

TSANG TEXT  
**LDCs LOOSING GROUND**

The sixth Ministerial Conference of the WTO so far failed to iron out the fundamental questions about when and how the LDCs would get duty free and quota-free market access to the global market.

Negotiators in the green room are trading on three major issues - percentage of the tariff lines, schedule of full coverage and inclusion of safeguard mechanism or threshold limits - to be included in Tsang Text named after Chairperson John Tsang, the host government's Commerce, Industry and Technology Secretary. The first version of the Tsang Text is expected to be released this afternoon.

The suggested wording of the text provided by Zambia on behalf of LDCs, backtracked from Livingstone Declaration, the common negotiating position adopted by LDCs for Hong Kong.

The proposed wording asks for market access for 99.9 percent products, defined at the tariff line level, originating from LDCs while the Livingstone Declaration (WT/L/614) states, "Binding commitment on duty-free and quota-free market access for all products from LDCs to be granted and implemented immediately, on a secure, long-term and predictable basis, with no restrictive measures introduced."

Minister Rohee of Guyana, assigned to facilitate the consultation and help the Chair to put together Tsang Text, reported yesterday that Canada, Kenya, Pakistan, Malawi, Switzerland, Trinidad and Tobago on behalf of Caricom also

provided suggested wording on his compromise text, which was circulated on Thursday night.

The latest wording suggested by the LDCs, deducted 0.1 per cent from the hundred percent they have been demanding so long.

This surrender by the LDCs opens the much sought Pandora box to the king-pins of 'market fundamentalists' for milking the LDCs. The laid down of their arms has equipped the US and others to pitch the each of LDCs on other's back. The crack in the LDC tent paves the avenue for the capitalist Moguls, responsible for the miseries of the billions, to tighten their grips over the world.

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This deviation of the LDCs also strengthens their opposite numbers to tag harsh conditionalities such as threshold, safeguard mechanism, product sensitive list, even reversibility in the Text.

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For example, USA will exclude 11.31 tariff lines under this equation. According to the 2005 Harmonized Tariff Schedule of the United States, there are 11,312 tariff lines at eight-digit level.

The 11.31 tariff lines would cover the major exportables, which also at present face tariff peaks in the US market.

Since the Text does not provide any modalities for selecting the tariff lines, and leaves the process to the giver, it will enable the provider with the scope of cherry-picking.

This will also arm them to maneuver in non-trade sectors, including foreign and security agenda in exchange for preferential treatment. The selection process will definitely mar the legitimate rights of the LDCs, making them hostage to the so-called 'good-will gesture' of the rich countries, who practise protectionism in their backyard, but forces liberalization for ensuring markets of their TNCs.

Therefore in every sense the LDC proposal is a victory for the USA and Japan since both the countries outrightly rejected to give full duty-free and quota-free market access to all products originating from the LDCs.

*Rashed Al Mahmud Titumir, Unnayan Onneshan*

### **RIGGED RULES NEED REVERSAL: FROM RICHES TO NEED-BASED SUPPORT SYSTEM**

Agriculture sector in many LDCs has two-way roles to play in the overall performance of the country. On the one hand, it is the largest sector of the country in terms of total value addition, and on the other, it is the most important sector providing the maximum employment for the whole country and also maintaining the lives and livelihood provisions for the poor rural people.

Thus net importers the LDCs face a two-edge difficulty in the negotiations with WTO. On one hand, subsidised cheap import and food aid would hurt the small and poor farmers' livelihood due to consequent effect of lower domestic price. On the other hand, reduced subsidy of the major

agricultural producers would cause the food price to increase, which indeed would fatten the import bill of the country. This as a result would surface various macro economic consequences including pressures on inflation and exchange rate. Moreover, when most of the total population of these countries live below the poverty line it would be quite an injustice to supply foods to the millions of impoverished population at a higher price.

Therefore a comprehensive package is needed. The elements of such package could be, amongst others, correction of inequities in access to irrigation; bringing all cultivators into the ambit of institutional credit, including tenant farmers, augmentation of farming through technology, extension, price and other incentives, encouragement of cheaper and more sustainable input use, with greater public provision and regulation of private input supply and strong research and extension support, protection of farmers from high volatility in output prices; and enhancement of rural economic diversification to more value-added activities and non-agricultural activities.

All these measures need extensive support to agriculture. The LDCs are always on the double-edged sword. In one side, the World Bank and the IMF put them under pressure to curtail any support, and on the other, the WTO allows resource rich countries to give subsidy up to de minimus level apart from current distortion. So it is an imperative to establish policy coherence between the IFIs and the WTO.

Accordingly, arrangement of agriculture should be upturned to eliminate export subsidies and domestic support to *ensure* that domestic support should be allowed to farmers in those countries, who *need* these but not to those living in the countries with abundant financial resources. If such an arrangement could be reached, it is only then that Doha Round will be development oriented. To this effect a no-string-attached global fund has to be established to support the schemes.

Source: Undercutting Small Farmers, 2005, Unnayan Onneshan

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## Delegate count reveals LDCs at massive disadvantage

Calculations of the relative sizes of the delegations from developed and developing countries at WTO talks in Hong Kong have revealed that LDCs are facing an uphill battle in the negotiations. The G7 countries combined have 939 delegates in Hong Kong (up from 805 in Cancun), almost twice the total number of the delegations from the 32 Least Developed Countries who have 471 delegates (up from 30 LDCs in Cancun with 377 delegates). The EU has a record breaking 832 members in its delegation at the Ministerial. This is up from 651 in Cancun (even without the new EU member states the EU total is 688). WDM says that the totals calculated for rich and poor country delegations, just as in previous Ministerials, shows a massive inequality in negotiating strength which makes a development outcome less likely.

The USA has a massive 356 on its team (up from 212 in Cancun). The second largest single country delegation is Japan with 229. At the other end of the scale 46 countries have less than 10 delegates (including Bolivia, 7; Rwanda, 7; Honduras, 6; Nicaragua, 6; Chad, 8; Colombia, 9; Niger, 8; Burundi, 3; The Gambia, 2; Mauritania, 4). The Central African Republic has no delegates at all. There are a small number of developing countries with delegations buck the trend: Uganda (66), Kenya (62), Côte d'Ivoire (61). It is almost impossible to get an outcome that favours developing countries from negotiations so heavily stacked against them. This massive inequality in negotiating strength makes it extremely difficult for many small, poor countries to participate in negotiations where decisions are taken that are literally a matter of life or death for millions of people.

Rich countries field vast teams of lawyers, experts and negotiators to make sure they get the result they want. A small country with only two or three delegates can't hope to compete. Combine this with the deeply unfair negotiating process, such as exclusive Green Rooms, and the aggressive stance of the EU and US in key areas and the developing world faces a monumental struggle.

In the final hours of the Doha ministerial meeting these inequalities in negotiating strength made a crucial difference to the outcome when the meeting ran on for 36 hours continuously. Yesterday European Trade Commissioner Peter Mandelson complained that the 10.30pm start to Green Room negotiations was not conducive to negotiations and that it made negotiators "cranky".

This flippant remark reveals how little he understands of the pressures on LDC negotiators. Late night negotiating sessions may put Peter Mandelson in a bad mood but for developing country ministers with only a handful of negotiators to back to them up the implications are much more serious."

*Dave Timms, World Development Movement (WDM)*

## Unlocking the potential of landlocked developing countries

The lacklustre economic performance of landlocked developing countries (LLDCs) compared to other developing countries highlights a powerful link between geography and development.

A lack of direct access to the sea, isolation from major economic centres, inadequate transport infrastructure and cumbersome transit procedures combine to hamper the ability of LLDCs to fully integrate in the world economy and benefit from the multilateral trading system.

Today, the share of the 31 LLDCs in international trade is marginal at 0.64 percent, although they represent about 5 percent of the global population.

Sixteen landlocked countries are also Least Developed Countries (LDCs), and the average per capita income of LLDCs is less than a third of that of developing countries with access to sea. High transportation costs make their goods less competitive and detract foreign and domestic investments in landlocked countries. It is estimated that LLDCs have to bear, on average, 50 percent higher international transport costs than their neighbouring transit/coastal countries.

Delegates attending the WTO meeting need to be aware and keep in mind that in spite of a variety of conventions and adopted principles, countries that depend on transit trade continue to face enormous practical difficulties from liberalization of world trade.

The WTO negotiations on trade facilitation affords an extraordinary opportunity to LLDCs. Landlocked developing countries should vigorously seek to ensure that freedom of access by all means of transport is effectively operationalized; and that national treatment is provided for all facets of traffic in transit, including charges, transit services providers, customs and administrative operations.

Furthermore, the WTO and other relevant organisations should extend all the necessary technical assistance to landlocked developing countries on a priority basis to strengthen their negotiating capability. As of today, nine of the 31 LLDCs are not yet members of the WTO.

*Anwarul K. Chowdhury, UN Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States*

## Hong Kong MC6: Farmer's View

Shaban and Ramjan came to Hong Kong to join the rally against WTO and the trade regimes that are going to devastate their life and livelihood. Conserving biodiversity, local knowledge systems and defending farmer's seed systems and thus enhancing livelihood of the local communities are issues for which Shaban and Ramjan are struggling along with their farmer colleagues. They are the steward of biodiversity and genetic resources not only for Bangladesh, but indeed for the global community as long as the wealth they guard for all is not pirated by few transnational corporations

They know about the high agricultural subsidy in the industrialized countries. 'Perhaps It would be a piece of good luck to be born as an animal in Europe, one could get nearly three dollars a day simply being a mass of living meat', Ramjan says laughingly. Shaban disagrees. He is afraid of the junk they feed the animals. 'Who would like to suffer from mad cow disease' -- he argues against Ramjan.

In a more serious vein, they are concerned to the facts that the feeds for fat animals in industrialized North are coming from countries depriving the local communities to produce the food they need. In the last few years lands in the northern districts of Bangladesh have been increasingly used for maize production, a crop to be sold as poultry feed. 'Imagine the absurdity' Shaban explains, "our ancestors developed a complex farming system with particular breeds of birds that did not require any extra feed but could scavenge from around the corners of our households and farm lands. We never used our land for poultry feed but unique agricultural practice sustained animals, birds and fish as well as large number of population. Now, the system that is being introduced is a sword with multiple edges cutting us in various ways. Our breeds are becoming extinct with the aggressive promotion of commercial poultry and to make this industry viable, our lands are taken away to produce the feed for those poultry industry. In addition to growing rice, vegetables, pulses, oil seeds and herbs, Shaban's household raises nearly 70 chickens on a 1.5 acre land.

Shaban remembers his miserable situation in 1993. Land was degraded, increased pest attacks was creating havoc in the village, water was poisoned killing fish, because of the promotion of dwarf varieties of rice there was serious shortage for fodder. So his family could not maintain animals in the system. When he with other villagers turned to biodiversity- based ecological

production system he soon became able to earn enough to integrate animals in his farming system. In 1996 his sister helped him to introduce a cow through a sharing system known as 'adhi'. By 2005 he is now able to maintain 6 cows and 16 goats on his land. Since he does not use any pesticide this year he earned nearly Tk.20,000 only from litchi. From the income he is able to send his two brothers to college, they also help him in the farm.

When Secret of Shaban and Ramjan's success is command and control of the farmer over the seed and farmer's capacity to participate in the market. Last year farmers bought cauliflower seed with Tk 100 per packet.

This year, before Shaban was departing for Hongkong, he saw the same seed with the same packet selling at Tk. 700 per packet. The hybrid seed of carrot was Tk 4000 per kg last year, and this year it is Tk 5000. All these are imported seed and seed sector is being aggressively commercialized. Both

Saban and Ramjan is critical of any form of patent or intellectual property in seed and genetic resources but they are also equally worried about the privatization of water. They view water not only as item of urban utility but also as an essential element of agriculture.

That there is no progress on the commitment to reduce the subsidy in the Northern industrial agriculture implies that ecologically and environmentally destructive global production system that affects each and every one on earth will continue. Shaban and Ramjan are critical of the narrow focus of their government only on the 'market access'. "It is a betrayal to the farmers in favor of traders who", according to them, "are not even truly entrepreneurs. What could we sell to the rich countries? Leathers? Leather industries are destroying our environment and polluting water. Shrimp? We are destroying mangroves and livelihood of coastal population. Yes, we are concerned for our workers, farmers never want workers to lose jobs; if market access benefits the workers we are for it. But we have no sympathy for those garment owners who deny rights to workers, deny a decent working condition, burns them and bury them alive as we saw recently in the Spectrum near export processing zone of Dhaka."

A face saving effort is underway to bring out a 'paragraph' on Least Developed Countries but at the cost of the farming communities and on the dead coffin of the 'development round' of Doha.

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Please send your comments, contribution and feedback to  
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