

PRESS RELEASE

# The Philippines under the WTO: An Unmitigated Disaster

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The membership of the Philippines in the World Trade Organization (WTO) and its implementation of trade agreements under the multilateral trading system has been an unmitigated disaster.

This is the strong assertion of Walden Bello, Executive Director of Focus on the Global South in his recent report entitled Multilateral Punishment: The Philippines in the WTO, 1995-2003.

The report traces the Philippine experience under the WTO starting with the Senate ratification debates in 1995 and the subsequent implementation of government policies and programs that opened up the local economy to global competition.

The report highlights the role played by the United States in shaping a national policy environment conducive to the WTO agenda. According to Bello "The main byproducts of membership has been the erosion of national sovereignty, as the US government took a direct hand in overhauling the Philippine legal system to make it WTO-consistent."

He further adds that strong US influence was exercised either through constant pressure from the US Trade Representatives' Office and US Embassy or directly via consulting groups such as the USAID-funded AGILE program. The latter was especially the case in the areas of Trade Related Intellectual Property Rights (TRIPs) and Trade Related Investment Measures (TRIMs).

In the Senate debates on the ratification of the GATT-Uruguay Round Agreements in 1994-95, the main proponents of ratification led by then Senator Gloria Macapagal Arroyo painted a very rosy picture of the future of the country under the WTO. Half a million new jobs per year and an increase in annual agricultural export earnings by P3.4 billion per year were among the promises made to push the ratification of the GATT-UR Agreements and our membership in the WTO.

The report however shows that not only have the promised benefits not materialized, the local economy has been worse off under the WTO. "Practically all the disadvantages that opponents of WTO membership for the Philippines warned against during the ratification debate in 1994 have come about, even as those who led the country into the organization remain unaccountable for the consequences of their misguided advocacy." adds Bello.

The report provides a comprehensive assessment of the impact of these policies and programs and the implementation of the various trade agreements under the WTO on the local economy.

## Damaged Agriculture

According to the report, the impact of the WTO has been most damaging to agriculture. In one key sector after another-rice, corn, poultry, vegetables-the entry of foreign commodities facilitated by the WTO has resulted in the displacement of significant local production and large numbers of

producers. At the same time, membership in the WTO has not protected the Philippines from WTO-illegal restrictions on Philippine exports of products like tuna and bananas imposed by trading powers such as the United States, European Union, and Australia.

Bello asserts that “Liberalization of agricultural trade combined with a very weak financial and technical support from government has proven to be a deadly formula for Philippine agriculture”.

### **Democracy WTO Style**

The report also criticizes the highly undemocratic and non-transparent decision making process in the WTO. “Effective control is exercised by the big trading powers via a process called “consensus,” which disenfranchises most developing countries,” adds Bello.

The study finds that it was only through arbitrary procedures, non-transparent mechanisms such as the “Green Room,” and intimidation that the big trading powers managed to get the developing countries to agree to the declaration issued by the Fourth Ministerial in Doha, Qatar, held in November 2001.

The Doha declaration launched a limited round of new negotiations for trade liberalization that most developing countries had been opposed to before the ministerial.

### **Doha to Cancun**

The report also presents the latest developments in the WTO leading up to the upcoming 5<sup>th</sup> Ministerial Meeting which will be held in September in Cancun, Mexico.

Very critical issues on the further liberalization of the agricultural sector, on the opening of the services sector under the General Agreement on Trade in Services (GATS), and negotiations on new issues of investment, competition policy, government procurement and trade facilitation are on the agenda in Cancun.

Civil society groups like the Stop the New Round! Coalition, a broad coalition of people’s organizations, non-government organizations, social movements, and concerned individuals are campaigning against the launching of a new round of trade negotiations in Cancun, Mexico.

The full report can be downloaded at

<http://www.focusweb.org/pdf/multilateral-punishment.pdf>

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