

Ministerial in Mexico looks like second Seattle

by Walden Bello

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Only a little over 12 weeks remain before the tourist haven of Cancun in Mexico plays host to the fifth ministerial of the World Trade Organisation from September 9-14. But negotiations in Geneva are practically at a stalemate. The feeling is taking hold that Cancun will not be another Doha, where cooperation between the United States and European Union in the aftermath of the Sept 11 attacks pushed through an agenda for limited trade negotiations.

The current state of affairs is exemplified in the polarised situation in the agricultural negotiations. The US and the Cairns Group of developed and developing country agro-exporters consider the prepared draft's proposed tariff reductions too shallow while the EU and Japan see them as too deep.

The developing countries are concerned that the draft requires very substantial tariff cuts from them. They are also demanding a broadening of its "strategic products" proposal, which currently reserves just a few staple foods for shallower tariff cuts.

A negative development is that the EU and US, in pushing for negotiating advantage, have split the ranks of the developing world. Developing countries in the Cairns Group, like Brazil, Uruguay and Thailand, are siding with the US against the EU and Japan. The EU has hit back by gaining the support of India and many other developing countries for a counter-proposal for agricultural liberalisation that would replicate the allegedly more flexible liberalisation formula of the Uruguay Round. The long and short of it is that it is very unlikely that there will be agreement on the modalities of the agricultural negotiations before Cancun.

Stalemate in TRIPs

In the Trade-Related Intellectual Property Rights (TRIPs) and public health controversy, there has been no give on the part of the US. It maintains the position that patent rights should be loosened only in the case of drugs for HIV-Aids, malaria and tuberculosis.

Washington is now talking about loosening patent rights for "public health crises" instead of "public health problems". US negotiators have reportedly told their developing country counterparts that if they want any movement in the negotiations, they should talk directly to the pharmaceutical giants.

Another disturbing occurrence is that WTO director-general Supachai Panitchpakdi himself is spreading the blame for the stalemate from the US to Brazil and India, whose manufacturers, he alleges, will be the ones that will benefit principally from looser patent rights.

On the controversial "new issues" -- investment, competition policy, government

procurement, and trade facilitation -- the EU is now trying to delink the decision to commence negotiations on these issues from movement on the part of the EU to liberalise agriculture.

The rich country governments have intensified their campaign to convince developing country governments, which are very wary of negotiating these issues, that liberalisation in these issues is for their own good. To bring about some movement, the US has reportedly proposed to "unbundle" the four areas so that negotiations can proceed on them separately. The EU has agreed publicly with the US, but its preference is still to take the four areas together.

The EU is also side-stepping developing countries' concerns about substantive modalities, preferring to narrow the negotiations on modalities to be agreed on in Cancun to procedural modalities: how many meetings should be held, etc. Not surprisingly, this has been criticised by developing countries as an attempt to elicit from them a blank cheque to start negotiations without first agreeing on the substance of these negotiations.

In two key negotiating areas of great interest to developing countries, there has been absolutely no movement. These are the issues of special and differential treatment and implementation. On the latter, it might be of interest that at a meeting with non-governmental organisations in Bangkok early this month, Pascal Lamy, the EU trade commissioner, accused the developing countries of not being able to agree on what were the two or three top priorities regarding implementation that need to be tackled.

What does all this add up to? What does the lack of movement mean for the Cancun meeting? Mr Lamy said simply that if one views the process from the Doha meeting's mandate for the negotiations to conclude by the end of 2004, then things don't look so bad, since "in some areas, negotiations are two-thirds of the way through, in some halfway through, in others a third through, in TRIPs 98% through".

The role of ministerial meetings is to carry out negotiations in several areas simultaneously in order to bring about a comprehensive settlement. Since the modalities of negotiations in critical areas have yet to be agreed on, the WTO faces quite a major problem: what its member governments will do in Cancun.

Perhaps this is the reason key WTO officials are now not talking about coming up with a declaration announcing agreements on issues being negotiated, but a "communique" serving as a "progress report" on the continuing negotiations, drawing upon short reports made by the various negotiating groups on the work they have undertaken since Doha.

EU-US split

The hopes for a Doha-type outcome in Cancun have been further doused by the recent worsening of trade ties between the United States and Europe. The EU has threatened to impose sanctions on the US by the end of 2003 for tax breaks for exporters that a WTO judicial panel has found to be in violation of WTO rules. In what has been perceived as a retaliatory move, the US said it will file a case with the WTO against the EU's *de facto* moratorium against genetically modified foods.

These recent moves do not bode well for both parties arriving at a consensus on negotiating modalities in agriculture and other trade issues before Cancun.

It was not only the revolt of developing countries at the Seattle Convention Center and the mass mobilisations in the streets that brought down the third ministerial meeting in 1999 but also unresolved conflicts between the US and EU on agriculture, the environment and other issues.

US trade representative Robert Zoellick and EU trade commissioner Lamy are said to be moving to bridge the Washington-Brussels gap before Cancun, but the contextual conditions are more difficult now than before the Doha meeting in November 2001, when the US and EU shared a common position on combating terrorism and intervening in Afghanistan, and Washington had not yet imposed a 40% protective tariff on steel imports and passed its \$100 billion subsidies for American farmers.

Civil society mobilises

As negotiations have ground to a halt in Geneva, civil society organisations are stepping up their efforts to mount massive mobilisations and civil disobedience in Cancun and elsewhere in the world during the week of the ministerial meeting.

At a meeting in Mexico City from May 11-12, delegates to the Hemispheric and Global Assembly against the Free Trade of the Americas and the WTO declared their "commitment to derail the Fifth ministerial of the World Trade Organisation", which they accused of institutionalising a free-trade paradigm that has resulted in "greater poverty, inequity, gender inequality, and indebtedness throughout the world" and "accelerated the destruction of the global environment".

Mexican authorities are preparing for the arrival of thousands of activists not only from Mexico but from North and Central America. Opposition from civil society has put the WTO on the defensive. In what many observers have interpreted as an effort to split global civil society in the lead up to Cancun, Mr Supachai has invited several leading NGOs to form a "WTO NGO advisory committee". The invitation has so far received a very cautious response from the target organisations, which court the anger of their peers should they decide to break ranks.

With confrontation in the air and the WTO's credibility at its lowest point in years, Cancun is shaping up not to be another Doha but a second Seattle.

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