ignoring the WTO meeting and instead concentrating their resources on informing and bringing out union members in Miami.

But we have little choice other than to try and derail both WTO and FTAA meetings. It won’t be easy. For Cancun especially, street protests will not be enough - unless they can wrestle crocodiles quietly, activists won’t get anywhere near the Convention Centre. Disruptive NGO lobbying inside is thus essential in stopping consensus being reached, but this too will be hamstrung by the clampdown on NGO numbers allowed accreditation at the Ministerial.

This is why the role played by the trade union movement at Cancun could prove so pivotal. The ICFTU and its affiliates are taking over 100 trade union officials to lobby trade negotiators. They will coordinate with the small number of trade unions who are part of social democratic government delegations, and the ETUC, which should be part of the European Commission’s representation. Although most unions officially oppose the ‘derail’ strategy, if they stand firm on their declared intentions and work alongside other NGOs to stop agreement on New Issues, then consensus could be blocked, forcing the meeting to collapse. If, however, unions treacherously pursue deals to get ‘positive language’ on workers’ rights in return for not working against a final agreement, however bad, then all could be lost.

The omens are not good. At Seattle, trade union leaders re-routed their massive 40,000 strong labour march away from the mass protests on the opening day of the WTO meeting in return for a meeting with Bill Clinton. More recently, a British union official was “amazed at how much the ICFTU was prepared to concede” at 2002 World Summit on Sustainable Development, just to get a deal. This eagerness to compromise is not just ideological, but based on organisational self-interest: the ICFTU and ETUC receive large amounts of funding from Western governments. Are they really going to bite the hand that feeds them? We’ll soon know the answer.

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PROTECTIONISM TRUMPS FREE TRADE AT THE WTO

Mark Weisbrot*

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“God gave me my money,” declared John D. Rockefeller in the audacious style of the robber barons who ruled America in the late 19th century. But nowadays when the rich amass huge fortunes at the expense of everyone else, and use their political clout to rig the rules of the game, they have more sophisticated justifications. Increasingly, these take the form of economic arguments — generally flawed ones.

The World Trade Organization is bringing ministers from 146 countries — as well as many non-governmental organizations — to the resort city of Cancun, Mexico this week. One issue that almost collapsed these negotiations before they started is international trade in pharmaceuticals. On one side are most developing countries and humanitarian groups such as Doctors Without Borders, who want poor people to have access to cheap, generic, essential medicines. Against this proposition stand the big pharmaceutical companies, backed by their governments in the United States and Europe. They want U.S.-style patent laws enforced throughout the world, as much as possible.

The conventional wisdom is that the advocates for poor people have moral and political arguments on their side, but the drug companies have powerful economic arguments. Because of this widespread perception, the negotiations between the two sides are seen — or at least reported in the media — as a legitimate process designed to reach a balance that is in the public interest.

But as any economist knows, the strongest economic arguments are on the side of Doctors Without Borders. A patent monopoly is very much like a tariff except that it is collected by a private company, rather than a government. Like tariffs, patents cause economic distortions and inefficiency, in addition to redistributing income.

And since patents can raise the price of medicines by several multiples of 100 percent, they are often tens or even hundreds of times more inefficient than tariffs, which raise the price of traded goods such as orange juice or steel by a small fraction of these amounts. Just look at the anti-retroviral drugs that are used to treat HIV/AIDS: the patent-protected price is over \$8,000 a year, while the generic equivalent costs less than \$300.

Economists who are consistent with their belief in free trade — for example Columbia University’s Jagdish Bhagwati, one of this country’s leading international

economists — oppose the use of the WTO to enforce patent monopolies. This makes sense: if you really believe in free trade, you would want free international trade in medicines, where the cost of protectionism is higher than in almost any other industry.

This issue, more than any other, shows how inaccurate and misleading it is to describe the WTO (or the proposed Free Trade Area of the Americas, or NAFTA) as a “free trade” agreement. In fact, the World Bank’s own research shows that developing countries stand to lose more from the implementation of the WTO’s rules on intellectual property (e.g. patents and copyrights) than they would gain from complete market access to the rich countries for all of their exports. In other words, the protectionism that these agreements lock in for pharmaceutical and other special interests is more significant, from a purely economic point of view, than their removal of remaining trade barriers by the developed countries.

The pharmaceutical companies contend that their profits must be protected from international generic competition, or there will be no incentive to develop new drugs. But clearly this is not true in the developing world, where this research does not take place. And even in the United States, where about half of all biomedical research is already funded by government and non-profit sources, it is a dubious argument. Here in the world’s rich country, the waste and inefficiency of the patent system has spun so far out of control that we cannot even afford to pay for prescription drugs for our elderly.

An agreement was reached at the end of last month, which would allow some more leeway for some developing countries to import generic drugs, thus saving the Cancun ministerial meeting from collapse over this issue. But there is no reason for developing countries to trade away their rights to free trade in medicines. Stripped of its flawed economic arguments, the use of the WTO to force U.S.-style patent laws on the rest of the world can be seen for what it really is: protectionist greed, on a scale that would make our 19th century robber barons blush.

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BEHIND THE SCENES AT THE WTO: THE REAL WORLD OF INTERNATIONAL TRADE NEGOTIATIONS

By Fatoumata Jawara and Aileen Kwa

'Any country whose political system operates the way the WTO presently does, would rightly be condemned by the international community as corrupt and undemocratic, and would face a constant threat of revolution. No developed country would contemplate running its government in this way; and yet they are happy both to exploit the system and to defend it against pressure for democratic reform at the international level'. (Jawara and Kwa, p. 277)

"Behind the Scenes" is a shocking book for anyone who believes that the WTO is a multilateral trading system, with rules to fairly regulate trade and hence protect the weak from the law of the jungle.

The book, based on extensive interviews with government delegates and the WTO Secretariat, highlight the patently unfair rules of the WTO. These rules are skewed to protect and ensure the corporate interests of the major powers. Precisely how this is done is the subject of the book.

ANTI-DEMOCRATIC, ILLEGITIMATE AND RULE-LESS NEGOTIATING PROCEDURES

Whilst the WTO is 'rules-based' when it comes to implementing its biased trade rules, it is 'rule-less' when it comes to the procedures by which these trade rules are negotiated. The result is that the majority of developing countries' positions are marginalized in these negotiations.

Crucial meetings are held behind closed doors, excluding participants with critical interests at stake, with no formal record of the discussion. When delegates are, in principle, entitled to attend meetings, they are not informed when or where they are to be held. Meetings are held without translation into the languages of many participants, to discuss documents which are available only in English, and which have been issued only hours before, or even at the meeting itself. Those most familiar with issues (Geneva-based delegates) are sometimes discouraged or prevented from speaking in discussions about them at ministerial meetings. "Consultations" with members on key decisions are held one to one, in private, with no written record, and the interpretation left to an individual who may have a stake in the outcome. Protests that inconvenient views have been ignored in this process fall on deaf ears. Chairs of committees and facilitators are selected by a small clique, and often have an interest in the issues for which the committee is responsible. The established principle of decision-making by consensus is routinely overridden, and the views of decision-makers are 'interpreted' rather than a formal vote being taken, even in such key decisions as the se-

lection of Mike Moore as DG and the chairmanship of the Trade Negotiations Committee. Rules of procedure are ignored when inconvenient. In essence, the 'Member-driven', democratic institution is 'Chairman-driven' and anti-democratic, where powerful Members have a real say in the outcome of negotiations, but weaker Members are sometimes consulted, but are nevertheless ignored in the final drafting of texts.

FEAR, COERCION AND BRIBERY CORRUPTS CLIMATE OF NEGOTIATIONS

Secondly, a blind eye is also turned to blackmail and inducements. And there are countless examples of these - threats against Ambassadors, essentially putting their jobs at risk; threats to remove countries from the preferential market access schemes they may be part of; making dependent the renewal of the ACP (African, Caribbean and Pacific) waiver in Doha on consent by the ACP to launch the round; technical assistance via the World Bank, IMF or the WTO's Global Fund to fulfill the liberalisation objectives of the round; military aid; and other forms of foreign aid; blackmail used to break up developing country groupings, such as the previously effective 'Like Minded Group'.

Some concrete examples the book provides are: The former Dominican Republic Ambassador to the WTO, Federico Cuello, who was recalled due to US objection to his positions on the New Issues taken at Doha. In the book, Cuello revealed that he was not the only one:

'Immediately after Doha, Ambassador [A] did not even have time to empty her luggage... Ambassador [B] did not even make it to Doha, and about a month afterwards was left without a job... Ambassador [C] had to travel to Doha with the company of his substitute... Ambassador [D] was removed and sent back to his native continent... Ambassador [E] was almost fired in Doha itself... By a sheer miracle, he was able to survive for a few more months in Geneva...'

Speaking at the launch of the book on 2 September, Cuello summed: 'Developing countries at the WTO are not free to speak or associate. Countries are penalized for speaking their minds or building alliances with like-minded countries... they are not free to promote their national interests... Their issues are ignored unless presented as group proposals. And once those groups become too effective, their ambassadors are removed from their posts. I should know this, as I together with five other of my colleagues was one of the victims of a collective decapitation of ambassadors that started at Doha.'

Disinformation is also spread by the powerful countries in capitals to drive a wedge between Geneva based delegates and their Ministers. According to one LDC delegate: 'If you go against the majors, they go to the capital and twist things around saying things like you are anti this and that. There is always a good deal of disinformation deliberately being spread in capitals...'

The book captures an exchange of letters between US Trade Representative Zoellick and a developing country envoy. Following a meeting with USTR officials, the envoy of the country concerned wrote to Zoellick, complaining that

'During the course of our meeting, [a senior USTR official] made several comments on our position in Geneva with regards to WTO issues... At one point during the conversation, [the same official] expressed that the USTR was in the process of defining a list of those countries that were friends of the United States and those that were not, and that our country at this point was most certainly not on the list of friendly countries. It was also made emphatically clear to us that any USTR support in other areas of mutual interest would be subject to our support in Geneva.'

In response, Zoellick wrote, 'We have been discouraged that your country has so consistently, and so vocally, adopted positions counter to those of the United States. We would very much appreciate the cooperation of your team there [in Doha] in helping move forward issues of common interest.'

Bribes to countries at the time of the last Ministerial in Doha included: \$10.3 billion to Egypt by Western donors over three years; US expansion of the Generalised System of Preferences to Indonesia to cover trade in additional products worth some \$100 million, as well as \$50 million in military aid for its 'anti-terrorism' struggle; \$600 million in US aid and \$500 million in debt relief for Pakistan; \$3 billion in debt relief for Tanzania under the Heavily-Indebted Poor Countries (HIPC) initiative.

The reality is that in WTO negotiations, a few countries which are seen as 'leaders' of the developing world are bribed to ensure their compliance to any final package. The result is that the majority of developing countries, vulnerable because of their sheer dependence on the Western countries for crumbs for their very survival - foreign aid (e.g. 45% of Zambia's government budget is funded by donors, and over 50% for Uganda) or trade - are left in the lurch to agree to what is put before them, regardless of the inequity in the rules they are told to implement.

ILLEGITIMATE PROCEDURES AND BULLYING INTENSIFY IN RUN-UP TO CANCUN

The run-up to the Cancun Ministerial has been a *deja vu* of the Doha negotiations. Draft texts for Ministerials are usually discussed several weeks before a Ministerial. This time, a deliberate effort was made to withhold such discussions till the last minute. The Chairman of the General Council released his draft Ministerial declaration at 7pm on 24 August, less than 48 hours before the last General Council meeting on the 26th August, leaving delegations no time to have proper consultations with their capitals, or strategise amongst themselves. The text largely mirrors the positions held by the US and EC - in agriculture; industrial tariffs, services, the new issues,

Special and Differential Treatment and Implementation - effectively, the entire agenda. For instance, the Chair had included annexes on the 'New Issues' to substantiate EC's positions, but had not done that for the option preferred by developing countries on the continuation of the study process. To add insult to injury, he refused to allow for any amendments to be made to the text, even when developing countries objected to it for not fairly representing their views, making an entire mockery of the supposed democratic, consensus-based or 'Member-driven' character of the institution.

In addition, the most critical consultations before Cancun were also kept secret. Only five delegations were involved in the final consultations on TRIPS and Public Health - US, Brazil, South Africa, Kenya and India - and even these five did not agree on the text that was then presented to the Membership. Similarly, modalities for the Singapore issues - such as on transparency in government procurement - involved only a small handful of delegations. The majority was not invited and did not know where or when these 'real' consultations were held.

ARM-TWISTING AND BULLYING: SILENCING OF AFRICAN COUNTRIES

Where necessary, bullying strategies have been fully employed. Kenya's resistance to the US' position of strengthening patent rights in the final TRIPS and Public Health 'solution', knocked together on the nights of the 28th and 29th of August met with intense pressures from Washington. Nairobi was called five times in the space of two days, and Kenya's Minister was told that his delegation was being overly rigid, and that Kenya was the only country left objecting. This was in fact not the case - Philippines, Argentina, Venezuela, and Cuba had also expressed grave concerns. For Kenya, the complaints even went to the level of the head of state.

Finally, Kenya, which is also in the process of negotiating a \$150 million IMF loan backed down. According to the corridor talk in Geneva, the Minister told his envoys that whilst he did not like the package, Kenya should not be seen as the only country blocking a consensus.

Another LDC African Ambassador related that his Minister received a letter from a powerful country two months ago complaining about the line of thinking he, the Ambassador, was taking in Geneva, a line of thinking opposed to by that country.

According to him, 'This country is one we have a bilateral programme with... I wonder whether the international system can really accept and nurture a multilateral trading system which can be based on fair rules without an arm-twisting tactics'.

Ambassador Nathan Irimba of Uganda to the WTO, based in Geneva, points out the irony: African countries were told before that they should take a more active role

in WTO negotiations. 'But as you become effective, there is an attempt to silence you'.

DAYLIGHT BRIBERY: WORLD BANK AND IMF GET INTO THE ACT...

On 20 August, the World Bank and the IMF submitted a letter to Dr Supachai, the WTO Director General. It is clear from the letter that the Bank and Fund are in total support of the drastic market openings on the table for developing countries in Cancun - irrespective of these countries' readiness to stomach the competition, and that the Bank and Fund will do all they can to turn countries around.

The letter says, 'We strongly believe that a successful conclusion of the Doha round is essential for the world economy and will benefit all countries... We are therefore working to package our support, building on what we are already doing in order to help countries to implement commitments they make as the Doha Development Agenda proceeds.'

The letter goes on to elaborate that 'we are examining ways to use and tailor our lending authority to respond to the specific challenges posed by the Doha Development Agenda. Such lending could take place at the project, sector, and country levels. In the context of coherent country financing plans, we also aim to provide support in mobilizing donor resources...'

In a later statement, the IMF, World Bank and OECD justified their position saying: 'Donors cannot provide aid to create development opportunities with one hand and then use trade restrictions to take these opportunities away with the other - and expect that their development dollars will be effective'.

This is no less than day-light bribery - and by international institutions that daily put pressure on the developing world to implement 'good governance'! Technical assistance, aid and loan packages, if given, should be used to enable developing countries to achieve each country's own national objectives, not the objectives that the developed world, World Bank, IMF and OECD have for them!

THE STAKES IN CANCUN

Much is at stake in Cancun. As the US has already said, they are there to open up markets - particularly in agriculture and industrial goods. Contrary to the spin by EC's Lamy or US' Zoellick, this ratcheting open of markets will not benefit the developing world. Already, the disaster from the Uruguay Round is clear - Africa's share of world trade, then 8%, has fallen to 2 per cent today.

It is clear that in the industrial sector, developing countries are asked to make the biggest tariff cuts. (Since a Swiss formula is proposed, and developing countries, with their generally higher tariffs, will have to bring these down drastically). UNCTAD has already predicted that there will be serious implications for the industrial base

of developing countries. In just the automobile sector, production in the developing world will be wiped out by up to 60%. In agriculture, there is no political will by the US and EU to seriously address the issue of dumping. (The Green Box has escaped any disciplines in the 'framework' agreement that has been put forward). In this context, liberalisation by way of tariff cuts will lead to only more import surges of dumped staples in the South that will displace many millions of small farmers.

Ministers of the developing world will be blackmailed, bribed or brow-beaten - so that their sullen compliance can be attained. Whether they will meekly acquiesce, a few maybe even croaking the praises of their neo-colonial masters (as happened at the conclusion of the Doha Ministerial), or stand upright, remains to be seen.

But clearly, despite all assertions, this is no 'multilateralism', but an institution firmly in the grip of the powerful, finding yet more ways to plunder the South.

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