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# Focus on Trade

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This issue of Focus on Trade includes some first assessments of the meaning of Cancun, documents for the historical record, reports of direct actions during the ministerial and two pieces highlighting the links between the collapse in Cancun and the debacle in Iraq. For reader's ease, we have grouped them chronologically – before, during and after. (Yes, there is life after Cancun.)

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## THE MEANING OF CANCUN

By Walden Bello\*

The collapse of the Fifth Ministerial of the World Trade Organization (WTO) in Cancun, Mexico, last Sunday, Sept. 14, was an event of historic proportions.

Cancun has several massive implications.

First, the collapse represented a victory for people throughout the world, not a “missed opportunity” for a global deal between North and South. Doha was never a “development round.” And what little promise it offered for development had been betrayed long before Cancun. Not even the most optimistic developing country came to Cancun expecting some concessions from the big rich countries in the interest of development. Most developing country governments came to Cancun with a defensive stance. The big challenge was not that of forging a historic New Deal but that of preventing the US and the EU from imposing new demands on the developing countries while escaping any multilateral disciplines on their trade regimes.

In this regard, it was not the developing countries that brought about the collapse, as US Trade Representative Robert Zoellick implied in his final press conference. That responsibility lies squarely with the United States and Europe. When the second revision of the draft of the ministerial text appeared early on Saturday, September 13, it was clear that the US and the European Union were not willing to make any significant cuts on their high levels of agricultural subsidization even as they continued to intransigently demand that the developing countries bring down their tariffs. It was also clear that the EU and US were determined to disregard the Doha Declaration’s stipulation that the explicit consensus of all member states was required to begin negotiations on the “Singapore issues.”

Negotiate on our terms or not at all: that was the meaning of the second revision. Not surprisingly, developing countries could not lend their consensus to a framework of negotiations so detrimental to their interests.

Second, the WTO has been severely damaged. Two collapsed ministerials and one that barely made it—Doha—recommends the institution to no one. For the trade superpowers, it is no longer a viable instrument for imposing their will on others. For the developing countries, membership has not brought protection from abuses by the powerful economies, much less serve as a mechanism of development. This is not to say that the WTO is dead. There will be efforts to bring the WTO back from the brink, like the US and the EU did at Doha. But the likelihood is that, with lack of momentum from a successful ministerial, the machinery will slow down significantly. Zoellick was correct in doubting that the Doha Round will be finished by its deadline of January 2005 and European Union Trade Commissioner Pascal Lamy

Aside from the loss of momentum and the impairment of the basic functioning of the organization’s machinery, growing protectionism in the rich countries, a global economy plagued by long-term stagnation, and the unraveling of the Atlantic Alliance owing to political differences do not provide a favorable climate for the WTO’s serving as the main mechanism for trade liberalization and globalization. The WTO may eventually suffer the fate it helped inflict on the UNCTAD (United Nations Conference on Trade and Development): surviving but increasingly ineffective and irrelevant.

This raises the question: even as we rejoice in the failure of a ministerial that was loaded against the interests of the developing countries, should we welcome the weakening of the WTO? After all, some have argued, the WTO is a set of rules and machinery that, with the appropriate balance of forces, can be invoked to protect the interests of the developing countries. Partisans of this view say that one is better off with the WTO than with the bilateral trade deals that US Trade Representative Robert Zoellick said at his final press conference would now receive Washington’s priority after the failure of Cancun.

The truth is that this is a false choice. The WTO is not a neutral set of rules, procedures, and institutions that can be used defensively to protect the interests of weaker players. The rules themselves—the main ones being the supremacy of the principle of free trade, most favored nation principle, and the principle of national treatment—institutionalize the current system of global economic inequality. What weapons the weak countries have are few, and far between. The principle of special and differential treatment for developing countries has a very weak status in the WTO. Indeed, in Cancun, the US and the EU completely banished from negotiations the special and differential treatment agenda that had been mandated by the Doha Declaration. The WTO is not a truly multilateral organization. It is a mechanism to perpetuate the US-EU condominium in the global economy.

Third, global civil society was a major player in Cancun. Since Seattle, the interaction between civil society and governments on trade issues has intensified. Non-governmental organizations have assisted developing country governments in the political and technical aspects of negotiations. They have mobilized international public opinion against the retrograde stands of rich country governments, as in the drug patents and public health issue. They have emerged as strong domestic coalitions that put their governments’ feet to the fire to stiffen them against any further concessions to the rich countries. If many developing country governments resisted pressure from the US and the EU in Cancun, it was because they feared political retribution from civil society groups back home.

With peoples’ movements marching in the city center and NGOs demonstrating hourly inside and outside the convention hall from the opening session on, Cancun became a microcosm of the power of global dynamics of states and civil society. The suicide of Korean farmer Lee Kyung Hae at the police barricades warned everyone at the convention center that they could no longer take

the plight of the world's small farmers for granted, and this was acknowledged by the governments with the one-minute moment of silence they observed in his memory. Truly, the collapse of the Cancun ministerial was another confirmation of the New York Times' observation that global civil society is the world's second superpower.

Fourth, the Group of 21 is a significant new development that could contribute to altering the global balance of forces. Led by Brazil, India, China, and South Africa, the new grouping stalemated the EU and US drive to make Cancun one more sad episode in the history of underdevelopment. The potential of this group was indicated by Celso Amorin, the Brazilian Trade Minister who has emerged as its spokesman, when he said that it represented over half the world's population and over two-thirds of its farmers. US trade negotiators were right in discerning that the Group of 21 represented a resumption of the South's push for a "new international economic order" in the 1970s.

However, much lies in the realm of possibility, and the potential of this new formation must not be overestimated. It is now mainly an alliance focused on radically reducing the subsidies of northern agriculture. And it still has to meaningfully address the desire for comprehensive protection of smaller farmers in the smaller countries that are mainly focused on production for the domestic market. This is understandable since the Group of 21's most vocal members are large agro-exporters, though most have significant domestic-market-oriented, peasant based production as well.

Nevertheless, there is no reason that a positive agenda of small-farmer-oriented sustainable agriculture cannot be placed at the center of the group's advocacy. There is also no reason why the Group cannot extend its mandate to forging a common program on industry and services as well. Even more exciting is the possibility that the Group of 21 can serve as the engine of South-South cooperation that goes beyond trade to coordination of policies on investment, capital flows, industrial policy, social policy, environmental policy. Such formations of South-South cooperation centered on the priority of development over trade and markets provide the alternative to both the WTO and the bilateral free trade agreements now being pursued by the US and the EU.

In articulating its agenda, the Group of 21 will find a natural ally in global civil society. With the US and the EU determined to defend the status quo, this alliance must be moved from potential to reality as soon as possible. It will not be easy of course. Progressive civil society groupings may be comfortable dealing with the Brazilian government headed by the Workers' Party, but they will be ill at ease with the Indian government, which is fundamentalist and neo-liberal and with the Chinese government, which is authoritarian and neo-liberal. Nevertheless, alliances are forged in practice and no government must be automatically categorized as impossible

to win over to the side of people-oriented sustainable development.

To conclude, shortly after the Doha Ministerial, a number of civil society organizations said that the interests of the developing world would be best served by derailing the coming ministerial in Cancun instead of trying to convert the ministerial into a forum for reforming the WTO. As Cancun approached, the intransigence of the powerful countries stalemated discussions with the South on almost all fronts. By the time Cancun came around, there was no more talk of reform. Things had become crystal-clear. With the EU and US determined to get their way, no agreement was better than a bad agreement, a failed ministerial was better than a successful one that merely served as one more nail in the coffin of underdevelopment.

After Cancun, the challenge for global civil society is to redouble its efforts to dismantle the structures of inequality and to push for alternative arrangements of global economic cooperation that would truly advance the interests of the poor, the marginalized, and the disempowered.

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## CANCUN FAILURE: AFRICA SHOWED THE WAY

By Devinder Sharma\*

Amidst a lot of drama, the WTO Cancun Ministerial has failed. The underdogs of economic development – the African block – have bailed out the developing world from being economically robbed. And, once again, the countries which have continuously been painted to be in the ‘Dark Age’ have stood up as a solid block to brighten the future of billions of toiling masses in the majority world.

The walkout by the smaller African countries, led by Kenya, and followed by some Caribbean nations on the contentious Singapore issues – the four new issues of investment, competition policy, government procurement and facilitation – which the United States, European Union and Japan were pushing in aggressively, has actually failed the Cancun Ministerial. The Singapore issues were aimed at simplifying cross-border traffic and increase competition and market access for multinationals. The walkout by the Africans, the second time in the history of the WTO, clearly demonstrates that there is more to the WTO than merely playing to media gallery.

First in Seattle in 1999 and then in Cancun 2003, the Africans and the Caribbean have emerged as the real heroes. The failure of the WTO Ministerial at Seattle and now at Cancun is the direct outcome of the African’s frustration and their willingness to stand to the mightiest. Kenya deserves the salute – *jo jita wohi sikandar*. And so do thousands of farmers, activists, and protestors who continued to raise their voice ten kilometres away from the official venue of the Ministerial talks. The supreme sacrifice by the 56-year-old Korean farmer, Lee Kyung-hae, will remain embedded in the history of the multilateral trade regime as a tragic symbol of the destructive fallout of the so-called free trade process.

The G-23 (as the coalition of India, Brazil and China along with 20 other countries is called) in contrast, only roared. Like the street dogs that chase any speeding car, they continued to bark and then sit back demurely. India’s commerce minister, Arun Jaitley, who used the unique opportunity to pose himself as the champion of the farmers cause, too had given in the final stages. Neither did India, nor the other two giants – China and Brazil – staged a walk out in protest. The draft circulated a day before had only called for an end to export subsidies on farm products of special interest to developing countries, but

was far short of the elimination of all subsidies as demanded by the G-23 group of developing nations.

Notwithstanding their tough postures outside and before the final moments, the failure of the G-23 to stand up and be counted had in reality led towards a compromise formula linking the phase out of agricultural export subsidies with the unbundling of the Singapore issues, meaning getting started on at least two of these if not all the four sectors. Except for expressing displeasure, which means nothing in the trade talks, the G-23 finally had wagged the tail. India, China, Malaysia and Indonesia, besides the EU and some developed countries, were locked in intense green room discussions in the final stages to reach a compromise.

What happened at Cancun is reminiscent of the absence of ‘killer instinct’ that continues to plague the Indian society. Whether it is athletics, hockey or cricket, many a times India has done remarkably well in the international tournaments till it reaches the semi-finals and the finals. How many times can one remember the times when the nation sat glued to the television, literally on tenterhooks, watching the nail-biting finish, only to see the Indian team buckling under pressure. In politics, and more so in trade diplomacy, India continues to give a repeat performance. At 2001 Doha Ministerial too, the then Commerce Minister Murlisaran Maran, fought alone against the inequalities being perpetuated by the global trade regime. A phone call from the Prime Minister at the nail-biting stage, and he had to give in to the manipulative designs of the rich and developed countries.

Once again, India faltered at its moment of crowning glory. Let us be very clear, Cancun Ministerial failed because of investment issues and not agriculture. The G-23 did not stage a walkout in anger against the glaring inequalities present in the final ministerial draft. If it were not for the African countries, Arun Jaitley would have returned home empty handed. His mandate, ostensibly with an eye on the ensuing elections, was to cater to the votes of the domestic electorate. In that sense, he did remarkably well. But if one were to see the approach of the BJP-led Coalition, it had all these years worked just on an opposite format to what it tried to project at Cancun.

This does not however undermine the effort of the G-23 and the G-16 (on special and differential treatment) countries to speak out. There is no denying that the G-23 countries did manage to create a world opinion against agriculture subsidies that the rich countries – forming the Organisation for Economic Cooperation and Development (OECD) – bestow on its miniscule population of farmers. In fact, these subsidies – totalling US \$ 311 billion – are actually benefiting food and agricultural com-

panies in the name of farmers. These subsidies depress global farm prices and enable the developed countries to dump cheaper foodgrains in the developing countries, thereby crippling the livelihoods of millions of small and marginal farmers in the developing world.

What is also significant is that the debate Cancun Ministerial generated, for the first time acknowledged that all subsidies were detrimental and trade distorting. Earlier, economists, policy makers, and many western NGOs (in association with their developing country partners) and the ministers had all along found fault with the export subsidies but defended the domestic support and the green box subsidies. It also exposed the protection that the WTO provided to the rich country agriculture by way of special safeguards, higher tariffs and other non-tariff measures. At the same time, it puts to shame the relentless campaign by some organisations and individuals, including a section of the Confederation of Indian Industry (CII), which was for paving the path for an unhindered entry of multinationals with all the state protection for them.

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## PHILIPPINE COALITION CELEBRATES WTO TALKS' COLLAPSE

SEPTEMBER 15, Manila - Members of the Stop the New Round! Coalition, a broad grouping of social movements, labor unions, political parties, and NGOs triumphantly welcomed news about the collapse of World Trade Organization negotiations in Mexico today.

During a hastily organized press conference, the SNR! made a long distance call to Dr Walden Bello, Executive Director of Focus on the Global South and member of the SNR! contingent to Cancun, for the latest developments in Mexico.

Dr Bello relayed how the negotiations crumbled under the weight of developing countries unprecedented solidarity in opposing further liberalization in agriculture without commitments from developed countries to reduce the massive subsidies that are making it impossible for poor farmers to compete in the market.

Developing countries' negotiators, Bello narrated, also stood firm against the so-called "Singapore issues" or proposed new areas of negotiations such as investment, competition policy, government procurement, and trade facilitation.

Ministers from developing countries walked out of negotiations appalled at the arrogance of developed countries in insisting on these new negotiating tacks. This prompted the WTO officials to formally declare that the talks had collapsed.

"It is very unexpected that it would come this early," Bello said. This is the second time that WTO negotiations stalemated. The first was in Seattle in 1999.

### OFFICIAL DEFEAT

Members of the SNR, who have been campaigning on the issue since February this year, took turns expressing their satisfaction at the outcome of their 6-month campaign.

"It's now official that the Cancun talks finally collapsed," Rep. Mario Aguja of the Akbayan! Citizens Party and member of SNR! declared. "It is a victory for our people."

Aguja also relayed how he's been receiving many text messages from farmers and activists in the provinces expressing elation at the outcome of the talks.

The jubilation however was tempered by the awareness that such a victory – even if historic – could be short-lived. Already, US Trade Representative Robert Zoellick and EU Trade Minister Pascal Lamy have threatened to resort to more onerous bilateral free trade arrangements if they can't get what they want through the WTO.

“The most likely scenario now is for the big trading powers to intimidate developing country governments and elbow their way into their domestic markets through bilateral free trade agreements,” Leody de Guzman of the Bukluran ng Manggagawang Pilipino (BMP) said.

While claiming victory for stopping a new round of liberalization, the SNR! members said they will not rest easy.

“Liberalization in the Philippines will continue to attack the fishers’ interests,” Pablo Rosales of Kilusang Mangingisda or Fishers’ Movement, said. “We will be happier if we fully stop the liberalization of Philippine agriculture. We will be so much happier if the World Trade Organization as an institution is demolished completely.”

Riza Bernabe of the Philippine Peasant Institute (PPI) and SNR! acknowledged the government’s consistency in sticking to the group of developing countries despite pressure from the US and the EU. “The breakdown of talks,” Serrano believes, “shows growing crisis within the WTO because of the conflicting goals between developed and developing countries.”

She added: “We congratulate our government for somehow listening to the concerns of our small farmers. But we call on the government to stand on its ground and not to give way to bilateral agreements.”

Wilson Fortaleza also lauded the government but berated those officials who brought the Philippines to the fold of the trading body in the first place. “Trade Secretary Mar Roxas is correct in saying that no deal is bigger than a bad deal,” Fortaleza said.

“But we have been in this bad deal since we submitted ourselves to the WTO. We have been saying ever since that the WTO is not a democratic institution but one that is dominated and controlled by the United States, the European Union, by Canada, and by Japan,” Fortaleza argued. “It is governed not by rules for the people but rules for the government.”

#### QUO VADIS

The SNR! coalition, an ad hoc coalition which was formed with only Cancun in mind, officially ceased to exist after the ministerial. “The question now,” concluded Joseph Purugganan, SNR! coordinator, “is what do we do after Cancun? How do we face the new and continuing threats under the WTO?”

“The road back home from Cancun will be even more challenging,” concedes the coalition in an official statement. “The government must be able to translate its new rhetoric on trade policy into concrete policies at home. The sectors will sustain its campaign for policy change in agriculture, fisheries, industry, and services.”

Meanwhile, with Cancun’s triumphant collapse, the SNR! coalition says it will celebrate its success in a difficult and — at times, almost impossible — fight. “For this brief

moment,” says the SNR, “we pause to claim the people’s victory in Cancun.”

## WE WON IN CANCUN: TIME TO WORK FOR BIGGER VICTORIES

Stop the New Round! Coalition Statement on the Collapse of the WTO Talks in Cancun

The Fifth Ministerial Conference in Cancun, Mexico closed without unity on a Ministerial Declaration. The collapse of the talks is victory for the national interest. As the Stop the New Round! Coalition (SNR!) emphasized during the launch of the SNR! Caravan and SNR! Cancun Monitor on 9 September, it is in the best interest of the Philippines that the framework in the Cancun draft ministerial declaration is not passed.

The draft declaration called for further tariff cuts in agriculture, further tariff cuts and the binding of all non-agriculture products, a quick deadline for the conclusion of negotiations in services, and the possible commencement of negotiations on new issues. The government's implementation of its trade policy has devastated agriculture and industry, and government has yet to make a full accounting of these effects. The tariff review is far from being completed, and further commitments will prejudice the outcome of such review. Also, binding agreements on these issues will restrict the already limited national policy space of developing countries and constrain their development options.

### NEGOTIATIONS TURN FOR THE WORST

In the course of the negotiations, the developed countries worked to even worsen for developing countries the already bad draft ministerial declaration. The reworked draft ministerial declaration released on 13 September sidelined the positions of developing countries.

In agriculture, the text did not call for serious reforms in domestic support and export subsidies, even as developing countries are told to decrease their tariffs drastically. The so-called Green Box which allows unlimited subsidies and has been used by developed countries as a mechanism for dumping was not addressed definitely. There was only limited concession given to the strategic products and safeguard mechanism being pushed by developing countries. In non-agriculture market access, no substantial changes have been made to relax the tariff reduction commitments, even as it maintains only a weak reference to non-tariff barriers that have been used by developed countries as a mechanism for their own protection.

But what took the cake was the draft's insistence on the start of negotiations on at least two new issues — government procurement and trade facilitation, and the imposition of a deadline on which to reach agreement on the modalities for negotiations on investment and competition policy. In the course of the negotiation there was clearly no consensus on this, with 16 countries leading developing countries opposed to the launch of negotiations on these issues. On 12 September, as many as 90

countries expressed a common position that there should be no negotiations on the Singapore issues.

### A BREATHER, FINALLY

The negotiations on the new issues proved to be a crucial dividing line. Into the final hours of the Conference, countries were still trying to break deadlock in a so-called green room of 33 countries that included the Philippines. No consensus was reached. Luis Ernesto Derbez, Mexico's foreign minister and host to the Fifth Ministerial officially closed the talks with a declaration that there was no basis for any agreement on new issues. Critical to the outcome was the refusal of a grouping of developing countries on agriculture as well as on new issues to break ranks towards the end of the meeting. In the past, similar coalitions broke down under the weight of pressure from developed countries on developing country capitals. Unable to contain his dissatisfaction, US Trade Representative Robert Zoellick quipped that many countries were "pontificating and not negotiating".

### THE ROAD BACK HOME

The road to Cancun has been difficult for the SNR! Coalition. It took a long time before we were able to compel Secretary Mar Roxas, the country's trade negotiator, to take a position on specific issues on the table. While the positions taken by government were far from the detailed positions that we wanted, we emphasized that we will hold the negotiators accountable for whatever they committed to us, including its position to oppose the launch of negotiations on the new issues. The SNR! flexed its political muscle by holding a two-day broad, multi-sectoral mobilization last 12-13 September.

The road back home will be even more challenging. The

government must be able to translate its new rhetoric on trade policy into concrete policies at home. The sectors will sustain its campaign for policy change in agriculture, fisheries, industry and services.

## THE MINISTERIAL STATEMENT

1. As we conclude our Fifth Ministerial Conference in Cancún, we would like to express our deep appreciation to the Government and people of Mexico for the excellent organization and warm hospitality we have received in Cancún.
2. At this meeting, we have welcomed Cambodia and Nepal as the first least-developed countries to accede to the WTO since its establishment.
3. All participants have worked hard and constructively to make progress as required under the Doha mandates. We have, indeed, made considerable progress. However, more work needs to be done in some key areas to enable us to proceed towards the conclusion of the negotiations in fulfilment of the commitments we took at Doha.
4. We therefore instruct our officials to continue working on outstanding issues with a renewed sense of urgency and purpose and taking fully into account all the views we have expressed in this Conference. We ask the Chairman of the General Council, working in close co-operation with the Director-General, to coordinate this work and to convene a meeting of the General Council at Senior Officials level no later than 15 December 2003 to take the action necessary at that stage to enable us to move towards a successful and timely conclusion of the negotiations. We shall continue to exercise close personal supervision of this process.
5. We will bring with us into this new phase all the valuable work that has been done at this Conference. In those areas where we have reached a high level of convergence on texts, we undertake to maintain this convergence while working for an acceptable overall outcome.
6. Notwithstanding this setback, we reaffirm all our Doha Declarations and Decisions and recommit ourselves to working to implement them fully and faithfully.

## NGOS CALL ON GOVERNMENTS TO REJECT THE 13 SEPTEMBER DRAFT TEXT

(and they did...)

The text of 13 September completely sidelines developing countries' positions which they have voiced for a long time. It also back-tracks on the development promises made in Doha.

### US/EU - WTO SECRETARIAT DRIVEN TEXT

The text does not represent developing countries' concerns in all areas. It is also not a reflection of the positions expressed by developing countries in the last 2 days of consultations. On 12th September, 90 countries expressed a common position that there should be no negotiations on the Singapore issues. Also on 12th September, Canadian Minister Pettigrew said that the talks were polarized. Yet the text agrees to negotiations on all four issues!

This puts in question the entire legitimacy of the process – the WTO is a consensus-based institution, that supposedly is 'Member-driven'. This text clearly shows that the institution is US/EU/and WTO Secretariat driven.

Governments are also now commencing Green Room negotiations (of about 30 countries), excluding the majority of Members. This process should also be rejected by developing countries.

### AGRICULTURE: INCREASED DUMPING LEGITIMISED

In both the area of Domestic Supports and Export Subsidies, the text does not call for any serious reforms on the part of the developed countries. Subsidies and dumping will actually be able to increase, even as developing countries are told to decrease their tariff levels drastically.

Para 1.5. The Green Box is not tackled in any serious way in the text. The Green Box is a major loophole that is allowing dumping to continue. The Green Box is now defined as 'non-trade distorting'. Subsidies in the Green Box are currently allowed without limits. Of course only developed countries have the money to provide these subsidies. And in the tens of billions, they are certainly trade-distorting. Both the US and EU play games – while reducing supports in the AMS or Amber box subsidies and Blue Box, these are shifted into the WTO-sanctioned Green Box. The phrase in the text that the "Green Box criteria shall be reviewed with a view to ensuring that Green Box measures have no, or at most minimal, trade-distorting effects.." will not require the US and EU to make any reforms.

Para 3. The Export Subsidies and credits paragraphs renege on the promises made in Doha, that these subsidies will be phased out with a view of 'elimination'. Instead, 3.1 effectively provides for the continuation of export subsidies.

Paras 2.1, 2.2, 2.7, 2.8 Unlike for instance the Green Box where no details are provided hence allowing developed countries to continue their current practices, the Market Access commitments are very detailed in calling for developing countries to drastically reduce their tariffs. A mix of formulas are suggested – Uruguay Round as well as Swiss formula. Most developing countries have rejected a Swiss Formula. This formula will wipe out small farmers in the South. Special treatment has been provided to developed countries to maintain high tariffs in 2.2. However, the possibility of developing countries availing to this is ‘remain(s) under negotiation’ (2.8).

The “strategic products” (SP) is entirely inadequate. Developing countries had asked for no tariff cuts on SPs. The text requires minimal cuts. Tariffs cuts are exempted for products with existing low bound rates. This may help some countries, but for the majority, it is meaningless, since their sensitive products have higher tariff rates.

Para 2.9 The Safeguard Mechanism is proposed, but based on tight conditions and only for some products. This Mechanism should be available for all products to address import surges and price drops.

6. The Peace Clause gives immunity to developed countries’ subsidies. It should expire as agreed in the current agreement by 31 December 2003 and not be renewed as suggested.

#### NON-AGRICULTURAL MARKET ACCESS

- In spite of much opposition to Annex B on Market Access for Non-Agricultural Products in the original draft declaration, Annex B on the newly released Draft Declaration is virtually identical to the previous. No substantial changes have been made whatsoever to accommodate and address the sentiments of many developing countries. We reiterate: Annex B employs the non-linear formula for tariff reduction which implies that industries that enjoy high tariff rates will have to experience deeper, more substantive cuts than others, making all tariff lines eventually converge to zero. Furthermore, the Annex also binds the rest of the previously unbound tariff lines at twice the MFN applied rate, and then applies the aforementioned non-linear formula for eventual tariff reduction. This lethal combination robs developing countries of the much-needed policy space and flexibility to promote and nurture chosen industries. Selective and targeted industrial promotion strategies have historically been proven to be of crucial importance to a country’s industrial development, and tariffs and inter-industry tariff differentials are in turn an important component of such strategies. By imposing these harsh tariff cuts on developing countries’ industries, Annex B essentially pulls the plug on any prospect of survival for local industries, and much less on any prospect of industrial development for many developing countries.

- At the same time, Annex B on Market Access for Non-Agricultural Products maintains its weak and feeble reference to non-tariff barriers (NTBs). It has become obvious in recent years that developed countries have used NTBs to protect and promote their chosen industries. Annex B makes no firm commitment on elimination of these NTBs. In fact, it only promises “to proceed with... ultimately negotiations on NTBs.” Annex B therefore, with its combination of the non-linear formula and the non-committal statement on NTBs, is lop-sided and biased, and fundamentally inimical to developing countries’ interests.

#### GATS: TOO SWIFT NEGOTIATIONS AND NO EXCLUSIONS FOR PUBLIC SERVICES

The draft declaration text provides mechanisms to intensify the negotiations not to meet the countries’ needs but to liberalise services through market access and rule changes. The draft declaration should contain a “horizontal date” for setting a date to make improved offers by those who have already made offers and urges those who have not submitted to do so as soon as possible. This does not take into account the lack of capacity of developing countries to make offers according to their country’s or peoples’ interests nor refers to the option of not making any offering. On the contrary, the negotiations should only aim at higher levels of liberalisation. Worse, no sector or mode should be “a priori” excluded: this means that the declaration would explicitly call not to take water services and other basic needs services out of the GATS. The declaration calls for negotiating new rules on subsidies, emergency safeguards, domestic regulation and public procurement to be finalised at times set (by end 2004 except for emergency safeguards by March 2004) while the negotiations are very contentious and progressing with difficulty and will have very far implications for countries by restricting domestic regulation and stopping to support their own services even if the declarations refers to the right to reintroduce new regulations. The best endeavour language for services and mode 4 of export interest to developing countries is very weak and with no firm commitment, neglecting the problems of developing countries with increased imports of services.

#### NEW ISSUES: BREACH OF DOHA AGREEMENT

The draft declaration calls for the start of negotiations on trade facilitation and transparency in public procurement while there is no explicit consensus to do so nor on the modalities of the negotiations. Moreover, it keeps investment and competition policy on the agenda of the WTO –as the EU wants- by setting a date (time not yet in draft declaration) to agree on modalities for negotiating (i.e commencing negotiations) an investment agreement, without any explicit consensus, and by continuing consideration for modalities for negotiating an agreement on competition. As Doha texts referred to explicit consensus on modalities for the four issues at the fifth Ministerial conference and this explicit consensus was clearly

not achieved here, the four issues should be taken off the WTO agenda at this conference: no is no. Linking the date of agreeing modalities on investment negotiations with those on agriculture and NAMA (footnote 1) and linking the report on exploring modalities for competition negotiations will make it very difficult for developing countries to resist agreement on new negotiations in the future. Even the limitations put in the modalities on transparency in public procurement (Annex D) cannot avoid that the negotiations will go beyond what was agreed in Cancun, as was experienced during the Uruguay round negotiations.

#### BACKTRACKING ON IMPLEMENTATION PROMISES

Implementation issues have been a priority issue for developing countries. In Doha, they were promised that decisions would be taken by the end of 2002. There are about 100 implementation proposals on the table. Not only has no decision been taken, the text downgrades the promises to negotiate implementation issues, and merely refers any 'appropriate action' to a later date. This is unacceptable.

#### SPECIAL AND DIFFERENTIAL TREATMENT

There is a long list of S&D issues proposed by the African Group in Geneva. The ones that would be most meaningful for developing countries are not being addressed in the package proposed. What is offered is also useless since it is only more best-endeavour language (which was the problem in the first place with S&D) and that will not be acted upon.

#### COTTON: REINFORCING DUMPING

Instead of eliminating the dumping in cotton, the text will serve to legitimize the dumping taking place. No binding action is proposed for the developed countries. The structural imbalances will thus be retained. The suggestions to involve the Bretton Woods Institutions to commence with programmes for diversification is merely 'bribery' at an international level.

#### AN AGGRESSIVE AGENDA FOR DEVELOPING COUNTRIES

- This Draft Ministerial Text has completely destroyed the very few developmental dimensions that were enshrined in the Agenda that came out of Doha Ministerial Conference of the WTO. These developmental dimensions need to be reinstated and built upon by retaining the separate Declarations on "implementation concerns" and "TRIPs and Public Health". One way in which the developmental concerns should be built upon is by formulating a separate Declaration on the 'Cotton Initiative' that would contain effective and unconditional commitments from developed countries towards elimination of cotton subsidies of all forms.

- "Explicit Consensus" has been extremely critical in maintaining the sovereignty of developing and least developed countries with respect to initiation of negotiations on modalities of Singapore issues (investment, competition, government procurement and trade facilitation).

The present Draft Ministerial Text (dated September 13, 2003) denies countries their sovereign right to decide whether they want to negotiate on Singapore issues. It is therefore critical that we reinstate this wording in the Draft Ministerial Text in the form that it was mandated by the Doha Ministerial Conference.

- WTO has a tradition of respecting "consensus". The way in which the current language of the Draft Ministerial Text on Singapore issues has been derived, threatens respect for "consensus" at the WTO. Given that there does not exist a "consensus" to initiate negotiation on any aspect of Singapore issues, we must respect this reality and say it clearly that negotiations on any dimension of Singapore issues cannot begin. If we do not want to respect the basic tenet on which WTO functions, it would be worthwhile to dissolve the WTO.

- Tariffs are the only means for providing a level playing field against import of hugely subsidized products originating from countries, especially developed countries. There should be no tariff reductions entertained in these negotiations.

- Trade-distorting domestic support and export subsidies have been central features of agricultural regimes in the developed countries. These have essentially benefited large farmers and corporations in these countries who have been able to export highly subsidized agricultural produce leading to the destruction of agriculture in developing countries. What is required and desirable is that developed countries cap and drastically reduce domestic supports across the boxes (green, blue, amber- AMS). Export Subsidies must be eliminated.

- The peace clause has been a hazard in the growth of agriculture of developing countries. As negotiated during the Uruguay Round of trade negotiations, we demand that the Peace Clause should die its natural death by 31st December 2004.

- No offers or negotiations in rules should take place in Services until and unless a proper assessment of the impact of services liberalisation has been conducted. Public services should be taken out of the GATS.

- "Transparency", "Accountability", "Sovereignty" and "Democracy" are central features of any rational decision-making process. The processes of decision-making such as "green rooms" that have become a central feature of the WTO Ministerial Conferences defy all these four tenets of a rational decision-making process. Hence we demand that Chairman Derbez and Director General Supachai Panitchpakdi institute processes of decision-making that respect these features at the present and future Ministerial Conferences and WTO processes. Failure to do so should be treated as a premise on which the WTO should be dismantled.

## 11 SEPTEMBER: THE FENCE AT KILOMETRE ZERO

by Katharine Ainger\*

'Soon after the Uruguay Round Agreement [of the WTO] was settled, Korean fellow farmers and myself realized that our destinies were out of our hands. We were utterly powerless. We could do nothing but look at the waves that destroyed our lovely rural communities, settlements hundreds of years old. To make myself brave, I have tried to search out the real reasons for and the major forces of those waves. Reaching my conclusion... at the front gate of the WTO, I am crying out my words to you that have been boiling for so long inside my body.'

These are the words of Lee Kyung-Hae, of the Korean Farmers' League, in March 2003, on hunger strike at the gates of the WTO headquarters in Geneva, Switzerland as the Committee on Agriculture was drawing up its agenda for Cancún this spring.

Yesterday in Cancún he hung a sign that read 'WTO kills farmers' on the security fence keeping ten thousand protesters from reaching the Convention Centre. Then he climbed up to the top of the fence, and facing the direction of the WTO he cried out, drew out a Swiss Army Knife and stabbing himself in the heart, fell backwards into the arms of the crowd.

Mr. Lee, who was 56 years old with a wife and two children, had spent a lifetime campaigning for farmer's rights. He suffered increasingly as the situation of farmers – 10 per cent of the South Korean population – had worsened. 'What would your emotional reaction be if your salary was suddenly cut in half, without you knowing the reason?' Lee had written during his March vigil. As elsewhere in the world, overproduction and cheap imports after Korean agriculture was liberalized resulted in massive price drops.

He described abandoned, decaying villages of rural Korea: 'Some farmers just gave up farming and migrated to the urban slums. Others... became bankrupted through debt. Some fortunate people continued – but not for much longer, I suspect. As for me, I could do nothing but look around their vacant and crumbling houses. I would check them, sometimes, hoping that they had come back. Once I ran to a house where a farmer had abandoned his life by drinking toxic chemicals because of his uncontrollable debts. I could do nothing but listen to the screams of his wife. If you were me, how would you feel?'

Later, the Korean group described the wave of suicides that had gone through the farming community, and that Lee had said before he died that he did it because the WTO was killing farmers around the world. None had anticipated that Lee would take his own life, and the group were shocked and grieving.

He was rushed to the General Hospital where he died three hours later from puncture wounds to the heart and lungs.

Dusk fell over the vigil held by the Korean activist delegation outside the Hospital. Silently, indigenous peasant women from Chiapas wearing their bright red, pink, blue and orange dresses joined them, carrying candles with quiet dignity.

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No-one had expected the day to end this way.

It had begun with the Farmer and Indigenous Forum's Declaration at the Via Campesina encampment. This global alliance of small and family farmers, peasants, landless and indigenous people, women and rural labourers, has a combined membership of over 100 million ? the vast majority from poor countries. In a stadium filled with campesinos wearing their trademark green t-shirts and caps they called for food sovereignty, a ban on genetically modified foods, and for food and agricultural issues be removed from the remit of the WTO. From their point of view, food is a human right, not a commodity, and its production is fundamental to all human existence. This does not mean that they are 'anti-trade' but that a country needs to support its own food needs and production first.

The gathering swelled until it numbered almost 10,000. Peasant women wearing white dresses decorated with bright floral patterns had brought the village to the city: dried fish were strung on lines between trees; cobs of smoked maize were piled in sacks. Tiny children wore green headscarves.

A gang of kids wore dolphins made out of foam as hats in protest at the WTO ruling in favour of a Mexican trade complaint against rules on dolphin-friendly tuna fishing. The dolphins and the fishworkers unions uniting on the march was Cancún's answer to Seattle's teamsters and turtles, when unionists and environmentalists came together on the streets.

An indigenous movement from the state of Oaxaca, CIPO-RFM, arrived with intricate, intensely coloured murals of their farms painted on sheets. Mexican indigenous call themselves 'people of maize' and were the originators of corn as a crop. CIPO-RFM explained: 'our ancient varieties are being destroyed by GM corn coming in from the US, cheaper than we can produce.' Last year university researchers discovered that between 20 and 60 per cent of traditional maize varieties of crops in CIPO-RFM's community are contaminated with modified genes from imported US corn, and for which Monsanto owns the patent.

As one Mexican farmer said, 'the protest would have been ten times bigger if our farmers could have afforded to come to Cancún.' Those who could not lend their pres-

ence lent their support from afar. Recorded messages from the Zapatistas Comandancia rang around the encampment. Comandante David of the EZLN said, 'the land is ours, it belongs to the peasants and the indigenous peoples, and we should take it back and make it produce for all, not just for a handful of the wealthy who wouldn't even recognize the colour of the soil if you placed it before them.'

Zapatista spokesperson Subcomandante Marcos said: 'This is not the first time nor the last that those who think they own the planet have to hide behind their high walls and pathetic security forces to make their plans. Just as in any war, the high command of this army of the transnationals, which seeks to conquer the world in the only way that it can be conquered - by destroying it - meets under a security system which is matched in size only by their fear.'

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Joined by Seattle's marching band the Infernal Noise Brigade, students from Mexico City, assorted anarchists and activists banging oil drums lodged in stolen Wal-Mart carts, the march headed towards that high wall protecting the luxury hotel zone. One group carried a puppet of Mayan God Kukulcan, a feathered serpent invoked against the WTO's intellectual property rights regime. Another wheeled Chac, a stunning 12 foot high Mayan God, his arms raised towards the heavens, invoked against the privatization of water.

Most spectacular of all were the 200 members of KOPA, a coalition of 40 South Korean social movements who walked, banged traditional drums, and sang together. Their procession was a mock Korean-style funeral march for the WTO, replete with multicoloured coffin carried on the shoulders of six and followed by people dressed as priests.

We arrived at the heavily policed security fence blocking access to the causeway leading towards the Convention Centre. Some tied banners to it, and others scaled it. With the Koreans in the lead, the crowd began to push sections of the fence over. Then the Koreans set fire to the coffin and threw it at the barrier. This was the moment when Lee fell from the fence - at the time the nature of his injury was not clear to the crowd, and he was quickly taken away in an ambulance.

Then as the Infernal Noise Brigade's drums beat a driving rhythm, the crowd lifted up the fence bodily and toppled it. The heat was intense and people began to suffer from heatstroke. From out of nowhere, a dark grey cloud opened up right over our heads and showered the protesters with cooling rain. John Ross, veteran chronicler of the Zapatista rebellion, emerged out of the crowd, grinned with broken teeth and shamanic stare, and with his hands held to the sky yelled out 'It's Chac - the God of Rain!' before disappearing once more into the throng.

A group of boys at the front, reluctant to push through the line of riot police, began to throw stones and sticks instead. The campesinos drew back, some of them hit by stones later blamed on provocateurs that had apparently been thrown from too far back to have been intended for police. The crowd, now fatally divided in tactics, began to lose momentum. Several hours passed in this manner. And then the news spread from person to person, that the Korean man was dying.

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And this was how the protest ended. The Koreans sat facing a line of riot police who had filled the space where the fence had been torn down, singing a song from the Guangzhou massacre of 1980 which recalled the faces of the dead looking back at those still struggling. Giant letters spelling out 'NO WTO' in golden corn lay at the police's feet. Above them the gaudy banner welcoming trade delegates to Cancún had been half pulled down, revealing a sophisticated culture jam: behind it on the billboard was a picture of the real Cancún - impoverished litter pickers combing the beach.

The intersection where Lee died is known as Kilometre Zero. Today the Koreans returned to camp there until the WTO stops the meeting out of respect, and called for the Korean delegation to pull out of the meeting immediately.

Via Campesina announced: 'We do not want any more deaths. We do not want people to die of hunger. We do not want our land to die... At great cost we understand this sacrifice of life, this immolation committed by our friend Lee Kyung Hae has left us speechless and heartbroken. We do not want this death to be in vain; we want a solution to the despair in which a large number of farmers are living because of these international treaties.'

Though both the official Korean trade delegation and WTO Director General Supachai Panitchpakdi expressed sadness at Lee's death, there is no sign that the demands will be met. KOPA remain steadfast: 'He didn't kill himself. The WTO killed him,' they said.

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## 10 SEPTEMBER: FOOD AND AGRICULTURE OUT OF THE WTO! INDIA OUT OF THE WTO!

By Shalmali Guttal\*

BANGALORE, September 10, 2003. — Over 35,000 farmers from across Karnataka State converged in Bangalore—the state capital—today to protest the start of the Fifth Ministerial Meeting of the World Trade Organisation (WTO) in Cancun, Mexico. The rallying cry of the farmers was, “Either food and agriculture must be removed from the WTO, or India must quit the WTO.”

The rally was organised by the Karnataka State Farmers’ Association—Karnataka Rajya Ryota Sangha (KRRS) and joined by the Dalit Sangharsh Samithi (DSS) and representatives from the Tami Nadu Farmers’ Association. DSS members stood in front of the Mahatma Gandhi Park with nooses around their necks to bring attention to the alarming increase of farmers’ suicides in the state and chanted, “We must have justice.”

The farmers started their travel to Bangalore from various districts in the state yesterday and gathered together in the Bangalore City railway station this morning. Carrying green flags, banners and signs, they then started their march through the city to the Mahatma Gandhi Park in the city centre for a daylong rally of songs, theatre and speeches. They were blocked en-route by the Bangalore City Police, who claimed that the park was not large enough to accommodate the full procession. But the farmers were not deterred and found their way across the barricades to the park through a variety of routes. Despite attempts by the city police to scatter the demonstrators, at least 15,000 farmers had already reached the park by early afternoon and more were still coming.

The main issues raised in the rally were the impact of the WTO’s Agreement on Agriculture on small farmers in India and the Indian Government’s failure to protect its farmers from ruin and literally, death. Burdened by crop failures, low commodity prices and heavy debt burdens, at least 280 farmers have committed suicide in Karnataka from April to September. The entire gathering resolved that food is the right of every person and cannot be left to the whims or dictates of the market.

“Farmers’ suicides and liberalisation are directly related,” said Professor Nanjundaswamy, a founder member and current President of the KRRS. “It all started in 1995. Before that we did not have these mass suicides in Karnataka and other states. The year 2000 was a record year in agriculture production since independence [1947], but there were suicides even in that year. The reason for this is liberalisation, which has resulted in falling prices, falling incomes and increasing debts.” According to Professor Nanjundaswamy, the KRRS asked the Government of India to not sign the agreement establishing the WTO as far back as 1992. In 1994, KRRS leaders met the leadership of all political parties and made the case for India to pull out of the WTO. “Atal Bihari Vajpayee was

the leader of the opposition at that time and told me not worry so much and that India could always withdraw from the WTO with six months notice” he said. “Now we demand that India come out of the WTO, and in solidarity with other farmers’ movements across the world, we demand that food and agriculture be removed from the WTO.”

According to Chandrashekhar, a farmer leader from Hassan District, the actual number of suicides in the state is likely to be much higher than officially reported figures: “Many suicides are not reported by families since they would then have to go through burdensome police procedures and pay bribes to get the paper-work completed. These suicides must be stopped.”

H. M. Maheshwarswamy from Dawangiri District added that farmers need a range of supports from the government: “The Karnataka Government must provide free electricity to farmers for 18 hours a day. Farmers must get a fair price for their products. The government must set prices based on proper scientific study. All farmers’ debts, from private lenders and banks must be cancelled. This is the only way to stop the suicides in Karnataka.”

Farmers at the rally identified the domination of the food and agriculture sector by Multinational Companies as a serious threat to local farmers. “Multi-national Companies must be driven out of India,” said Chandrashekhar. “So either agriculture must come out of the WTO, or India must come out of the WTO. Farmers will intensify this movement in the future.” Maheshwarswamy said that if the government does not remove foreign companies from the Indian agriculture sector, “...we will use all the means possible to throw them out.”

Farmers at the rally also linked the impacts of trade liberalisation to other sectors. In the words of H.S. Masti from Bagalkot District, “Imported goods will be sold at very low prices and our own producers will be made useless. It is not only small farmers, but also other producers in our villages such as carpenters and goldsmiths who will be affected by cheap imports. In our villages these producers depend on the farmers for their livelihood and will also die if farmers die. If we cannot feed ourselves, how can we feed others?” Mr. Masti also spoke about the multiplying effects of agriculture inputs and genetically modified plant varieties to local food and environmental quality. “Because of inputs like Round-up, dangerous contaminants are getting into our soil and entire food system. And no matter what inputs we use, our food still does not meet international standards. BT corn and BT cotton have been introduced into our environment. Our cattle cannot eat BT corn and animals that feed in the area where BT cotton is planted have died. We do not want such a system.”

The expanding ambit of the WTO in food and agriculture is a serious cause for concern among farmer movements in other states as well. According to K. Sellamuthu from the Tamil Nadu Farmers’ Association, oilseeds (ground-

nut, sunflower, gingelly and coconut) currently fetch average prices from Rs. 35-50 per litre. In compliance with WTO requirements, India has agreed to import palm oil from Malaysia, which will sell at Rs. 10 per litre. This will devastate local oilseed producers. Similarly, the current market price of wheat is Rs. 13 per kg, but in compliance with WTO requirements, wheat from the United States (US) will enter Indian markets at Rs. 4 per kg. "The style of production in the US is different from India. They farm large tracts of land with mechanised technology. In India, we have zero agriculture subsidies and farmers are already committing suicide; the agriculture sector itself is committing suicide. Seventy crores of people [seven hundred million] will be impacted by the WTO, all directly in the agriculture sector. Arun Jaitly has also said this, but whether the Indian Government will uphold this in Cancun or agree to quit the WTO is not certain. Based on the results of Cancun, we will make further plans for future actions." Mr. Sellamuthu added, "In rural areas, 80 out of 100 children still go to school without chappals [slippers]. Bringing food and agriculture under the WTO's web will not work for developing countries like India."

#### PROTESTS STARTED IN 1992

The rally today was not an isolated or one-off event. Since 1992, farmers' movements in India have staged unified protests against the Dunkel Draft and the establishment of the WTO, which marked the inclusion of agriculture into the WTO. Since the launch of the current negotiations under the Doha work programme, farmer and fisher movements across the developing and developed world have joined hands and demanded that liberalisation of the agriculture sector be halted, and that governments prioritise the needs of their small, family-based agriculture producers over the interests of middlemen, agri-business companies and trans-national food companies. A significant worry for peasant and artisanal fisher movements in developing countries is that their governments will trade agriculture away for concessions in other sectors such as services, foreign direct investment and industry.

The farmers at the rally were well aware of India's negotiating position in the Cancun Ministerial meeting, but were not confident that the Indian Government will meet the challenge to protect them from the onslaught of further trade liberalisation. Women in the gathering were familiar with the rules of the GATT/WTO and what an expansion of these rules means for their future. In the words of one of the speakers, "Since independence, the farmers who have provided rice for this country are committing suicide and our government is responsible for this. Jaitly is speaking some sense now in the WTO. But we have to send a strong message to him that he does not change his position in Cancun under pressure from delegates from certain other countries. Vajpayee must get the same message."

The farmers of Karnataka have sent their message. But are Arun Jaitly and Atal Bihari Vajpayee listening?

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#### WAR BY OTHER MEANS WTO: Weapon of Mass Destruction?

By Herbert Docena\*

THIS WEEK, MEMBERS OF THE 1400-STRONG TEAM that have been scouring the cities and deserts of Iraq since May are scheduled to officially report what we all already know: There are no weapons of mass destruction.

By now, the real reason for the invasion of Iraq has become all but irrefutable.

The occupying forces did not guard the museums housing the riches of Mesopotamian civilization but they vigilantly protected the oil wells. Just to showcase what this was all about, they have appointed a former Shell CEO to oversee the national oil industry's transfer to private US oil corporations. Worth billions of dollars in future revenues, Iraq's oil is pretty cheap: It just cost the blood of over 6,000 Iraqi civilians and over 200 allied soldiers killed so far.

But it's not just blood for oil. After the rain of bombs, Iraq has become a fertile ground for US businesses to thrive on. No-bid contracts worth over a hundred billion dollars are to be doled out to American corporations — to rebuild what US soldiers themselves destroyed. Most of them, such as Halliburton and Bechtel, have deep ties to the Bush administration. Vice President Dick Cheney, for example, continues to receive money from Halliburton. It is the kind of corruption that can put Estrada to shame. It is "crony capitalism" at its most violent.

As promised, Iraqis have been liberated from the grip of Saddam Hussein — only to be delivered to the mercy of some of the world's biggest corporations. Thanks to the liberators, what formerly belonged to the Iraqi people will now be transferred to a few stockholders. As plans go, US businesses will take over and profit from the formerly state-owned schools, water and electricity services, as well as the transportation and communication systems — all as part of what the Wall Street Journal revealed as "sweeping plans to remake Iraq's economy in the US' image."

And just in case these corporations need start-up money for their Iraqi ventures, they will have access to the UN-approved but IMF and World Bank-controlled Iraq Development Fund, the repository of all Iraqi oil sales intended to be used for lending money to US corporations wishing to do business in Iraq. In other words, the Iraqis' own money will be used to finance US corporations' take over of their state-owned resources.

To ensure that Iraqis don't miss out on the wonderful benefits of "free trade", the occupying forces have also launched plans for the Middle East Free Trade Area

(MEFTA). This will make it easier for US corporations to sell their heavily subsidized and protected products in a big and untapped market.

Given all these very visible developments — compounded by the striking absence of WMDs — it has become all too obvious by now what this war was really for. As the anti-war movement kept saying all along, it is a war for power, resources, and markets. It is what prominent social critic Naomi Klein describes as “privatization in disguise.” It is the Washington Consensus imposed by bombs. It is corporate-driven globalization at its bloodiest.

And yet, even as the war in Baghdad continues, another war flares up in Cancun. This week, trade ministers from 146 countries will meet for the Fifth Ministerial of the World Trade Organization (WTO). It may not be as bloody. But by no means will it be less violent. After all, whether the World Trade Organization (WTO) succeeds in ramming through another round of negotiations is a life and death question for millions of farmers, workers, and sick people around the world.

Over the last few years, the ravages of corporate-led globalization — as advanced through such multilateral facades as the WTO — has been little different from the impact of war. In many countries, corporate globalization has destroyed jobs and livelihood, widened inequality, led to the deterioration of living standards of masses of people around the world, and shut off the little space left for development. The Philippines, for example, has been cited by the New York Times to prove the destruction unleashed by the WTO’s arrangements. The local Stop the New Round! Coalition has highlighted how — contrary to promises — the Philippines’ agricultural employment and exports have actually declined.

Nobel Prize for Economics laureate Joseph Stiglitz likened the methods of the Washington Consensus to those of modern high-technology antiseptic warfare. Indeed, how different are the economists that decide a country’s economic policies from the comfort of their five-star hotels from the fighter pilots who drop bombs 50,000 feet from the ground?

Thanks to the WTO’s “free trade” regime, millions of farmers have lost their livelihood, workers have lost their jobs, and up to 14 million people die every year from easily preventable diseases. With WTO agreements protecting the rights of giant pharmaceutical companies instead of the poor, for example, millions of sick people are deprived access to cheap medicine. How different is their death from those hit by stray smart bombs?

Like the war on Iraq, the WTO is all about geo-political power, control of resources and access to markets via privatization, deregulation, and trade liberalization. The reasons behind the war in Baghdad are the same as those in Cancun: it is to assure the US’ continuing economic prosperity and strategic superiority.

Former State Secretary Warren Christopher himself said, “We’ve passed the point where we can sustain the prosperity on sales just within the United States.” Former State Secretary Madeleine Albright admitted, “Our own prosperity depends on having partners that are open to our exports, investments, and ideas.” Without access to foreign markets, says former Commerce Secretary and dean of Yale School of Management Jeffrey Garten, “The country can no longer generate enough growth, jobs, profits, and savings from domestic sources.”

To open markets, the US takes two tacks. When it can, the US will go through the WTO. As the newly launched book “Behind the Scenes in the WTO: the real world of international trade negotiations” by Geneva-based Aileen Kwa and Fatoumata Jawara proves, however, the US merely dons the mantle of legitimacy provided by WTO as a multilateral organization to bribe, threaten, and intimidate weak countries in pursuit of its unilateral aims. C. Fred Bergsten, director of the Institute of International Economics and Washington’s leading academic proponent for “free” trade, perhaps best encapsulated the WTO’s true reason for being when he told the US Senate: “We can now use the full weight of the international machinery to go after those trade barriers, reduce them, get them eliminated.”

But when the WTO is no longer enough, there will be other means. When it must, the US will always have its bombs — lots of them. As Klein puts it, Iraq shows how the US can easily switch from Free Trade Lite, which wrestles market access through backroom bullying, to Free Trade Supercharged which seizes new markets on the battlefields of pre-emptive wars.”

In other words, the US deploys the WTO for the same reason that it uses its stealth fighters. The WTO is as useful to it as its bombs.

This week, the world witnesses corporate globalization’s simultaneous assaults on two fronts: the war in Baghdad is little different from than that in Cancun. The means may be different but the aims and effects are the same.

But as in Baghdad, so too in Cancun: Expect resistance.

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## FROM SEA TURTLES TO SMART BOMBS: HOW THE ANTI-GLOBALIZATION MOVEMENT IS TAKING ON THE GLOBAL WAR MACHINE

By Steven Staples\*

On September 13, 2003, tens of thousands of people will answer a global call to action against “Militarization and Globalization” by participating in demonstrations, workshops and teach-ins around the world. This marks an important milestone in such global days of action: for the first time, the two issues of war and trade have been brought together.

The call comes from grassroots groups massing in Cancun, Mexico, who plan to put thousands of farmers and activists into the streets to protest outside of the Fifth Ministerial meeting of the powerful World Trade Organization.

It is not surprising that the first major call for action on militarism and globalization comes from groups largely based in Latin America. This is a region where militaries have been defending United States corporate interests for generations: United Fruit in Guatemala, ITT in Chile, Bechtel in Bolivia, Occidental Petroleum in Colombia, and NAFTA itself in Mexico.

But for the first time many organizations that have been leaders in the anti-globalization movement – perhaps more accurately called a global justice movement – are now addressing militarism in a programmatic way. For example, Global Exchange is organizing a permanent presence in Iraq through its Occupation Watch initiative, The Institute for Policy Studies is providing valuable research and media work on the Bush administration’s empire-building agenda, and United for a Fair Economy has organized dozens of educators to fan out across the country conducting militarism and globalization workshops.

In addition to their own campaigns, Global Exchange and the Institute for Policy Studies played a key role in establishing the anti-war coalition United for Peace and Justice. As the name implies, the coalition brings together social justice organizations and new anti-war groups that emerged following the September 11, 2001 terrorist attacks.

United for Peace and Justice can claim much of the credit for the US demonstrations during the historic February 15, 2003 global anti-war demonstrations. Many of the coalition’s organizers are street-savvy veterans of Seattle and other anti-globalization protests. They expect that more than 50 U.S. cities will hold anti-war and glo-

balization events on September 13, 2003, to coincide with the WTO demonstrations in Cancun.

The anti-globalization movement brings with it an understanding of the global economy, and it is applying its corporate analysis to militarism issues in new ways. Corpwatch, U.S. Labor Against the War, Public Citizen, United for a Fair Economy, the World Policy Institute and others are producing corporate profiles and documenting deep connections between the Bush administration and the major beneficiaries of war such as Boeing, Bechtel, Haliburton and the Carlyle Group.

Well-known anti-globalization groups outside of the United States have initiated anti-militarism projects as well. Europe's Transnational Institute, Canada's Polaris Institute, and South East Asia's Focus on the Global South are all producing new research and organizing support for citizen groups with respect to the links between globalization and militarism.

The focus on militarism comes at an important time for the anti-globalization movement. It has been in a slump for the two years that have elapsed since the September 11, 2001 terrorist attacks, and has suffered a decline in its visibility and political potency.

After the September 11th terrorist attacks, the anti-globalization movement was put off balance and divisions arose between moderate and radical factions of the movement on whether or not to suspend street demonstrations and how to respond to the subsequent war against Afghanistan.

Even more, the movement's economic and corporate critique was unprepared for the reassertion of the national security state as governments in the U.S. and around the world reorganized themselves around national security and military prerogatives. U.S. government officials have summed it up simply: "Security trumps trade."

But the Bush administration's own National Security Strategy of the United States of America, announced in late 2002, does the movement a great favour by clearly linking the concept of national security to pre-emptive military force and the expansion of free trade. As Herbert Docena of Focus on the Global South describes the Bush Doctrine, "It is explicit: the overriding goal of U.S. foreign policy should be to preserve its economic and military ascendancy in the world."

United for Peace and Justice, in a letter to its hundreds of members calling for actions on September 13, said: "The Bush doctrine of preemptive strike and permanent warfare goes hand-in-hand with a program of economic domination through 'free trade,' and, not coincidentally, masks the woeful U.S. economic situation."

While many groups are adopting this anti-militarism analysis, it would be an overstatement to say that all

anti-globalization groups have moved in this direction. Understandably, some groups continue to see the issues quite separately – especially groups founded upon a singular focus on trade issues.

But the linking of the two issues is important for at least two strategic reasons. First, including an analysis of globalization and militarism will further advance the movement's critique, addressing what some have argued has been a blind spot even before September 11, 2001. Second, it allows the anti-globalization movement to tap into the tremendous anti-war mobilization that has swept the world, drawing new activists into the broader movement for global peace and economic justice.

Since Seattle, the anti-globalization movement has been composed of many social movements ranging in diversity from environmentalists to trade unionists. This convergence of interests was summed up in one placard in Seattle: "Sea Turtles and Teamsters: together at last."

Realizing the links between globalization and militarism will strengthen the anti-globalization movement. It is clear that the new national security agenda is dramatically influencing international relations and hence the global economy, and will continue to do so for decades to come. It is essential that this destructive agenda be countered by a growing and effective movement for global justice.

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