

**ECOSOC Hearings and Dialogue with Representatives of Civil Society in
Preparations for the Special High Level Meeting of the ECOSOC with the Bretton
Woods Institutions and the World Trade Organization.**

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Panel 2 : International trade.

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All institutions are equal but some are more equal than others – to paraphrase George Orwell in ‘Animal Farm’

What the WTO does best:

Preach democracy practice dictatorship
Preach free trade practice protectionism

The WTO represents a history of promises unfulfilled
The WTO governance is by all classic definition tyrannical.

Introduction

Globalization and trade have caused severe unintended adverse consequences to the weakest and poorest nations in our interdependent world. It is difficult to find a time when political and economic conditions have deteriorated as rapidly as they have since 9/11. Unlike terrorism however, the enemy for us is visible. Trade poses a recognizable threat to our pursuit of internationally agreed development goals including the Millennium Development Goals (MDGs). Success in implementing Monterrey is crucial for building coalitions and generating the all-important trust- levels that the system direly needs to move the processes towards the realization of these Goals.

Regrettably, the momentum created by Doha, Monterrey and Johannesburg is fast dissipating. The “development” part of the Doha agenda has all but disappeared into the sands of the Qatari desert . Doha came about only after 2 promises: the patents issue and agricultural subsidies. Neither has been met and the prospects are looking decidedly bleak. Added to this we have uncertainties in the world economy, a fragile geopolitical environment, threats to multilateralism and the international rule of law.

Nevertheless, looking at things positively, these concerns underscore the urgency of progress that is needed in the areas of trade, aid, debt and investment if we are to endeavor to create that nebulous ‘enabling environment for development’. The challenge to multilateral institutions gives us that political space to press for new more equitable institutions.

The WTO has tremendous potential to promote development prospects by helping governments move towards good trade policies, improving the development relevance of its rules, dealing effectively with the implementation constraints of poor countries and removing trade barriers.

WTO Agreement on Agriculture

In the course of its seven year history however, the WTO's credibility gap was laid bare in Seattle and now Doha is exposing its development deficit . Negotiations in Geneva, Sydney and Tokyo have not been productive in reducing or eliminating industrial tariffs, agricultural tariff peaks and escalations. The WTO negotiations on the Agreement on Agriculture have failed to establish a deadline to phase out and ban export subsidies or scale back the significant expansion of service sector commitments.

WTO TRIPs

The mood at the WTO today, is one of disappointment, disillusionment even gloom because the scenario is one of missed deadlines on implementation issues, special and differential treatment and the implementation of Paragraph 6 of the Doha Declaration on the TRIPs Agreement and Public Health. The TRIPs and Public Health issue is a sad example of the go-it-alone tendency that is hampering developing countries' abilities to get a grip on the AIDS pandemic. It is yet another unabashed display of the big influence of the big Pharma that is ironically putting millions of lives at risk.

WTO GATS

Trade can and must be an engine of growth to make positive contributions to human development. But the WTO is erecting barriers where they ought to be dismantled as in the case of market access for products of importance to developing countries and in the movement of labor. It is dismantling barriers where they should stay to protect basic human rights to water, education, health and other essential services. The GATS deadlines for presenting "request lists" and making requests for liberalization in specific sectors is March 31st. There is frantic activity in capitals. Much horse trading is taking place behind closed doors and in secret but the impact of these deals can be far reaching and affect the lives and livelihoods of millions of poor people for generations to come.

On Jan 30 2003, a 341-page UNDP report entitled "Making Global Trade Work for People" was launched [The WTO declined to participate in this event.] This Report found no compelling evidence that trade liberalization is systematically associated with higher growth. Based on critical analyses from serious development economists the report calls for

- (a) shifting the focus from promoting liberalization and market access to fostering development.

- (b) changing and reversing the course of TRIPS and TRIMS
- (c) halting the ramming through of rules on investment, competition, government procurement and trade facilitation – the so-called “ Singapore Issues”

WTO Commodities

The Feb 3rd 2003, UNCTAD session of its Commission on Trade in Goods and Services and Commodities heard experts reiterating the need to make the commodity sector generate a virtuous circle of development and allowing governments to intervene at critical junctures to facilitate diversification to tackle the commodity crisis in producing countries.

A recurrent example in the debate was the crisis in coffee exporting countries where in just the last 3 years prices have plunged from \$13 billion to \$7 billion despite increased volumes of exports. It was suggested that “The coffee-market failure is also, in part, a result of stunning policy failure by international institutions.”

Free Trade Agreements

The other matter of concern to trade dependent economies developing countries is the proliferation of bilateral and regional free trade agreements (FTAs) at the expense of a single set of rules agreed by governments worldwide. These are imposing WTO inconsistent obligations. There is the plight of rural Mexican farmers who are affected by the cheap food flooded into their markets on account of NAFTA. Yet now, Chile and Singapore have agreed not to use capital controls under any circumstances in their bilateral trade agreements with the US.

What is worrisome is that these could well become templates for other trade agreements. Such a restriction means in effect is that in the event of a financial crisis, with IMF approval, American investors would have to be compensated. A decision on damages would be made by trade arbitrators without regard to broader macroeconomic perspectives. The trade courts are outside the purview of public scrutiny or participation and they are notorious for their interpretation of the terms “indirect expropriation” which appear in almost all trade agreements. Companies use this clause to demand compensation when they are affected by legitimate environment and health regulations.

In light of these what countries can do vis-a-vis trade and the WTO is

- (i) “Just say no” to the addition of any new issues to the WTO agenda
- (ii) Keep the privatization of services out of the WTO and put the brakes on GATS
- (iii) Pay close attention to the FTA small print as they could be Trojan horse

Conclusion

In the final analysis this is a story of us and them. They want freedom to and we want freedom from. They seek the removal of all manner of constraints and regulation and we seek. freedom from fear, freedom from want

If, for a moment, we view present trade and financial structures as 'economic weapons of mass destruction' then the 'regime change' we ought to seek is, to first make these institutions open, transparent and democratic. The time is now to take 'preemptive action' against imbalances perpetuated by these institutions. Failing this, the inequities and injustices in the system will haunt and taunt all our other undertakings.

If humanity is to make any progress we have to set our priorities right and constructively rethink the global trade and financial systems impact on poor and down-trodden lives in developing countries. Only then will there be sustained progress for all.h