Workshop on International Regulations June 2005

#### **Ten Years of WTO**

# Subordinating Development to Free Trade

Aileen Kwa Focus on the Global South Singapore

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The WTO has been hailed as avechievement for multilateralism. Vet it air revoluted to multilate and selections of the province of the work of the province of

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Multilateralism - A Disquised Unilateralism?

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<sup>1</sup> United Nations Conference on Trade and Development (UNCTAD), *Trade and Development Report*, New York and Geneva 1999.

<sup>2</sup> For more details, see Kwa, A., *Power Politics in the WTO*, published by Focus on the Global South 2003, and Jawara, F. and Kwa, A., *Behind the Scenes at the WTO*, Zed 2004.

<sup>3</sup> See Zoellick, R., "Countering Terror with Trade," Washington Post, 20 September 2001.

<sup>4</sup> Shukla, S.P., Developed Countries' Trade Policies: Disguised Unilateralism? A Chronicle of Manipulated Mulilateralism, Paper presented at the First Annual International Forum for Development, New York, October 18-19, 2004. 5Special and Differential Treatment provisions have proved to be ineffective, hence

<sup>5</sup>Special and Differential Treatment provisions have proved to be ineffective, hence the promise in Doha to make them "effective" and "operational". Unfortunately, these promises have remained unfulfilled despite deadlines that have long passed. 6 Shukla, S.P. 2004, p. 8.

Que paper gable country has an equal voice. In reality, power is exercised through the light of the paper of the property of the paper of the paper

Due to these procedural circularities, developing countries have repeatedly in the second of the procedural circularities are procedural circularities and the second of t

# Perpita their occasional ability to some tagether and schaller and scholler and schaller and schaller and schaller and schaller and sch

# WTO's Litany of Failures

Getting the Fundamentals Terribly Wrong: The Myths of Integration and Exports Firstly, the fundamentals of the institution are wrong. Openaess, integration and Politic Committees that expound this original does not tally with what they preach. They became a second tally with what they preach. They are wrong to the Chair's 13 September text: "We do not recognize in this text the consensus we heard articulated in those groups on the development issues, small economy issues and Singapore issues. ... And on cotton we believe the response ... to the arguments put forward by Africa is insulting and unworthy of this organization." India on the same occasion said, "It would appear that the views expressed by a large number of developing countries on the need for further clarification have been completely ignored. This is yet another instance of the deliberate neglect of views of a large number of developing countries. It represents an attempt to thrust the views of a few countries on many developing countries."

8 We are distinguishing here between the *process* of decision-making, and decision-taking. A select few are involved in the former. The Membership is than brought on board to adopt a decision which they had no part in formulating.

9 Developing countries that revolted in Cancun paid a high price in terms of being publicly blamed as being uncooperative "won't do" countries (see also Jawara and Kwa 2004, chapter on Cancun).

10 See WTO, Preparatory Process in Geneva and Negotiating Procedure at the Ministerial Conferences: Communication from Cuba, Dominican Republic, Egypt, Honduras, India, Indonesia, Jamaica, Kenya, Malaysia, Mauritius, Pakistan, Sri Lanka, Tanzania, Uganda and Zimbabwe, WT/GC/W/471, 24 April 2002. Other attempts to have proper rules of procedure also took place in January/February 2002 when the Trade Negotiations Committee Chair was being selected. See also Jawara and Kwa 2004, chapter "After Doha".

11 See WTO, Preparatory Process in Geneva and Negotiating Process at Ministerial Conferences: Communication from Australia, Canada, Hong Kong-China, Korea, Mexico, New Zealand, Singapore, Switzerland, WT/GC/W/447, 28 June 2002. Whilst the US and EU are not signatories to this paper, they nevertheless share similar views.

12 The experiences of developed countries have been amply illustrated by Ha Joon Chang, *Kicking Away the Ladder: How the Economic and Intellectual Histories of* 

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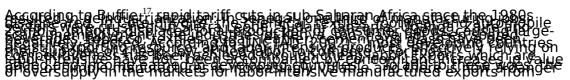
#### **Dismantling Developing Countries' Agricultural Sector**

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## Destroying the Industrial Base of the Developing World

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Capitalism Have Been Re-written to Justify Neo-Liberal Capitalism, Cambridge University, UK 2000.

<sup>13</sup> Rodrik, D., "Trading in Illusions," Foreign Policy, March/April 2001, pp. 55-62.

<sup>14</sup> UNCTAD, Trade and Development Report, Geneva 2002.

<sup>15</sup> See the data in Institute for Agriculture and Trade Policy (IATP), United States Dumping on World Agricultural Markets. February 2004 Update, Cancun Series Paper No. 1.

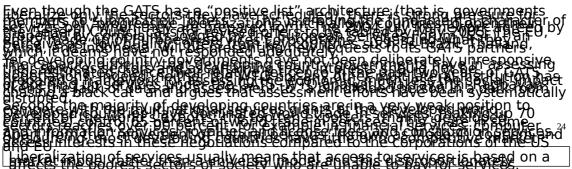
<sup>16</sup> Greenfield, G., "The Agricultural Commodity Price Crisis: Back on the Agenda?", Focus-on-Trade No. 100, June 2004.

<sup>17</sup> Buffie, E., *Trade Policy in Developing Countries*, Cambridge, Cambridge University Press, 2001.

<sup>18</sup> UNCTAD 2002, p. 53.

developing countries following much the same pattern of declining terms of suppose the model of the countries of the property of the countries of the countries

#### **Erosion of Basic Services for the Poor**



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- 19 Statistics showing expansion of technology and skill-intensive exports from developing countries, according to UNCTAD, are misleading. Much of the skills in these exports come from components that are still produced in the developed world.
- 20 See the ACP (African, Caribbean and Pacific Countries) Ministerial Declaration of 12 July 2004.
- 21 These contentious issues include: the non-linear tariff cutting formula (ie very aggressive tariff cuts); the treatment of tariff bindings; and the sectoral approach. 22 Built into the GATS agreement was a clause that said new market access negotiations would commence in 2000 (after an assessment). GATS market access negotiations take place first bilaterally. Requests to liberalize services markets are made to trade partners who can then decide whether or not to make offers of liberalization. Offers are negotiated bilaterally. The offers are subsequently provided to all WTO members.
- 23 See Raghavan, C., in Drafts Notes for Commonwealth Consultation Meeting, South-North Development Monitor, 2000.
- 24 Mashayekhi, M., GATS 2000 Negotiations: Options for Developing Countries, Trade-Related Agenda, Development and Equity Working Paper No. 9, South Centre, Geneva 2000.
- 25 United Nations Development Programme (UNDP), *Human Development Report* 2003, p. 113.
- 26 Kessler, T. and Alexander, N., Assessing the Risks in the Private Provision of Essential Services, UNCTAD G24 discussion paper, 2004, p. 11.
- 27 According to the World Bank study *Privatisation in Africa* (1998), in not one country with a privatization programme in Africa has there been an effort to develop

weak systems and pretemptanic futures regulatory measures to limit the powers

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#### The Way Forward

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Fundamental principles for a new trade regime

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### Strategies for change

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a regulatory framework as an integral part of that programme. The experience in Latin American has not been vastly different, where widespread privatization has been encouraged, but transfer of ownership has been hurried or performed under constraints that overlook the importance of regulating private monopolies (Kessler and Alexander 2004).

28 Whilst not undermining the importance of foreign exchange remittances for many developing countries, there are also huge social and personal costs involved with Mode IV, and these costs are greatest for women and children. A more holistic strategy to development in the long term is to invigorate the domestic economy so that people can remain employed in their home country if they choose to, instead of being forced by poverty to leave.

29 UNCTAD 2002, p. 63.

30 Correa, C., "Access to Drugs under TRIPS: A Not So Expeditious Solution", *Bridges,* No. 1, International Centre for Trade and Sustainable Development, Geneva, January 2004.

31 See Sexton, S., "Trading Health Care Away? GATS, Public Services and Privatisation," *South Bulletin*, No. 15, South Centre, July 2001.

The events since Cancun have been disappointing the divide and rule tactics of the condition of the conditio

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