

Ailing but Alive: the WTO in December 2009

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The 7th Ministerial Conference of the World Trade Organisation (WTO) ended as it started: on a subdued and uncertain note. Statements about the importance of a speedy conclusion to the Doha Development Round (DDR) by some trade ministers and in the Chairman's Summary during the closing plenary, lacked conviction. What came through instead was nervousness among government delegates and WTO Secretariat staff about the credibility and relevance of the WTO and its programme of corporate driven globalisation in the face of deepening crises in the real economy, agriculture and climate. Every pat on the back that delegates and staff gave the WTO was tempered by statements about the need for WTO members to respect multilateralism, past commitments, the development mandate of the DDR, transparency, inclusiveness, and the special needs of Least Developed Countries (LDCs) and Small and Vulnerable Economies (SVEs).

Credibility, relevance and vision are certainly what the WTO lacks at this juncture. Since its establishment in 1995, numerous farmers organisations, workers' unions, government officials, academics and civil society analysts have repeatedly warned against the dangers of WTO style liberalisation on local and national economies and the environment. These warnings proved frighteningly accurate: as global trade through the WTO expanded, unemployment, food insecurity, environmental destruction, impoverishment and social dislocation increased alarmingly in developing countries.

Today, as world attention is focussed on the urgency of finding solutions to the multiple crises we face and more than 30,000 people are gathered in Copenhagen to find ways to avert a climate catastrophe, the WTO comes up very short indeed. In that unchecked deregulation, liberalisation and export led production that WTO trade lock in are widely accepted as major reasons for the financial, economic, food and climate crises, the WTO is certainly not a credible place to turn to for solutions. It offers no alternative vision or paradigm of trade based on sustainable development criteria. And if one of the most powerful global institutions is unable to offer credible solutions to tackle the most intense crises of our times, how relevant is it?

Lack of confidence in the WTO trading system and the DDR to be able to pull the world out of crises is widespread among social movements, civil society analysts and even many government delegates (despite the "official" positions they may be compelled to take). "From the point of view of environmental sustainability, global trade has become deeply dysfunctional" noted Walden Bello of Focus on the Global South. "The WTO has been a central factor in increasing carbon emissions from transport... A successful conclusion to Doha will bring us closer to uncontrollable climate change." [1]

According to Indra Lubis from La Via Campesina, "The food, economic and climate crises strengthen

Via Campesina's belief that global governance has serious problems. We have to change the system that has been ruling us through International Financial Institutions and the WTO—it is very destructive and completely wrong."

In the Global Unions' statement of priorities for the 7th Ministerial Meeting the International Trade Union Confederation (ITUC) states:

"Despite the concerns expressed by millions of working women and men calling for trade justice worldwide there is still little on the table at the WTO for growth, development or the creation of full, decent and productive employment based upon the respect of workers' rights and other human rights. The global financial and economic crises have raised further doubts as to the potential benefits of trade liberalisation and have generated well-founded concerns that liberalising in a period of increasing unemployment could further deepen the crisis and increase social hardship." [2]

According to Nathan Urumba, Executive Director of Southern and Eastern African Trade Information and Negotiations Institute (SEATINI) and Uganda's Ambassador to the WTO from 1996-2004, "WTO trade cannot address the economic crisis with the current deals on the table. Countries should liberalise after they have reached a certain level of development and industrialisation; liberalisation follows development and not the other way round. For most African countries, development is a more important priority than a speedy conclusion of the DDR."

Urumba's views coincide with those of Hicham Badr, the ambassador of Egypt and coordinator of the Africa group, who said in an interview to IPS, "If we had to choose between a (quickly concluded) round and a successful round, we would prefer a successful round where the developmental aspect remains at the core of the package." [3]

Developing countries constitute the majority of the WTO's 153 members and account for at least 80 percent of the world's population. But to this day, the institution has shown itself to be politically and structurally incapable of responding to their diverse development priorities.

Business as Usual?

In his blog on the last day of the Ministerial Conference, WTO Director General (DG) Pascal Lamy wrote:

"Members of the WTO wanted a "normal" ministerial —they've had one. This conference was different from all previous ones. There were no surprises. It was not a big jamboree, with thousands of journalists, hugely costly arrangements and sleepless nights." [4]

Well yes, in many ways the 7th Ministerial Conference was "normal." Little seems to have changed in negotiating substance, politics and process since the WTO's establishment in 1995. Long standing development issues critical to developing countries (some tabled since 1997) and included in the Doha work programme continue to be sidelined, especially by the United States (US) and European Union (EU). These include implementation of commitments to redress past/existing imbalances, Special and Differential (S&D) treatment, resolution of subsidies and pricing in cotton, and particular provisions for LDCs and SVEs. Instead, developing countries are faced with excessive demands to provide market access to wealthy nations in the areas of industry, agriculture and services with hardly any reciprocity. In its November 29 Ministerial communiqué the G 33 noted:

"We express concern at recent trends to retract commitments made in a long, hard-fought, negotiated and balanced package that is now on the table. We also note that this package is already

market access focused, particularly for those countries that are expected to provide leadership and which are still seeking a disproportionate number of flexibilities.” [5]

Also “normal” was who drives negotiations. WTO insiders pointed out that the Ministerial was non-negotiating because the US is not ready to negotiate; in the meantime, it continues to demand “meaningful market access” from developing countries in all sectors without cutting its own agricultural and export subsidies, or cutting back on the massive bail-outs to its financial corporations. The EU is doing the more or less the same; and as long as the US does not come back to the negotiating table, it can continue to demand market access through Economic Partnership Agreements (EPAs) and Free Trade Agreements (FTAs).

Urumba remarked that the WTO Secretariat and DG have also tried to drive trade negotiations since the time of former DG Mike Moore, under whose watch the DDR was launched. Subsequent DGs have wanted to be associated with either concluding a negotiating round or launching a new one. “The WTO Secretariat has been postponing this meeting in the hope that a trade deal would be settled and the Ministerial meeting could be used to conclude the Doha Round. But this has not happened and so this is a ‘normal’ ministerial meeting.” The ministers had to meet. The WTO’s founding charter—the Marrakesh Agreement that established the WTO—directs that a Ministerial Conference must be held at least once every two years.

But some civil society analysts pointed out that this Ministerial was necessary to make sure that developing countries do not abandon negotiations because of popular pressure from domestic constituencies. Tony Clarke from the Polaris Institute observed, “The WTO does not have a whole lot to show for itself given the gusto with which it was launched by economic elites; it has failed to deliver on what it set out to do. The reason for this Ministerial is simply to shore up the confidence of Southern governments in the WTO in the midst of deepening crises. Lamy is trying to create the defences the WTO needs to keep governments in line and stay with the institution. He is trying to revive and rebuild ideological commitments of countries to capitalism and neoliberalism.”

A Bad Deal All the Way Around

But even if this Ministerial had been a negotiating one, trade ministers from developing countries would not be able to sell the current negotiating package back home. Faced with rising unemployment, increasing financial insecurity, fluctuating food prices and deepening agrarian crises, delegates cannot defend a new trade deal unless it protects domestic savings, jobs, food supplies, livelihoods and the environment from the dangers of unchecked liberalisation and deregulation. Equally important is the growing body of knowledge that show how global trade and export driven production increase the emissions of Green-House gases (GHGs) and exacerbate climate change.

The G 20 and G 33 Ministerial Communiqués expressed frustration at the continuing double standards between developed and developing countries on financial and economic policies, and the bending of WTO rules by developed countries to protect their economies even as they seek greater liberalisation and deregulation in developing countries. With regard to agriculture the G 33 said:

We urge WTO Members to remain cognisant of the subsistence nature of agriculture in most developing countries and therefore the need to ensure the livelihood of farmers. The present crisis has highlighted the vulnerability of agriculture system and the need for safeguarding the livelihoods of the poor and vulnerable in agriculture around the world. The crisis has also put the issue of food security at the top of the global agenda. Trade in agriculture has to be calibrated in view of pressure from highly distortive domestic supports and export subsidies. [6]

The G 20 in turn made a pointed reference to the vast differences in capacity between rich and poor countries in dealing with the economic crisis:

“The crisis has shown the risks of all forms of protectionist practices, including the substantial trade distorting subsidies provided by developed countries. Without the means to afford stimulus packages or bail-out programmes, developing countries are disproportionately affected and bear the consequences of any erosion of confidence in the stability of the multilateral trading system.” [7]

European civil society representatives pointed out that EU trade delegates would also have a hard time promoting a new trade deal in their respective countries. According to Alexandra Strickner of ATTAC Austria, “People are extremely disappointed with the lack of democracy in our countries. Billions of euros have been found in a very short time to bail out the banks, but governments claim that they have no money to address the issues that really matter to people, such as unemployment and public investment in health and education. People feel that elected representatives are not representing their interests, but the interests of the financial elites. More than a year after the onset of the financial crisis, we still do not have practical, operational, financial regulation.”

Also important is the increasing recognition by social movements and civil society in the North about the impacts of consumerism promoted by their governments, corporations and financial institutions (through, among other channels, free trade and investment agreements) that cause ecological and social disasters in both the South and North. Said Strickner, “There is growing awareness in parts of Europe that people in the North are over-consuming and taking away resources that are not rightfully theirs’, thus denying people and communities in other parts of the world the ability to survive.” Alejandro Bendana from Nicaragua notes that “More people in the North and South are becoming aware that impoverishment in the South is directly linked with enrichment in the North, which is resulting also in environmental destruction all over the world.”

Development: the Missing Element

In a bid to stave off further market access demands from developed countries and capture some benefits (however meagre) from the round, developing countries insist that development must remain at the heart of the DDR and that negotiations must deliver “balanced and pro-development outcomes.” But they are unwilling to acknowledge that development was never actually at the centre of the Doha Development Agenda.

The US and EU were unable to launch a new trade round at the WTO’s 3rd ministerial conference in Seattle in 1999 because of belated rebellions by developing country delegates against the Uruguay Round as well as massive street protests by farmers, environmentalists, workers, anti-HIV-AIDS activists, and other global civil society movements. The attacks on the World Trade Centre on September 11, 2001 provided the US and EU with the opportunity they needed to bamboozle WTO members into signing on to a new trade round. During the 4th Ministerial conference in Doha in November 2001, developing countries were subjected to tremendous moral pressure to stand “shoulder-to-shoulder” with the US against terrorist threats and rescue the global economy; some developing countries were also offered massive aid packages to agree to the launching of a new round, while others were threatened with punitive actions if they resisted. The result was the Doha Development Round, which, according to Bello and Malige, “had little to do with development and everything to do with expanding developed country access to developing country markets.” [8]

The DDR was not conceived to serve the needs and priorities of developing countries but rather, development was used by the trade majors and the WTO DG and Secretariat as official bait to capture recalcitrant trade ministers from the South (since the use of bribes and threats could hardly

be publicised by the US and EU). According to Clarke, "Doha was a completely controlled and inside operation. 9/11 did more to kill the massive resistance that was building against the WTO than anything else.

Developing countries agreed to launch a new round on the condition that their development issues would be addressed on a priority basis before negotiations on new market access commitments or new rules. But the bitter experience of being railroaded, bribed and threatened into launching a trade round in Doha brought many developing countries together into alliances such as the G 20 and G 33, which in turn formed coalitions with African countries and LDCs to mount effective resistance—at least for a while—against the excessive demands and bullying tactics of the US and EU. The DDR stalled in 2003 as the 5th Ministerial Conference in Cancun collapsed, again as a result of rebellion from developing country delegates inside and massive popular protests outside. It was revived in July 2004 with a new negotiating package (the July Framework) and old negotiating tactics of divide and rule (in which India and Brazil played leading roles) that paved the way for the Hong Kong Ministerial Meeting in December 2005.

The content of the Doha package has increasingly worsened since its launch in 2001, with the US and EU refusing to make significant cuts in their agricultural and export subsidies, blocking efforts by developing countries to use Special Safeguard Measures (SSMs) and Special Products (SPs) to effectively protect their agricultural sectors from import surges and at the same time, demanding greater market access in agriculture, industry—Non Agricultural Market Access (NAMA)—and services. And as negotiations have proceeded, new WTO rules and market access requirements have thrown up more concerns related to development, adding to the store of outstanding, unresolved development issues that developing countries mistakenly believed would be prioritised in the DDR.

According to Afsar Jafri of Focus on the Global South, "The conditionalities that have been slapped on the SSM through the December 2008 text are designed such that it makes them ineffective in case of import surges. The current SSM is an extremely weak 'safety net' for the millions of low income and resource-poor rural households who have very little ability to absorb price fluctuations and survive floods of subsidised imports of agricultural products. These condition-ridden provisions do not respond to the original demands of the G33 which asked for "effective, flexible, practical and operable" special safeguard mechanisms. But developed countries have crafted a more flexible and practical special safeguard provision (SSG) for themselves which does not have any such cumbersome conditions for its effective operation."

Strangely, no developing country is willing to point out that there is in fact no "development" in the DDR and to walk away from the negotiations altogether. To do so would risk having to shoulder the blame for collapsing multilateral trade, a responsibility that no government is willing to shoulder.

The People vs. the WTO

The establishment of the WTO in 1995 was heralded by the world's political and economic elites as the triumph of capitalism in a post Cold War era where corporations could go global without barriers and nothing could stop capital from moving where it chose to. The WTO had more teeth, clout and agreements than the GATT, and was designed to operate through a centralised decision making system that could be worked in favour of the trade majors. But the WTO has been far less effective than its creators envisaged because of the internal contradictions and limitations of capitalism itself, and equally, because of the refusal by people all over the world to let corporate capital rule their lives.

According to Lubis, "When the WTO came into being, Southern countries did not understand what

they were getting into. Many delegates from the South (like the Indonesians) did not speak or read English and were unable to negotiate for their people. Now delegates know what is going on, they know how Northern countries will negotiate to get what they want.”

Lubis also points to the build-up of knowledge levels in farmers’ movements that has been key to building popular resistance to the liberalisation of food and agriculture trade. “Ten years ago, Via Campesina had the strong belief that something was wrong with the global system and started demanding ‘WTO Out of Food and Agriculture’. Then Via started educating itself about the global context and how international policies affect local and national conditions. As the negative impacts of neoliberalism started to be felt in different countries, the issues that Via was raising were understood by farmers’ organisations and other social groups in many countries. People started to make the links between what is happening in their lives and WTO trade, and realised that they must come together to fight the WTO at the international level. They also decided that it was not enough to only fight against something, we had to also fight for something, and we chose the paradigm of food sovereignty.”

According to Clarke, resistance to the WTO in North America got a big boost from the successful campaign to defeat the Multilateral Agreement on Investment (MAI) in 1997-1998. “The MAI was a huge alarm bell, a wake up call that the architecture of the global economy in the post bipolar world was changing and that we had to link up internationally to gum up the works. People built on the victory against the MAI and got together to defeat the WTO in Seattle.”

These experiences are mirrored in social movements and civil society coalitions across the world. Not only did civil society actors and social movements educate themselves about the WTO, capitalism, neoliberalism and corporate driven globalisation, but also, they started to educate the public, elected representatives, legislators, policy makers and trade delegates. Today, societal resistance to the WTO and corporate driven globalisation is multi-level, cross sectoral, knowledgeable and strategic. Equally important, it is growing

Crucial elements of popular resistance to the WTO and corporate hegemony are actions by various societal groups and constituencies to build democratic and sustainable alternatives to the dominant financial and economic systems. Farmers’ and workers’ organisations, citizen’s groups, students, indigenous communities and social movements have come to the realisation that they cannot trust their governments to address the crises the world is facing. They must become directly involved in identifying and implementing solutions, and in doing the political work to ensure that these solutions are systemic, sustainable and just.

For Lubis, it is urgent that social movements start building systematic alternatives at each level. “We can’t just wait for global institutions to change. People need change now. So in many places, Via Campesina members are already working on alternative economic and political structures and processes, for example, community co-operatives made up of producers and consumers. In Ecuador, Via members are in local and sub-regional official positions and are trying to put into place principles of social and economic justice. In Indonesia we are making alliances with local government to support food sovereignty and agrarian reform.”

According to Strickner, people in Europe, especially the youth and students, are examining their lifestyles critically, their consumption of energy and food, and trying to come up with practical alternatives. “People in Europe are craving for a different economic and political system that is democratic and where they can participate in decision making. Building alternatives from the ground-up helps people to understand how they can change systems and not go back to the stone age—they can also counter the false propaganda spread by proponents of the current system.”

At the same time, many analysts and activists argue that given new challenges and threats—particularly in the area of climate change—existing levels and forms of resistance must be scaled up, broadened across sectors and constituencies and intensified. More and stronger alliances need to be built across regions, countries and movements, and showing the links between the financial, economic, food and climate crises is crucial. According to Clarke, “This is an incredible historic moment and peoples’ resistance needs to measure up to this moment. We are at a stage now where capitalism is in serious trouble and institutions such as the WTO are also consequently in trouble. Capitalism is in crisis because of the crises it has precipitated; there is no way that capitalism can measure up to the climate crisis. If we can see the unleashing of resistance as we saw in 1999, we could see the possibility of a new world order.”

This is already happening to some extent. At present, tens of thousands are gathered in Copenhagen, monitoring governments negotiate the elements of an agreement to avert a climate catastrophes. Government officials and ministers are among the ranks of protesters on the streets outside and inside the convention centre, who are demanding urgent action to move to a new paradigm of development that respects the ecological and social limits to economic growth. Social movements and civil society analysts are making the links between capitalist trade, the WTO and the climate crisis and insisting that the climate is not for sale, nor can it be traded.

In this historic period when the world urgently needs new and responsible thinking, the WTO is an extremely dangerous entity to have around. Ineffective and floundering as it may be at present, the WTO will continue remain a very real threat to the well-being of the world’s people and environment as long as our governments continue to uphold the mythology that the WTO can provide a way out of the current crises and enable development. In a bid to make profits from the climate crisis, the trade majors (prompted by their corporate backers) are already proposing new types of trade in environmental goods and services and trade rules that are “climate friendly.” Not only is the WTO system incapable of fostering the creativity and integrity required to address the challenges of today, but worse, it will suppress the emergence of more appropriate systems, spaces and processes to fashion new ways of producing, consuming and living. Our governments must match words with actions and do what is needed to protect our environments, societies and economies. It is time to shut the doors on the WTO and lay it to rest permanently.

by Shalmali Guttal

P.S.

* From Focus on the Global South:

<http://focusweb.org/ailing-but-alive-the-wto-in-december-2009.html?Itemid=1>

Footnotes

[1] <http://www.fpif.org/fpiftxt/5420>

[2] http://www.ituc-csi.org/IMG/pdf/Final_-_Statement-WTO-19-11-09.pdf

[3] <http://ipsnews.net/africa/nota.asp?idnews=49527>

- [4] http://www.wto.org/english/thewto_e/minist_e/min09_e/blog_e.htm
- [5] <http://www.tradeobservatory.org/library.cfm?refID=106985>
- [6] <http://www.tradeobservatory.org/library.cfm?refID=106985>
- [7] <http://www.tradeobservatory.org/library.cfm?refid=106987>
- [8] <http://www.fpif.org/fpiftxt/5441>