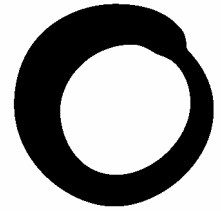


July 2004



**Friends of  
the Earth**

# Briefing

## Not dead, but dying

### How the WTO conjured a July deal and what it means for the organisation's future

In the weeks running up to the critical July World Trade Organisation (WTO) General Assembly (GA) meeting, commentators from far a wide declared that the Doha Development Agenda could not survive another failure to secure agreement on how to move the negotiations forward. Some went rather further and said the future of the WTO itself was in peril.

Below we trace what really happened and what on the spot participants said about the process. We examine how the vested interests of the WTO ensured that a deal – any deal – was reached, regardless of the consequences, and why Friends of the Earth believes the WTO is digging its own grave.

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## **They said it couldn't last**

In November 2001 the Members countries of the WTO met for a Ministerial meeting in Doha, Qatar for the first time since the dramatic collapse of the 1999 Ministerial in the US city of Seattle. The atmosphere of the meeting, heavily influenced by the terrorist attacks on New York the previous September, led to a groundbreaking agreement to ensure that the next wave of "free" trade negotiations worked to bring the so-called developing world into the mainstream of the global trading system.

This Doha Development Agenda was barely born before the wrangling began over just who was expected to sacrifice what in order to secure a more equitable future. By the time the next Ministerial meeting in Cancun, Mexico convened in September 2003, Governments of developing countries felt convinced that shamefully unfulfilled past promises were being recycled by the developed world in order to gain new concessions for an even stronger, more powerful WTO. Wealthy Members, like the EU, pushing for controversial new negotiations on investment could not substantiate their claims that it would benefit developing countries. Suspicions ran sufficiently high for new alliances to assert themselves, and the Cancun ministerial also collapsed without agreement.

A flurry of finger pointing and recrimination followed in what was clearly a panicked realisation that all was not well in the body and soul of the WTO. Developed countries insisted the collapse was not a victory for developing countries and made veiled accusations that they had unwittingly cut off their noses to spite their faces. Civil society commentators replied that the Governments in question are perfectly able to spot a bad deal when they smell one, and pointed out that if developed country Governments had not insisted on assuming they could continue to get by on yesterday's promises the collapse could have been averted. While evidence mounted that the "free" trade experiment simply was not working for anyone but the already rich, and civil society opposition to the basis and tactics of the WTO grew, numerous official statements were issued "rededicating" Members to negotiating agreed outcomes to further trade liberalisation.

Negotiating in such circumstances proved impossible. Southern Governments had learned that in order to have any chance of getting what they needed, they have to play the game at least as well as the big boys, and their new strategic groupings proved very useful in this regard.<sup>1</sup> Meanwhile the EU reneged on the offer made in Cancun to drop the more controversial items from the agenda. Awkward questions were being asked by the public and shareholders alike in the US and EU about corporate power and the "outsourcing" of jobs emerging as inevitable results of the free trade game. Disputes between Members over the cotton industry, genetically modified food, access to life-saving generic drugs to combat HIV, and controls on use of dangerous chemicals created rifts between powerful players and further soured the atmosphere.

By June 2004, the various WTO negotiating groups had made precisely zero substantial progress from their Cancun positions. Things looked grim indeed.

## **And it very nearly didn't**

The end July General Assembly meeting became the focus of all attention. WTO mandarins and Members alike declared that a "framework" for negotiations must be agreed at that

meeting. Lack of progress in negotiations, coupled with the distractions of elections in the EU and US and the increasingly disturbing revelations over the justifications for the war in Iraq - not to mention the flush of harsh bilateral free trade agreements mushrooming up around the world - all contributed to fears that without some solid move forward, the Doha Round, if not the WTO itself, was in peril.

The scene was set for an elaborate dance of debate and brinksmanship. A draft text was expected by Governments and civil society alike as a normal part of standard WTO operating procedure. As June rolled on without any draft being tabled, the diplomatic chatter grew louder. One thing everyone seemed to agree on: if the July package was not agreed, the Doha Agenda and the WTO were in deep trouble.

### **Doom and gloom in the corridors of WTO power**

The ardent free-traders set about creating sufficient pressure to ensure there was no option but to accept whatever the draft would say.

On 5 July the UK Government issued a White Paper on Trade and Investment titled Making Globalisation a Force for Good. The paper continues to cling to the notion that globalisation, *“can be a force for good, raising standards of living at home and abroad and, crucially, enabling hundred of millions of people in the developing world to escape from poverty.”* It does so despite the Government’s own findings that, *“in sub-Saharan Africa, both the level and rate of poverty have increased,”* so far during the “free” trade experiment. Government policy continues to insist that trade and environment rules are *“mutually supportive,”* despite its own economic evidence that, *“Modelling and empirical case studies are consistent in identifying the risk of potentially significant negative environmental and social impacts from agricultural trade liberalisation in developing countries.”*<sup>2</sup>

Overall the White Paper failed to deal adequately with a host of issues, from debt to real sustainability, preferring instead to continue to ask “how” we should continue to globalise trade and investment rather than “if” we should in the first place. The World Development Movement called the White Paper “Thatcherite”, saying, *“Written on every page of this white paper is the near religious belief in a single model of development, which the Government is prepared to force down the throats of developing countries regardless of the evidence, the consequences or the opposition.”*<sup>3</sup> Yet it is precisely this thinking that drives the WTO forward.

The process for moulding the July framework came in for the same criticism the WTO as a whole has suffered for years. The key issues under agriculture were, as always, particularly troublesome. Yet the Institute for Agriculture and Trade Policy (IATP) noted, *“Many developing countries claim the negotiating process for the framework is untransparent and exclusive, particularly the agricultural negotiations.”* They pointed out that while Chair of the Agriculture talks Tim Groser (New Zealand) acknowledged not having dealt with issues of core concern to developing countries, including long-promised measures of Special and Differential treatment to help them cope with WTO rules, the expected release date of a draft (then 9 July) would leave very little time to discuss and amend the document in order for it to be agreed on time.<sup>4</sup>

Come 9 July, however, WTO chief Supachai Panichpakdi (Thailand) decided that the lack of progress in these and other areas meant no draft framework could yet be released,

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redoubling future pressure on Members to accept whatever would eventually come out.<sup>5</sup> Sources in Geneva said that rather than converging on consensus, positions among negotiators were hardening. Developing countries would not accept any deal that did not acknowledge their needs. The EU and US countered with a lack of flexibility to meet the so-called “development agenda”. Splits began to open up in the EU as France was angered by EU offers to end export subsidies for concessions from the US, Australia and others, a deal essential to bringing developing countries on board.<sup>6</sup>

In the first of many doomsday announcements, Peter Sutherland (Ireland, former WTO chief and current Chair of the Consultative Board Supachai set up to “improve” the multilateral trade system) wrote in Financial Times, “...failure this month would mean we had not moved one jot from the Doha Declaration. The Doha round would, in effect, be dead.”<sup>7</sup>

### Meeting in Mauritius – developing countries defend their patch<sup>8</sup>

Trade Ministers from the G90 grouping of developing countries gathered in Mauritius on 12 July to consider their approach to the coming crisis. A number of bit hitters were brought in to sing the praises of the Doha Round. WTO chief Supachai Panichpakdi made a plea for restraint from developing country Governments.<sup>9</sup> US Trade Representative Robert Zoellick told the meeting that the WTO was reaching a “critical moment” and poured on the pressure adding, “We only have a couple of weeks left if we are going to be able to advance the Doha Agenda...And if we fail again, because we did fail the last time, I do not know for sure what will happen to the Doha Development Agenda. I do not know whether it will be revived.”<sup>10</sup> Dauta Hubner, then tipped to become the new EU Trade Commissioner in the Autumn, emphasized EU support for developing countries, but that she felt the G90 seemed, “either a little too ambitious, too rigid...” She continued EU promotion of the ill-fated Singapore Issues (investment, trade facilitation, competition and government procurement), insisting they should remain part of the WTO’s work even if they are dropped from the Doha Round. She reiterated that the EU wishes to make global trade good for developing countries, “...at an extremely modest price for you...In the European Union, you have a reliable partner.”<sup>11</sup>

The Trade Ministers present, however, were little moved.

Tanzanian Trade Minister Juma Ngasongwa voiced the G90 need for the July documents to act on the vulnerability of their countries. He said that while “the carpet of endemic poverty is rolling forward,” things are getting worse, not better, and that the world’s acknowledged moral obligation to deal with poverty has, “failed to transform our intentions into concrete action.” On requests to the G90 for “give and take” he said, “the simple fact [is] that the poor have already given so much and may not have much more to continue giving.”

Rwandan trade minister Manassé Nshuti spoke on behalf of the African Union, noting that since promises made in Doha were not honoured, the G90 stood together in Cancun to see that rhetoric was met with action, but this also failed. He told the meeting that their strength was in unity and the legitimacy of their cause.

Indian trade minister Kamal Nath, speaking for the G20 grouping of stronger developing countries, also recalled the lack of real progress on development issues since Doha, saying that proposals from developing countries have languished for months without due attention.

Noting that not all countries have the same capabilities to engage in the WTO talks, he said,

*"What we must guard against are any attempts to use this issue to foster divisions among developing countries. I have little doubt that such divisions will only result in reinforcing discriminatory and, in some cases, unfair trade practices, to our common detriment."*

Then, in a strongly worded and powerful speech, Brazilian External Relations Minister Celso Amorim reflected on the changes in international trade negotiations since Cancun, saying, *"the G-90 and the G-20 were at the centre of this Copernican revolution."* He said developing countries, *"understand each other's hopes and concerns. We view trade as a vehicle for economic and social development. We have no colonial past. We never exercised colonial domination. Paternalism and condescendence are not part of our world view."* He stood equally strongly on a wide range of developing countries' demands, from agriculture to the Singapore Issues. He called on the G20 and G90 to work closely together. In a clear reference to developed country "offers" in the Doha Round, he said, *"In this world of ours nothing is really for free. One way or the other, we will finish by paying the favours that are – or appear to be – bestowed on us, sometimes with unilateral market concessions, sometimes with sheer political dependence."*

The meeting agreed a joint approach for the G90 in the WTO talks. This included insisting that the three most controversial Singapore Issues be dropped altogether from the WTO as a whole (not just from the Doha Round, as was offered), and only agreed to start talks on trade facilitation if their conditions were met. One African trade diplomat said this was a major concession to the EU and others.<sup>12</sup> The meeting also restated demands that for special negotiations on cotton.<sup>13</sup>

While some commentators somehow saw this as a softening of the G90 approach, others saw that it clearly set up *"Mission Impossible"* for the WTO at the end of July.<sup>14</sup> One Geneva diplomat reportedly said that agriculture negotiations were *"blocked everywhere,"* and that the upcoming Presidential elections were making US concessions difficult. Another diplomat said the G90 demands on cotton were, *"clearly unacceptable for Washington,"* adding, *"If they insist, the whole of the negotiations will be blocked."*<sup>15</sup>

## **Great expectations – then rankling discontent**

Amid much expectation and growing controversy, the draft July framework was finally released on 16 July. It immediately met with strong criticism from many, and outright rejection from key players.

Many commentators pointed out that the "new" text bore a remarkable resemblance to the one rejected in Cancun – the so-called Derbez text, named for its drafter - which led to the collapse of that meeting. That was only the beginning of the problems.

The G20, the Africa Group and the G33 (countries with interest in special treatment for certain products) all declared the agriculture text imbalanced against the developing countries. Indonesia, rejected the draft, saying that while this is supposed to be a "development round", the text on agriculture provides little recognition of developing countries' needs.<sup>16</sup>

## **Double standards - again**

Many noted that the text was imbalanced in favour of developed countries, particularly in the

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sensitive area of agriculture, giving specific proposals for items of interest to them while putting issues of concern to developing countries down as items subject to later negotiation. For example, rather than take on board the requests to deal with cotton separately, the draft put it within the normal agriculture negotiations, and it called for later discussions to resolve the problem.<sup>17</sup>

Third World Network explained why the draft was so important: *“The July package will guide future work on the negotiations.”* Items not in the July text would be near impossible to introduce later, and those not dealt with properly would either continue to be downgraded or would be dropped altogether on the excuse that the July text didn’t give them enough prominence.<sup>18</sup> The text also raised the serious fear among many that if negotiations followed its lead, many countries would be deindustrialised – that is to say they would *lose* ground rather than gain it in development terms. Crucially, the text also included an agreement to begin negotiations on trade facilitation - one of the rejected Singapore Issues. All of this together proved a highly unpalatable mix for many.

The role call of condemnation included:

- IATP, who recalled that promises made in Doha were not respected and asked, *“Why should developing countries sign up for a new round of agreements when the system is unable to solve their problems with existing agreements?”*<sup>19</sup>

- South-North Development Monitor rejected the draft as *“Doha-minus”*, saying, *“The United States and Europe and Japan could drive a coach and four through these gaps [in the agriculture text].”*<sup>20</sup>

- Focus on the Global South, who said, *“Everything in the text...ensures that status quo for the developed countries continues. They will not have to undertake any real commitments... So high are the costs to developing countries and even some developed countries, that EU’s promises [to eliminate export subsidies in agriculture] will most likely be empty.”*<sup>21</sup>

- Vandana Shiva, who called the text a *“complete betrayal”* of the Doha mandate, added, *“Once again the demands of the rich will become rules and the needs of the poor will stay as unfulfilled... These negotiating games must stop. The lives of people come first, not the profits of the global corporations. Democracy comes first, not the manipulated undemocratic rules of a failing agency.”*<sup>22</sup>

- Via Campesina simply called the draft *“completely unacceptable.”*<sup>23</sup>

In *“rejecting”* the draft, India’s Ambassador Chandrashekhar said his country has over 650 million people dependent on *“abysmally small”*, rainfed farms giving one crop per year living less than 50 cents a day. He reminded that their incomes are highly volatile and extremely vulnerable to price changes, as is also the case in Africa, Indonesia, Philippines, China and many parts of Latin America.<sup>24</sup>

The EU accused the US of getting a soft deal, but was careful to point out that the text was an acceptable basis for further negotiations. Brazil and Australian complained that the text gave the EU too good a deal, the US was unhappy with the amount of flexibility given to developing countries. Thailand, Hong Kong, Bangladesh, Indonesia, the G33, many in South America and the Africa Group were all unhappy with the lack of specificity on special

products, including cotton, and other measures for developing countries.<sup>25</sup>

France opened up a dangerous row by rejecting the text outright, despite the official EU approval. President Jacques Chirac called the draft *"profoundly unbalanced"* and contrary to the interests of the European Union because of the concession to end EU farm subsidies.<sup>26</sup>

Pakistan civil society said, *"The expression as usual is sweet coated but...the draft which was supposed to be the foundation of future framework of Doha Work Program has in fact brought the negotiations process back to the Medieval Ages."*<sup>27</sup>

### **Not with a bang...**

A series of proposed amendments circulated among negotiators, heavily focussed on the failings of the agriculture draft, and Green Room (small, select, usually secret gatherings) meetings of select membership ensued. In typical WTO style, one draft came forward from the Chair of the non-agriculture talks proposing that the most difficult decisions be put off to a later date. This was rejected by the "friends of ambition" grouping (US, EU, Japan, etc), who refused to accept any changes to the draft.<sup>28</sup> A number of developing countries were not satisfied with this new so-called "vehicle" either. One African negotiator said, *"This vehicle is not road worthy. It does not have a number plate and there is no insurance. The Derbez text could not carry our luggage...so a vehicle was proposed, to carry the Derbez text. But there are no seats for us in the vehicle. There is no way it can move without carrying us along."*<sup>29</sup>

Commentators on the scene said, *"There have been serious disagreements on almost every part"* of the draft.<sup>30</sup> France's discontent simmered on, openly threatening the whole EU position. Indonesia rejected the draft outright.<sup>31</sup> The EU claimed to be the only players making concessions. Focus on the Global South said, *"There is only one thing that developing country governments can do with he proposed July framework: dump it."*<sup>32</sup>

The mood slumped, and it became difficult to see how any deal could be reached.

Perhaps sensing that the strongarm tactics may have backfired, the spin machine kicked into operation to try to avert the "disaster" of a failed July meeting. Supachai, apparently denying reality, issued a statement saying he would only accept minor changes to the draft as it was already well-balanced.<sup>33</sup> He was joined by the EU's John Clarke who said, *"We are on the verge of reaching the mid-point that we failed to reach in Cancún,"* and Australia's Trade Minister Mark Vaile who said the WTO was close to reaching a framework.<sup>34</sup> It was also about this time that failure to reach agreement, previously touted as catastrophic, was downgraded to meaning *"the continuation of an unsatisfactory status quo."*<sup>35 36</sup>

It was not possible to issue a second draft until 30 July, after the beginning of the General Assembly meeting and perilously close to the end July deadline. One trade envoy said of the redrafting process, *"No one wants to be responsible for the whole thing collapsing, but no one is giving ground."*<sup>37</sup>

When the draft did emerge, it was roundly condemned. Focus on the Global South summed up many criticisms saying, *"If the proposed framework is implemented, the inevitable result will be deindustrialization of the developing world and the end of small-scale farming. Millions of workers will lose their jobs and millions of farmers will lose their livelihoods."*<sup>38</sup> India rejected it outright, saying it was *"not acceptable."*<sup>39</sup>

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It was not until the early hours of the morning that intense negotiations began to see progress - the Agriculture Green Room went on until 8am, as a deal in agriculture would allow the deals in other areas to fall into place.

In the end, somehow, the deal was done.

## **Perpetuating the WTO myth**

More revealing perhaps for the future if the WTO, the process of the talks was heavily criticised by NGOs and Governments alike. In particular Chairs of negotiations repeated their folly from Cancun of overstepping their power and mandates and other key players with an interest in the success of the WTO did whatever it took to get the deal.

## **Bad process + (another) bad outcome = no future**

*The G90 was, "disappointed by the decision of the Chairman of NAMA to transmit Annex B of the Derbez text as a basis for the preparation of the [July] Framework without incorporating our concerns. It is not known if he had the authority of the NAMA group to send such a communication. If not, then it is improper. It prejudices the position of a large number of the developing countries...It is perhaps forgotten that the Chairmen...do not have any authority of their own; they work only under the authority of the group/committee etc...The positions of parties are gravely compromised and weakened by such subjective personal prejudice. Instead of helping the progress of negotiations, such texts can aggravate the atmosphere of suspicion and frustration, as has happened since the Doha meeting...Thus the text involves a lot of 'give' by the developing countries without any significant 'take' by them."*<sup>40</sup>

Another commentator said, *"In a way, this shows who dictates the WTO and how the drafts are produced, of course via the Secretariat. And this is not something new. Take Seattle, Doha or Cancun, as long as I remember, every time drafts produced by the Secretariat have had accommodated concerns of these giants and every time developing countries have been complaining that their concerns have been ignored. Once again, just like blind men and elephant, negotiators from developing countries will be trying to digest it, finding safe ways within this framework and ultimately will trade off on the basis 'one in hand is better than two in the bush'."*<sup>41</sup>

Once the questionable drafts were tabled, however, they became the sole focus of attention. IATP said, *"It is troublesome that WTO Director General, Dr. Panchtipakdi Supachai, has put undue pressure on WTO members to approve this framework without many changes by the end of July."*<sup>42</sup>

**Brazil's** Ambassador Seixas Correa also bristled at the Chair's apparent creation of a new category of WTO Member countries whom would receive special treatment when he asked, *"On what mandate had the Chair created new categories of developing countries...?"*<sup>43</sup>

France clearly has issues that will extend into the future. Though talks had made progress in May when the EU agreed to scrap export subsidies on farm goods (which damage markets and hurt producers in poor countries), France accused the EU Trade Commissioner Lamy of going too far. France called openly for EU countries to reject Lamy's deal, saying *"He shouldn't have done that, it wasn't in his mandate."*<sup>44</sup>

As of 27 July, negotiations continued in something called “informal mode”. Meetings on agriculture were suspended as a meeting of “Five Interested Parties” – the US, EU, Brazil, India and Australia - was called at the US Embassy.<sup>45</sup> This led to considerable anger among the 142-odd countries not invited. Tim Groser, chairing the special meeting, defended it saying that the “interested parties” were providing him with “political guidance”.<sup>46</sup> Zambian Ambassador Love Mthesa said, “You are kept out of the picture and you only depend on hand-outs from time to time. We need to reform the process. There is no reason why an international organisation like WTO should keep important NGOs and international media away from what is happening... There are serious gaps and they need to be properly addressed.”<sup>47</sup>

Meanwhile, a heavy police presence emerged and began to harass NGO members, confiscating papers and banners.

Then the pressure was really on as the meeting designed for Geneva Ambassadors to agree a negotiated text began to turn into a “sneak attack” Ministerial, as some 40 Trade Ministers made their way to Geneva to ensure the success of the deal. This was, of course, a Ministerial like no other, for without any planning or public announcements, the meeting could conveniently avoid the kind of international attention, public demonstrations and press coverage that such an important gathering would normally acquire. It also further disadvantaged those countries that could not afford to send Ministers and their delegations to Geneva at such late notice.

Releasing the “final” text on 30<sup>th</sup> ensured there was virtually no time for anyone to examine it properly. Then, as if by magic, a deal was done on the 31<sup>st</sup>.

What’s on paper looks to be something of an improvement on the Cancun position, but we’ve seen such agreements before. Indeed the fact that this agreement was so hard won is an indication that the enthusiasm with which the original Doha agreements were welcomed suggests that it is far easier for delegates to agree to sign a document than it is to actually deliver on the promises it makes. Much depends on how the negotiations themselves progress in the months to come.

Developing countries now have a concrete commitment from the developed world to eliminate agricultural export subsidies, but as the French example shows, how US and EU Governments will manage to sell this to their own farmers remains to be seen. The G33 did get some movement on special treatment for developing countries, but such things have been promised since the Marrakesh Declaration in 1994 with little to show for it so far. For example while the West Africans managed to get an agreement on cotton, it isn’t what they needed because the US fought it so hard. The weakest players are exempt from making commitments, but the agreement on non agricultural issues changed little if at all from that tabled in Cancun, and the G90 has been opposed to it throughout. The equally sticky question of the Singapore Issues has been yet again put off to another day. Clearly words about development are rather cheaper than action.<sup>48</sup>

### Who’s in favour, who’s against?

You only have to look at who likes the July deal to begin to sense something is wrong. Almost immediately, the US Trade Representative’s office issues a long list of congratulatory messages from big business.<sup>49</sup> The lobby group Trans Atlantic Business Dialogue

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*“welcomed” the agreement and “congratulates the chief US and EU negotiators for their strong leadership in helping to get the Doha Development Agenda back on track.”<sup>50</sup>*

Yet the difficulty with pushing through a compromise deal that nobody really wants is that it pushes really solving problems further down the line – quite a trick when relations are already so strained.

Supachai is among many who claim, *“There is no satisfactory alternative to the multilateral trading system. But should confidence in our system erode further, we should not be surprised if countries pursue other means of rule-making in trade. All of us would be poorer for such an outcome.”<sup>51</sup>* Indeed countries are already pursuing other means, including thousands of bilateral trade deals negotiated in conditions at least as bad as the WTO, some far worse.

Making trade work in an equitable and truly sustainable way is a far bigger job than securing a deal in Geneva, or indeed completing the Doha Round. It is the “free” trade system the WTO represents, as well as the latitude taken by the industrialised world within it, that is the problem, and it needs replacing. Those who spoke out against the July deal gave ample reasons for their unhappiness.

Vandana Shiva, who called the July text a *“complete betrayal”* of the Doha mandate, added, *“Once again the demands of the rich will become rules and the needs of the poor will stay as unfulfilled... These negotiating games must stop. The lives of people come first, not the profits of the global corporations. Democracy comes first, not the manipulated undemocratic rules of a failing agency.”<sup>52</sup>*

It is difficult, however, for countries struggling under the multiple burdens of debt, structural adjustment and trade negotiations to broach this subject head on. It has achieved the status of taboo to suggest that this experiment isn't working. Still, some do criticise the multiple problems they face.

India's Ambassador Chandrasekhar has said, *“Instead of confronting this great human problem and finding solutions, we seem to be living in a make believe world driven by mercantilist compulsions. This is not a problem of three pillars [areas of agriculture negotiations: domestic support, export subsidy and market access], but of poverty and starvation. The ultimate goal, i.e. poverty eradication through fair and equitable trade, should not be lost sight of.”*

Equitable trade does not, however, mean the on-size-fits-all approach currently used, which can never work. As the Ambassador points out, *“It is very difficult to explain to our people that our highly vulnerable rural economy has to pay for whatever reduction of subsidy takes place in richer countries, especially when these subsidies go to the likes of Fortune 500 companies like Caterpillar, Eli Lilly, Mead Corporation, John Hancock Mutual Life Insurance and to some of the richest men in the world like David Rockefeller, Ken Lay, the Duke of Westminster and Sir Adrian Swire.”<sup>53</sup>*

While public diplomacy was stretched, less guarded comments used the language of vengeance, poison, knives being out and the need to call the bluff of big countries. Rumours spread of a walk out by developing countries and were put down again. There isn't even agreement within the EU about how to proceed. France is not happy. The French wheat

producers' association called the July deal "scandalous" and saying it "use[s] agriculture as the sacrificial lamb to generate momentum for the success of the trade talks in the services sector and industry..."<sup>54</sup>

Via Campesina put words to what many fear for the future if the WTO continues in this vein. In one of the very few statements to even mention the environmental sustainability of what the WTO proposes, their statement said: "The European Union and the United States must put an end to the swindle they have been imposing on other WTO members since the Uruguay Round of the GATT in 1994.

*"Continuing down this path will lead to the loss of sustainable family farm based agriculture around the world, including the EU and US. Cheap feed grains and protein meal already have led to the destruction of diversified family farms with replacement by inhumane and polluting livestock factories often owned or controlled by multinational corporations.*

*"More and more farmers and governments in developing countries, together with the CPE and NFFC, are saying, 'No!' to further 'trade liberalization' under WTO which will be so destructive to their society, culture, and environment. We demand that our governments stop the intense political and economic pressure being exerted on them to comply with EU and US WTO policies that result in the curse of low commodity prices intensifying the rural crisis, urban congestion, and unemployment.*

*"Let us globalize struggle, let us globalize hope."<sup>55</sup>*

One African delegate said the small countries "fell down on was on tactics...They were lured into showing flexibility in exchange for flexibility from the developed countries. However, in the end, what [they] got was a non-binding promise – no different from the status quo...I myself am devastated."<sup>56</sup>

Surely such crucial issues as the survival of whole populations should not be the subject of tactical calculation. The ICFTU agreed, saying, "Unfortunately, while WTO trade negotiators pore over the fine print of their schedule for completing their Doha Round negotiations, the very basis of support for a multilateral trading system is being cut away from under their feet. Governments must raise their sights and tackle the basic social and development questions at the heart of the inequity and injustice that characterize world trade today. Otherwise they will fail to mobilize support among their own populations for completing, ratifying and implementing whatever trade deal may ultimately be concluded."<sup>57</sup>

This is why the free traders will fail - they continue to use the WTO and other trade negotiations against the legitimate needs and aspirations of their people, North or South.

### **What would a good July agreement have said?**

Veteran trade commentator Devinder Sharma explained why the WTO deal is bad in this way: "Well, you don't believe we put up sale signs all over the shops announcing discounts of 20 to 50 per cent on every item and end up running into huge losses. We first increase the price of our products, and then offer discounts to lure the customers, and the smart fellows actually end up paying more. The WTO has done exactly that..."<sup>58</sup>

This "bait and switch" con has been a hallmark of WTO "progress" for years. If WTO

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members were serious about the Doha Round being about truly sustainable development, at the very least the July deal should have included real movement toward genuine sustainability, like:

- observer status for Multilateral Environmental Agreements, like the Kyoto and Biosafety Protocols, in order to ensure trade agreements comply with environmental protection treaties;
- a new way of thinking about agricultural subsidies that acknowledge the benefits of sustainable food production, like special treatment for organics and support for food production for domestic consumption, which would help countries who want to make their food chain more sustainable compete with cheap subsidised imports;
- dropping the Singapore Issues from the WTO altogether once and for all, and ending the culture of ever-expanding power and scope for the WTO;
- and immediate halt to negotiations in non-agricultural areas that push for liberalisation in trade of natural resources and acknowledgement that Governments must have the ability to set regulations and other measures to encourage and protect sustainable management of natural resources;
- real progress on the raft of promises of special treatment for developing countries already hard hit by WTO policies.

## Conclusion

Public Citizen said of the July deal, "*Thanks to their own hype, WTO officials came to a point where they had to produce some text, any text - even if it did not provide a feasible way forward or exposed once again the underlying deadlock over the future of WTO.*" *Once the doomsday scenarios had been rolled out, the power players in the WTO simply had to ensure a deal came through or risk getting the very death of the WTO they predicted. The difficulties came when developing countries continued to stand their ground. "To produce this text, outrageous procedural tactics-including the exclusion of key players, threats and bribes-were employed against many developing countries. The result is similar to what happened in 2001 at the Doha Ministerial, which purported to start this ill-fated round of talks: a paper but no path forward most countries can accept."*<sup>69</sup>

Perhaps those threatening the death of the WTO have unwittingly set up a self fulfilling prophecy, and while it may be put off for another day, if this July deal is the best they can do, then it surely looks as though that death is coming. It is increasingly clear that if the rich and powerful continue to bend and twist the rules to suit themselves, others will justifiably refuse to play. As Joseph Stiglitz, former World Bank Chief Economist and Nobel Laureate in economics wrote during the July process, "*It is wrong to characterise the Doha agenda, especially as it has evolved over the past two years, as a development round. Recent negotiations have not only failed to push an agenda that would promote development; they have included a host of issues that are of tangential interest, or even detrimental, to developing countries...the north has demanded the south open up its markets and eliminate subsidies on its products, while itself maintaining huge subsidies and closing markets. The developing countries understood the advanced industrial countries to have promised to cut*

*their agricultural subsidies; the US has doubled its subsidies.” He calls for “institutional reform...greater transparency and openness...[and an] end secretive talks among cliques chosen by the US or other advanced countries...The disparity between a true development agenda and what has evolved since Doha is glaring.”<sup>60</sup>*

As the Doha Round leaves the docks again and heads for the next Ministerial in Hong Kong in December 2005, it will take far more careful navigation and piloting if it is to arrive intact and functional. Past performance shows this to be an ambitious goal indeed.

## **Endnotes**

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## Not Dead, but Dying

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