

WTO

The globe and the other globe

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The enthusiasm among the stakeholders at the WTO meeting is markedly low than what was seen in Cancun. In the absence of a clear direction, the negotiations have turned into kids' quarrel where everyone is blaming everyone else for not doing enough to save the multilateral trading system.

Hong Kong,

The setting sets the tone: A grand steel and glass structure barricaded by security personnel and emblazoned with corporate sponsorship banners is where the world is meeting to discuss international trade. If the barricades are meant to keep the protesting farmers away from the Hong Kong Convention and Exhibition Centre (HKCEC), the venue of the World Trade Organization's sixth ministerial conference, the corporate insignias at the building's exits and entrances may indicate who is it that really counts in global trade.

Korean farmers, who have still not forgotten the suicide of their colleague at the last ministerial meeting Cancun in 2003, tried to bridge the apparently impassable gulf between the official and the popular by taking a dip in the cold waters of Victoria Bay around the conference venue on the opening day. But their bravado as well as the 2003 suicide of their comrade have been unable to change anything in the global trade situation. Thousands of them — they could have been much more if the Hong Kong authorities had not embarked on an aggressive detention and deportation policy for would be antiglobalisation trouble-makers — are camped in Victoria Park, some five kilometres away from the HKCEC. While drumming and dancing their way from their camp to the conference venue, they are playing hide and seek with local security forces, creating poignant photo shoots and screeching headlines across the globe.

But they are only a part of a large contingent of civil society action groups all bent upon making their rejection of WTO heard and seen. People from places as varied as Bangladesh and Kenya and groups as different from each other as sex workers and indigenous tribes have set up colourful camps plastered with red-hot slogans and covered with anti-imperialist banners. Daily they get together in their respective places to speak up, to march and to raise the pitch of the protests further through music and even visual arts.

Closer to the convention centre, another group of civil society representatives, dressed like business executives, deem it beneath their dignity to show up on the streets while mulling over 'alternate' texts and proposals. They believe what goes inside the official talks would have been alright only if it had followed their policy recommendations.

Inside the venue, official delegates rush to meet their counterparts as if every meeting that they fail to attend will turn out to be an opportunity missed in realising the benefits, perceived or real if any, of the opening of global trade. The nervous energy of the delegates from the developing countries is all the more visible in their desperate efforts to seek succour from the media, ensconced like a

watchdog on the entrance to main meeting rooms, or even the NGOs stationed in another exhibition centre just round the corner. When they are not rushing to secure support from the outside, they are trying to curry favour with the high and the mighty inside. In their hot pursuit for tips to take into the next meeting, they always try to remain at a close 'listening' distance from their chief delegate in order to get hold of every single word he or she speaks.

Those who matter can be told from those who don't from the number of briefings a national or multilateral delegation gives in a day. While the United States (US), European Union (EU), Japan, the WTO secretariat and the host government can be seen daily on the briefing roster, Burkina Faso and Samoa either have hardly anything to say or like most developing countries they are scared to annoy those whose words count.

Most of these briefings are very well attended and very carefully listened to, though the questions asked do not all the time relate properly to the subject. Sometimes they are couched in some incomprehensible variety of English, the language of the globalised world, that those giving the briefings and those at the receiving end are both at a loss to pick up the thread of the conversation. This may be mainly because the journalists are being treated as a noisy lot, better left as far away as possible from the 'real' talks. Beyond the press centre, the farthest end of their domain reaches the NGO centre. The official worthies, protected by the seclusion afforded by the architecture of the venue, hardly bother to give the press a complete picture. Hence, the gaps in the journalist's queries.

Owing to various statements by a number of important players that Hong Kong ministerial meeting would not produce any meaningful output, the enthusiasm and dynamism among all the above mentioned stakeholders is markedly low than what they showed in Cancun. In the absence of a clear direction, the negotiations have turned into kids' quarrel where everyone is blaming everyone else for not doing enough to save the multilateral trading system. While in the global political arena there are only two blocs — that is, US and others — in WTO there are many more. The EU, the US, various groups of developing countries (G-20, G-33, ACP (African Caribbean & Pacific Group)) and on top of all that the least developed countries (LCDs).

This multiplicity of actors is making consensus difficult to arrive at, if not altogether impossible and negotiations on agriculture like always are proving the most contentious ones. Both the EU and US are claiming that they have done their best through their proposals on the agreement on agriculture. Now they want the developing countries to reciprocate.

Members are intensely divided on how deeply to cut farm tariffs, how many products to exempt (partially or entirely) from tariff reductions, and whether and how to set tariff ceilings on agricultural products. Proposals for reductions by developed countries range from 45 per cent maximum cut with no fixed tariff ceiling being offered by G-10 to a 90 per cent maximum cut with up to 75 per cent tariff ceiling for some specific products proposed by the US. The EU's offer of an average farm tariff cut of 46 per cent for all the countries has been criticised as too low by the US, the Cairns Group of agricultural exporters and the G-20. The latter wants developed countries to cut tariff by 45 per cent and developing countries to cut it by 36 per cent. Some EU member states, most vocally France, have slammed the G-20 offer for being too high.

The EU in fact is sticking to its Common Agricultural Policy (CAP) reform and its Trade Commissioner Peter Mandelson has made very clear that the EU would not go above and beyond its existing CAP commitments. The Europeans link their flexibility on agriculture to the concessions that they want the developing countries to make in NAMA (non agricultural marketing access) and services.

The US government is similarly obliged to accommodate its cotton growers because they have a major role in determining who reaches the White House next. This is one of the reasons that cotton subsidies in the US will not be phased out as a stand alone case and it will be part of a larger deal (which does not seem to be feasible in the near future). It is against this backdrop that the African cotton-producing countries have warned that they will not sign any declaration in Hong Kong that does not offer concrete results.

The agreement on agriculture remains a sticking point for another reason. During the Doha Ministerial Conference (2001), the members had agreed to “phase out export subsidies with a view to eliminate them entirely”. But nothing substantial has happened on this front so far. The EU is not specific on the date, whereas the US and G-20 have suggested 2010 for the elimination. This turns out to be another worry for the small economies who want to protect their subsistence farm growers from the subsidised agricultural imports. The developed countries have not given adequate attention to the G-33 proposal for special products and for special safeguard mechanism (SSM) for the developing countries to protect their agriculture from imports.

India, however, has shown some willingness to go ahead nevertheless. Commerce Minister Kamal Nath has given signals that New Delhi may make some concessions on services and NAMA because for him agriculture is not the only issue in WTO and there is a need to move forward in other areas, if that can happen without compromising the food security concerns of 650 million poor Indian farmers.

For Pakistan, food security does not seem to be so much an important issue as the joining of the Cairns Group which is being believed as a magic formula to enhance exports. Islamabad’s formal entry into the club of agriculture exporters on the opening day of the conference seems to precede all other concern that Pakistan otherwise has on the formula for a breakthrough in the agriculture negotiations. Though it is still not clear what Pakistan aims to export or achieve through this move, Commerce Minister Humayun Akhtar Khan has categorically rejected any possibility of getting a bilateral favour from Australia as a reciprocal measure for joining the Canberra-led group. The jury is still out on the real motives behind the move.

Another factor that has made Pakistan a visible player is the appointment of Humayun Akhtar as the facilitator for NAMA negotiations. These talks are aimed at discussing a working formula to reduce tariffs on industrial goods. The basic bones of contention in this area is whether or not to provide flexibility to the developing countries in tariff cuts and whether or not the same coefficient for reduction should be applied across the board for all countries.

Pakistan, being the friend of the chair (facilitator), is trying to remain impartial and attempting to build consensus among the WTO members on NAMA formula. Unluckily for Humayun Akhtar his efforts do not seem to be bearing fruit. Midway through the conference, he declared that the chances of arriving at a consensus on NAMA were very bleak.

Because the commerce minister is also the head of the Pakistani delegation, his pre-occupation with NAMA negotiation is preventing him from taking part in important meetings on issues other than the industrial market access. Even the G-20 meetings are being attended by the bureaucrats despite the fact that Pakistan has an opportunity to play a leading role in this group. This window of opportunity was opened in a meeting of the group in Bhurban three months but the minister’s engagements elsewhere are likely to close it. All the limelight that G-20 is enjoying in the conference is falling on the already shiny shoulders of India and Brazil.

Hong Kong colonial legacy offers a perfect backdrop for an offer that the developed countries have made to the least developed once for duty free, quota free exports. The details are not out yet but

the fine print says that the offer will only be realised if the LDCs reciprocate with the same generosity on trade as well as non trade issues like democracy, human rights, environment and social standards. That the crucial manufacturing sectors like textiles will remain off limits for the LDCs, even under this offer, does not prove a hindrance in the way of the global West to control the rest of the world through divide and rule. Despite all the strings attached, many LDCs appear too willing to avoid the bait that will set a clear cleavage between them and the relatively 'advanced' developing countries. So much for the free and fair global system.

P.S.

* From The News (Pakistan):

<http://www.jang.com.pk/thenews/dec2005-weekly/nos-18-12-2005/pol1.htm#1>

* Dr Abid Qaiyum Suleri is an Islamabad based columnist and works as assistant executive director of Sustainable Development Policy Institute. He was a member of Pakistan's official delegation for the Hong Kong Ministerial Conference. He may be contacted at Suleri sdpi.org He may be contacted at Suleri sdpi.org