The Derailers' Guide To The WTO

FOCUS ON THE GLOBAL SOUTH

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Welcome to the Focus on the Global South's Derailer's[1] Guide to the WTO

From 13-18 December 2005, trade ministers and delegations from the World Trade Organisation's (WTO) 148 country members will meet in Hong Kong at the WTO's sixth Ministerial Conference.[2]

As farmers, fishers, indigenous peoples, workers, women, mass organizations, social movements and activists from all over the world have repeatedly pointed out, there is **nothing even remotely developmental about the current Doha round of WTO negotiations**.

On the contrary, the Doha negotiations are heading in a direction that will lock the world's peoples in a trade regime that will have disastrous impacts on food security and sovereignty, industry, employment, the environment, livelihoods and the access of millions of people to essential services, technology and health-care.

Any trade deal that emerges from current negotiations will serve to consolidate the control of large national and multi-national corporations on the world's agricultural, industrial, technological and infrastructural capacity.

Delegates from several developing countries — especially Africa, the Caribbean and Pacific regions, and Least Developed Countries (LDCs) — also share these concerns. But they appear to be both, unable and unwilling to stop the WTO machinery in its tracks and to demand the time and the 'political space' they require to fashion trade policies that truly serve the developmental needs of their respective populations.

It is now up to the world's peoples — all of us — to bring pressure on our national law and policy makers and trade delegates to immediately halt the substance and direction of current trade negotiations and urgently re-think the so-called "Doha Development Agenda."

The **Derailer's Guide to the WTO** provides basic information about WTO agreements, what is on the negotiating table for Hong Kong and the remainder of the Doha Round (which will likely continue through 2006), and the main actors in these negotiations. It also offers ideas about how all those committed to social and economic justice can stalemate, or derail, this latest liberalization offensive through the WTO parading under the guise of "development."

As in the Seattle Ministerial Conference in 1999 and the Cancun Ministerial Conference in 2003**, no deal is better than a bad deal**, and a bad deal is the only possible outcome of the direction in which the current negotiations are heading.

Time is short and the issues are urgent and many. If we want to protect our commons, and our rights and capacities to shape development to meet the priorities of our communities and societies, it is imperative that we prevent a new trade deal from being reached in the Hong Kong Ministerial Conference and subsequent negotiations. That is, we need to **DERAIL THE WTO**!

We hope that you will find this **DERAILER'S GUIDE TO THE WTO**, which accompanies the video **'Why the WTO is really bad for you'**, useful in planning your strategies, actions and mobilizations towards this goal.

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PS Both the guide and the video can be downloaded from our website.

1 To derail the WTO is an active strategy to shut down the WTO by preventing consensus in its negotiations.

2 Ministerial Conferences are the WTO's highest decision-making body and are empowered to take decisions on all matters under any of the agreements within the WTO regime. At the Hong Kong Ministerial Conference, delegates are slated to agree on the elements of a new trade deal to enable negotiations in the four year old "Doha Development Round" to be concluded in 2006.

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Who is Focus on the Global South?

Focus on the Global South is a research, policy analysis and activist organisation based in Asia (Thailand, Philippines and India). Focus on the Global South aims to support the struggles of social movements and activists in the Global South by providing research and analysis on the political economy of(globalisation, especially on the key institutions of neo-liberal and corporate globalisation.

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All roads lead to Hong Kong

There are many ways to get involved in the actions, events and mobilizations in the run up to and during the 6th WTO Ministerial in Hong Kong. In Hong Kong, the group to get in touch with is the Hong Kong People's Alliance on the WTO.

The HKPA

The Hong Kong People's Alliance on the WTO (HKPA) was launched on 22 September 2004. HKPA was formed into an alliance to make a powerful representation of the people to the ministers at the WTO meeting in December 2005 in Hong Kong. They are a network of grass-root organizations, which include trade unions, community labour groups, and organisations that represent migrant workers, students, women, church, human rights, research organisations and regional organisations that are based locally in Hong Kong.

There is a website for more information and details on all of this: **http://www.hkpa-wto.org/**
You can also email the secretariat: **pawto2005@yahoo.com.hk**

The Derailer's Guide to the WTO: ***Section 1***

The End of an Illusion

WTO Reform, Global Civil Society and The Road To Hong Kong

SUMMARY

The "**July Framework Agreement**" is the last nail in the coffin of the illusion that the WTO can somehow be reformed, either piecemeal or comprehensively, to serve the interests of developing countries. More than ever, the Framework and its aftermath have revealed the WTO to be an iron cage that traps developing countries in a negotiations game that is systematically skewed in favor of the big trading powers of the North.

With even greater intransigence on the part of the trading powers of the North today, as highlighted by their paltry pre-Hong Kong offers in October and November 2005, it is difficult to elaborate any other strategy to protect the interests of the developing countries and global civil society than the one that was developed for Cancun-that is, **derailment** of the WTO Ministerial.

Essentially, derailment involves zeroing in on the key point of vulnerability of the WTO: its consensus system of decision-making. Concretely, it means working to prevent consensus from emerging in any of the key negotiating areas prior to and during the Sixth Ministerial in Hong Kong.

A strategy of derailment, to be successful, must, in the months leading up to the Sixth Ministerial, articulate lobbying and mass pressure in Geneva with national mass campaigns directed at specific governments, culminating in a coordinated program of mass actions and lobby pressure in Hong Kong and globally on D-day in the middle of December 2005 (13^{th}-18^{th}).

1. SEESAW STRUGGLE

The last few years have seen a seesaw struggle between the World Trade Organization and civil society. In Seattle, big power disagreements, the revolt of the developing countries, and massive civil society mobilization brought down the "bicycle of liberalization", to borrow C. Fred Bergsten's description of the WTO as bicycle which can only remain upright while it is moving forward with its free-trade agenda. (1)

The bicycle was set upright in Doha, when the absence of civil society mobilizations allowed the big trading powers to bamboozle developing countries to sign on to the so-called Doha Development Agenda to expand the ambit of the WTO. Then in Cancun, in September 2003, a better-organized South cum civil society mobilizations inside and outside the Cancun Convention Center, the tragic climax of which was the suicide of Korean farmer Lee Kyung Hae, brought the bicycle of liberalization down again.

Our victory was short-lived for the equivalent of a coup was mounted at a General Council meeting in late July 2004 in order to restart the stalled "Doha Round" of trade negotiations on terms favorable to the North. The WTO is upright again and is moving with momentum towards the 6th Ministerial in Hong Kong to be held in mid-December 2005.

Despite the apparent current stumbling blocks in pre-Hong Kong negotiations (for example over tariff reduction formulas, disciplining domestic support and the elimination of export subsidies), there are disturbing signs of convergence. For example, India and Brazil may be further co-opted into meeting the demands of the EU and US in exchange for market access (for Brazil) and concessions on the movement of persons abroad to supply services (Mode 4) (for India).

That the WTO is an institution that can be reformed to serve as a vehicle for a more benign kind of globalization is one of the illusions that has been left behind by these developments. The one positive element in the 2001 Doha Declaration-the clear statement that public health concerns take precedence over "intellectual property rights"-was nullified by Big Pharma's successful effort to make well nigh impossible the export of generic life-saving drugs from developing countries with manufacturing capacity to developing countries with none by imposing onerous stipulations on both importers and exporters. So unacceptable and cumbersome were the conditions imposed by the drug companies in the decision adopted in August 2003 that no developing country facing an HIV AIDS emergency took advantage of the temporary waiver from Article 31 (f) of TRIPs provided for by the decision.

That reform is mission impossible was underlined by the Cancun ministerial in September 2003, when the EU and the US provoked the collapse of the ministerial rather than significantly reduce their high levels of support for their agricultural interests or retreat in their effort to expand the WTO's jurisdiction to investment and other economic activities beyond trade. The historic walkout from the Green Room led by African delegates was the only appropriate response to the intransigence of the North.

The so-called July Framework adopted at the WTO General Council meeting in Geneva in the late summer of 2004 is another glaring example of stonewalling by the developed countries. Practically all the key concerns of the South were subordinated to the industrial countries' agenda of defending their high levels of agricultural subsidization, bringing down non-agricultural tariffs, pushing the so-called "New Issues" agenda, and pressing developing countries to make offers for the liberalization of services. In contrast to more optimistic earlier assessments of the possibilities of advancing developing country interests in the WTO via a strategy of reform, Oxfam International, for instance, bleakly characterized the July Framework as "a minimal agreement that keeps talks and the WTO afloat, but fails to bridge continuing stark disagreements between developing and developed countries, let alone guarantee a pro-development outcome." (2)

Not surprisingly, there is little talk these days about "social clauses," "environmental clauses," measures to institutionalize the priority of public health concerns over patent rights, or agricultural market access reforms as the key demands of an agenda to reform the WTO. In the months leading up to the Cancun meeting, civil society, operating under the principle that no deal is better than a bad deal, eventually coalesced around a strategy of derailing the ministerial. If anything, the prospects of a good deal are even more distant as we move towards Hong Kong. The strategy of derailing the ministerial is even more relevant today.

The July Framework's key agreements illustrate why reform of the WTO is a dead end as a strategy for developing countries and global civil society.

2. THE KEY AGREEMENTS

(A) INTRANSIGENCE IN AGRICULTURE

(See Section 3, Part 1 *of The Derailer's Guide to the WTO* for further details)

In Cancun, the firm stand adopted by the Group of 20 and Group of 33 against the demands of the United States and the European Union for more access to their markets while maintaining the high levels of subsidization of American and European agriculture prevented the initiation of negotiations for a new Agreement on Agriculture that would be detrimental to the interests of the South. Also key in frustrating the agenda of the North was the tough stand of four West African cotton producers-Benin, Burkina Faso, Chad, and Mali-who demanded elimination of US cotton subsidies that were ruining their production as well as compensation for their losses.

Yet the "Framework for Establishing Modalities in Agriculture" that emerged out of the late July meeting produced agreements that were clearly detrimental to the developing countries. Since July 2004, there have not been any developments in the offers made by the rich industrialized nations of the north which would address these concerns.

Essentially, the Agricultural Framework:

1) maintains or expands the key mechanisms of "domestic support" or subsidization of EU and US agriculture, the so-called Blue Box and Green Box;
2) creates a new restrictive category-that of "sensitive products"-to hamper market access for developing country products; while
3) makes conditional and non-timebound commitments to eliminate export subsidies; and
4) pays lip service to the developing countries' demands for the designation of "special products" and other forms of special and differential treatment.

The flurry of proposals put forward by the EU and US, in October and November 2005, have made their offers in agriculture conditional on concessions in services and industry. There is little being offered in terms of Special Products or Special Safeguard Mechanisms, and yet there are even greater demands on tariff reductions and market access in developing countries. At the same time, there is still little progress on disciplining the Blue Box, capping the Green Box or firmly eliminating export subsidies.

The balance of gains and losses is clearly on the side of the trade superpowers of the North, particularly the United States. On top of this, developed countries rejected the demand of the West

African cotton producers that the elimination of cotton subsidies and compensation for damages to their production be treated as a separate, stand-alone item of negotiations. Instead, the issue would be subsumed under the general agricultural negotiations, thus guaranteeing that its resolution would be hostage to progress in these talks. This underlined how eliciting even the slightest concession on an issue that involved such manifest injustice was next to impossible, even if that item had been a central factor contributing to the collapse of the Cancun Ministerial. (3)

(B) RATCHETING UP THE PRESSURE IN SERVICES

(See Section 3, Part 2 *of The Derailer's Guide to the WTO* for further details)

The Framework Agreement eliminates the room for manoeuvre of developing countries in the negotiations on the General Agreement on Trade in Services (GATS), which were previously pursued on a separate track from the Doha Round negotiations. (5) By formally including them in the Doha Round, thus effectively making them part of the "single undertaking," the Agreement increases the pressure on developing countries to open up their services. Indeed, the text calls for governments to submit initial or revised offers of services to be opened up by May 2005. To date only about 92 developing countries have submitted offers owing to technical difficulties assessing which service sectors to open up owing to great uncertainty as to how liberalization would affect these sectors. (6)

By formally tying the services negotiations to the negotiations in other areas, the Framework allows the EU and US, in particular, to hold the negotiations in agriculture hostage to the services negotiations, and vice versa, by conditioning their "concessions" in one area dependent on their gains in the other.

With 50 per cent of the GDP of developing countries now accounted for by services, access to this market is the dominant concern of the Framework. At stake is the privatization of public services (such as energy and education) and the commons (such as water) by foreign owned multinationals. Under GATS, governments are effectively prevented from exercising national control over these companies and would therefore be unable to regulate prices, ensure universal coverage of services or oversee labour standards. Such policies and practices will be locked by GATS and will not be able to be changed, even where they negatively impact upon the population or the economy.

Under current proposals, any commitments to liberalisation in Mode 4 (presence of natural persons abroad to supply a service) appear to be limited to the temporary movement of skilled professionals. There is also ambiguity and a lack of predictability with respect to the current offers. (7)

Developed countries, led by the European Union (EU), are now proposing a "benchmark" approach to speed up the negotiations. This new approach aims to identify 10 key sectors in the GATS, from which developing countries will be asked to choose 6-7 sectors in which they must make minimum commitments on. This process, known as benchmarking, would remove any flexibilities under the existing request-offer model, and enforce the reduction of tariffs on commercially sensitive industries vital for development.

This accelerated and binding process may be the death knell for public services.

(C) NON-AGRICULTURAL MARKET ACCESS AND THE SPECTER OF DE-INDUSTRIALIZATION

(See Section 3, Part 3 *of The Derailer's Guide to the WTO* for further details)

The give-no-quarter posture of the trade superpowers was evident as well on the issue of market access for non-agricultural commodities ("non-agricultural market access" or NAMA).

The agreement on NAMA, and subsequent proposals by the US and EU, are based on the so-called "Derbez Text" floated during the Cancun ministerial (named after the Mexican Secretary for Foreign Affairs Luis Derbez, who was chairing the ministerial), which was rejected by many developing countries.

The key reasons for the rejection were a non-linear formula for tariff reduction, sectoral negotiations, and weak special and differential treatment. The non-linear formula, notes UNCTAD, would require "deeper cuts for higher tariffs," so that it "would result in greater tariff cuts for many developing countries because they generally maintain higher bound tariff structures." (4) This would be contrary to the provision of "less than full reciprocity" for developing countries under the principle of Special and Differential Treatment. Despite this concern, the July Framework provides for continuation of work on a non-linear formula.

Developing countries with already relatively low tariffs on non-agricultural products also expressed concern over the "sectoral initiative" that proposed deep tariff cuts on 100 per cent of all categories of imported commodities falling under a designated industrial sector such as, for instance, "electrical and electronic products" or "textiles and garments." As UNCTAD has noted, "Many developing countries and LDCs have already liberalized unilaterally, including under structural adjustment programs, and their applied rates are often low. Binding those rates close to applied rates may thus limit their policy space for industrial development purposes." Indeed, de-industrialization, which began under structural adjustment programs, is feared to accelerate under NAMA. On the other hand, the US National Association of Manufacturers saw the July Framework's provisions on NAMA as "a huge accomplishment, and a big win for the WTO, the United States, and the World economy. The really big accomplishment is that all countries have accepted the principle of big tariff cuts and sectoral tariff elimination."

NAMA, together with agriculture (AoA). may be the deal breaker at the WTO in December. There is still a lack of consensus over a number of issues including the tariff reduction formula, the binding of tariffs, the status of the July Framework text and acceptability of the so-called Pakistan compromise. At the same time, there are disturbing signs of convergence as we approach Hong Kong.

3. PLACING THE DEVELOPMENT AGENDA ON THE BACKBURNER

Like the Doha Declaration of 2001, the July Framework and on-going negotiations in the lead up to Hong Kong, give short shrift to the main concerns of developing countries:

Patenting under TRIPS. There are outstanding issues related to the Trade Related Intellectual Property Rights Agreement (TRIPs) such as the revising Article 27.3 (b) to prohibit the patenting of life; the relationship between TRIPs and the Convention on Biodiversity; and the protection of traditional knowledge and folklore. However, there is simply an affirmation in the July Framework to move ahead in the negotiations with no specific goals, except for members to submit new or revised offers by May 2005. Neither are there guidelines to revise TRIPs Article 31 (f) to institutionalize the Doha Declaration's putting public health concerns over intellectual property rights.

Special and Differential Treatment. The institutionalization of Special and Differential Treatment, a key principle of development, remains as distant as ever, with the Framework simply providing for work to continue to outstanding issues. The reason for the lack of movement here is that "developed countries refuse to make Special and Differential Treatment (SDT) operational and effective until the more advanced developing countries are graduated out of SDT. This premise is fundamentally flawed, as all developing countries need special and differential treatment, given widespread poverty and the need to protect infant industries in the developing world. Denying them SDT would amount to kicking away the ladder." (8)

Implementation. Implementation has been a burning issue for most developing countries owing to the cumbersome process and, for many, high costs of making their trade policies, regulations, and laws "WTO -consistent." Yet the July Framework does not mention any implementation issue of significance to the developing countries. In contrast, the only implementation issue explicitly addressed is one that is of concern mainly to the developed countries: the extension of additional protection on geographical indications (GI) on commodities other than wines and spirits.

4. PROCESS: INTIMIDATING AND OUT-MANOEUVERING THE SOUTH

How could such an Agreement come about after Cancun, when the developing countries appeared to have come some way towards altering the balance of power?

The answer is by regaining control of the negotiating process via divide and conquer tactics, unfair negotiating tactics, and, most important, an institutional coup. As Oxfam International saw it, "The [July 2004] Council meeting was... characterized by a non-transparent, non-inclusive process, dominated by big trading powers and characterized by brinkmanship and power play." (9) The lesson: the procedures of the WTO are heavily weighted against the South.

(A) DIVIDING AND NEUTRALIZING THE G20

The G20 formation of big developing countries "broke the monopoly over trade negotiations formerly enjoyed by the US and the EU," according to Brazilian Ambassador Clodoaldo Hugueney during the Mumbai Social Forum in January 2004. The G20 was not alone, however, with the G33, which was formed mainly by smaller agricultural countries, and the G 90, which formed in opposition to the new issues, playing important roles. (10)

Initially, the US response was to pursue a unilateralist course outside the WTO via a dual strategy of sewing up bilateral and multilateral free trade agreements, while at the same time destroying the G20. (11) By the spring of 2004, however, Washington's two-track strategy was running into trouble. The Free Trade Area of the Americas (FTAA) that it wanted failed to materialize at the ministerial summit in Miami in November 2003, and it also began to realize that bilateral agreements could complement but never substitute for a comprehensive, multilateral free trade framework to promote corporate trade interests. At the same time, the G20, despite the initial defections, held firm.

To get the WTO restarted, Washington, working closely with Brussels, shifted gears. Instead of trying to destroy or undermine the G20, they moved to make its leaders, Brazil and India, a central part of the negotiations in agriculture, which was the key obstacle to any further moves at liberalization. Thus was formed in early April the informal grouping called the Five Interested Parties (FIPS or G5), composed of the US, EU, Australia, Brazil, and India. The ostensible aim of this move was to organize the discussion with close to 100 developing countries by having India and Brazil "represent" them. The FIPS, in short, was intended as some sort of Green Room, except the representation of developing countries in it was far more limited than in the regular Green Room. It was in close consultation with this exclusive grouping that WTO Agriculture Committee Chairman Tim Groser produced the proposed agriculture text of the July Framework.

The US-EU strategy was apparently to bring Brazil and India into the core group of the negotiations, and then accede to these countries' core demands in order to detach them from the rest of the developing countries.

India. The key concern for India was to avoid the so-called "Swiss Formula" for cutting tariffs that would require deeper cuts on its highest agricultural tariffs relative to other tariffs, something on which it saw eye to eye with the European Union. According to one developing country negotiator, India's main focus for the General Council was protecting its tariffs and it was not going to push hard on the issue of eliminating agricultural subsidies so as not to endanger the EU's support for its position on tariffs. (12) Both the EU and India were comfortable with a "Uruguay Round" approach to tariff cuts that would focus on an average cut across all agricultural lines and not "discriminate" against their highest agricultural tariffs. Such a formula, they felt, would allow them to maintain tariff levels that would be high enough for their most protected commodities to survive another round of cuts. There were developing countries, however, for which even a Uruguay Round approach would be too drastic, for example Honduras, Sri Lanka and Indonesia.

Brazil. For Brazil on the other hand, removing agricultural subsidies was its concern, and here it got its way-or thought it did. The final text affirmed the phase-out of export subsidies as well as certain categories of export credits. The big winner with the phase-out of subsidies is said to be Brazil, with some estimates placing its gains as some $10 billion. According to Brazilian Foreign Minister Celso Amorim, the July decision marked the "beginning of the end" of export subsidies. Yet, as noted earlier, the Brazilian "gains" are not secure unless locked in by the modalities of the negotiations. A specific end-date for the elimination of export subsidies will only be clinched in the next phase of discussions. Moreover, even when elimination has supposedly taken place, the EU has been known to replace export subsidies with indirect export subsidies by way of direct payments to farmers under the Green Box. This is, in fact, the intention of the current Common Agricultural Policy (CAP) reform. Furthermore, the framework left untouched the Green Box, which houses up to 70 per cent of US' total subsidies. Even the most optimistic analysts cannot say for certain that overall levels of support from the two agricultural giants will be brought down. In fact, it is predicted that subsidy levels will be maintained if not increased.

It was not that India and Brazil were not sensitive to the demands of other developing countries. In fact, they were given high marks for consulting the different developing country groupings. It was simply that by becoming central actors in the elaboration of the proposed framework, they had put themselves into an impossible situation. And the more meeting their own interests began to diverge from a strategy of promoting the interests of the bulk of the developing countries, the more they trumpeted the claim that the July Agreement on agriculture was a victory for the South. It is testimony to the prestige of India and Brazil among other countries in the South that it was only belatedly, a few weeks after the July Accord, that the reality began to sink in among many developing countries that they had been out-manoeuvered.

With a framework agreement on agriculture—the most decisive negotiating area for most developing countries—in place, the trade superpowers rode the momentum to pressure developing countries into agreements on NAMA, services, trade facilitation and other areas.

(B) WILY NEGOTIATING TACTICS

In addition to veiled threats and power plays, a wily negotiating strategy on the part of the EU and the US was another reason for the developing country setback. The moves of the trade superpowers were calculated to put the developing countries on the defensive. Often, working together in a coordinated fashion, they had the negotiating advantage vis-à-vis a much larger set of countries whose many interests had to be reconciled with much effort into common negotiating positions.

One example of the Washington's skillful exploitation of its negotiating advantage was its strategy on the Blue Box in the agricultural talks. To get a new, expanded Blue Box, Washington distracted the developing countries' attention by putting forward the demand that they reduce their *de minimis* domestic supports (that is, the allowable rate of subsidization of their production). Thrown on the defensive, these governments spent so much energy justifying their subsidies that they were only too relieved when the US stepped back to compromise on the issue in return for their agreeing to the expansion of the Blue Box.

Similarly, just before the General Council meeting, the European Union suddenly introduced the proposal for "sensitive products" to protect some 20-40 per cent of its products from significant tariff cuts. Worried that the EU might put blocks to their demand for protecting "special products" or commodities essential to their food security, the developing country negotiators acquiesced.

(C) INSTITUTIONAL COUP

But probably the most important process or procedural victory registered by the trade superpowers was to shift the effective locus of decision-making from the ministerial to the General Council -though this was, of course, accomplished with the support of influential governments such as India and Brazil.

After the collapse of the Cancun ministerial, the developed country governments apparently realized that the ministerial, the prime decision-making mechanism of the WTO, is also its key point of vulnerability. The WTO Consensus rule-a process that has been managed by the so-called Quad, composed of the US, EU, Japan, and Canada —works best in smaller, more non-transparent settings. (13) In a larger, more open meeting, it can become a disaster.

Ministerials, the trade superpowers realized, invite a debacle for several reasons:

- They attract citizens and citizens' groups, thus subjecting negotiators to popular pressure.
- They ensure the presence of the press, thus forcing the proceedings to be less non-transparent than usual.
- They highlight the contradiction between formal sessions, which are reserved for speechmaking, and informal meetings where the real decisions are made, thus exposing the organization to the charge of being non-transparent and non-democratic.
- They bring representatives of national governments, such as trade ministers and environmental ministers, many of whom are more sensitive than Geneva-based negotiators to popular pressure and are not socialized into the Geneva culture of negotiations.

The interaction of these elements produced the collapse of the third ministerial in Seattle and the fifth ministerial in Cancun, with the role of civil society mobilizations being clearly most decisive in Seattle. The absence of one vital element-civil society mobilizations-in Doha, Qatar, contributed to a manageable, successful ministerial that was a disaster for the developing countries. (14)

Learning from Doha, the trade superpowers, with the acquiescence of influential countries like India and Brazil, manoeuvered to push the General Council, which meets in Geneva, to make the major decisions that traditionally belonged to a ministerial. The Council meeting in Geneva at the height of summer consisted mainly of professional negotiators and other governmental representatives of non-ministerial rank. Indeed, there were said to be only around 40 ministerial level representatives out of 147 present. Equally important, there was but a sprinkling of civil society organizations, and those who were present were prevented from demonstrating by the Swiss police. Many of them were also banned from being present at the WTO proceedings, thus severely restricting their interaction with delegates.

In a very real sense, then, the July General Council meeting was an institutional coup, one that could provide a precedent for future decision-making. UNCTAD warns that Hong Kong may be transformed into a 'stocktaking session'. (15)

5. A DERAILMENT STRATEGY FOR HONG KONG

(A) NO DEAL IS BETTER THAN A BAD DEAL

The dynamics of the July Framework make it highly unlikely that the developing countries will get a ministerial decision which would serve their interests. The psychological war that was so prominent in the lead-up to the July Agreement is again in motion in the lead up to Hong Kong. Already, developed country groups have warned that unless the poorer countries make better offers on their services, "Hong Kong will fail." (16) Likewise, at a recent meeting in Mombassa, Kenya, developing country demands for movement on Special and Differential Treatment met with the same response: the more advanced developing countries should be graduated out of SDT. (17) But on 1 November 2005, the G33 appeared to stand firm that SP and SSM must be included with the same level of specificity as the other areas of market access pillar. Also, there is as yet no sign that the EU is prepared in Hong Kong to set a specific date for the ending of export subsidies. (18) At the same time, France is questioning the EU's capacity to negotiate tariff and subsidy reductions on its behalf, and is threatening to veto EU proposals, And the US has reiterated that it is no mood to make concessions on Mode 4 of GATS. (19)

The US-EU "psywar," unfortunately, is taking its toll on the South. Instead of standing up to pressure from the North, the G20, in its final declaration after its meeting in New Delhi on the third week of March 2005, stated that an agreement on modalities in the Hong Kong ministerial must be compatible with the July Framework and in line with the Doha Declaration; that negotiations on agriculture must be "intensified to stimulate progress in all other areas of negotiation" (a persistent demand of the EU and US); and that a first "approximation" of modalities must be ready for the General Council meeting in July 2005.

With little chance of getting a conclusion to the Doha Round that would be beneficial to the interests of developing countries, the only viable strategy is to prevent a ministerial agreement that would simply perpetuate the inequities of the current system. In Cancun, the developing countries and civil society ultimately came around to the position that no deal was better than a bad deal. With the July Agreement already serving as a framework for the Hong Kong Ministerial document, a strategy to derail the Ministerial is even more valid today. No deal is better than a bad deal since the only possible deal is one that would further consolidate the underdevelopment, marginalization, and immiseration of the South.

In brief, here are some reasons why:

1. The Framework Agreement for Agriculture is nothing but a massive dumping enterprise aimed at developing countries that will exacerbate the massive displacement of small farmers taking place under the current Agreement on Agriculture.

2. NAMA (Non-Agricultural Market Access) is a prescription for the deindustrialization of developing countries, increased unemployment, and bankruptcy of small, medium, and even big national enterprises.

3. The July Framework creates unwarranted pressure on developing countries to open up their services to transnational corporate control.

4. Trade facilitation negotiations are mainly the opening wedge for the other, more threatening new/ Singapore issues (investment, competition policy, government procurement)

5. The July Framework and subsequent negotiations prioritise the agenda of the developed countries and disregards the primary concerns of developing countries, which are special and differential treatment and implementation issues.

(B) **NO TO A "STOCK-TAKING MINISTERIAL**

If derailing the ministerial is the key strategic objective, then it is important first of all to make sure that the ministerial is a decision-making ministerial and is not converted by the developed countries into a stocktaking exercise whose input would feed in to a General Council Meeting like the July 2004 meeting. This danger must not be underestimated since, as noted earlier, the big trading powers have become paranoid about the way large mobilizations can interact in unmanageable ways with the postures of the developing countries at the height of negotiations.

(C) **PREVENTING CONSENSUS**

Assuming that the ministerial remains a decision-making ministerial, the movement must focus on the key point of vulnerability of the WTO decision-making process: the consensus rule. Concretely, it will mean preventing consensus from emerging either before or during Hong Kong in any of the key negotiating areas. The earlier gridlock can be brought to prevail in the negotiations the better it will be for the developing countries.

6. **TAKING STEPS TO DERAIL HONG KONG**

Derailing the ministerial will be a complex operation that will involve articulating mass campaigns at the national level and Geneva-based lobbying and mobilization leading up to coordinated lobby work and mass mobilizations in Hong Kong and elsewhere during the mid-December ministerial.

(A) **LOBBYING YOUR WTO TRADE DELEGATION**

Much of this work can take place by lobbying your WTO trade negotiators based in your capitals or in Geneva.

- Pressure Brazil and India not to take any more unilateral initiatives and to carefully coordinate their moves not only with other members of the G20 but also with other blocs, such as the G33 and the G90. India and Brazil should be pressured to leave FIPS (Five Interested Parties) and put pressure on all parties (e.g., G20 and EU) to dissolve FIPS. To achieve this, other developing countries should be encouraged to openly speak up against FIPS as the main negotiating forum for the agricultural interests of all developing countries. This is rather urgent since the FIP process has resumed following the mini-ministerial in Kenya in early March, with much the same dynamics. As a TIP/IATP update on events in Geneva warns, the process has dangerous implications not only for the agricultural negotiations: "Some sources in Geneva say this type of process-possibly with the addition of a few more key countries-is considered as a possible model for other areas of negotiations, such as NAMA. This approach to negotiations shows the continued tendency for WTO Members to conduct negotiations that claim to be on behalf of everyone, yet only reflect the interests of the biggest powers." (20)
- Pressure the G20 to push a strong collective stand, especially against the Agriculture Framework and NAMA.
- Pressure G33 to strongly protest and resist efforts by the EU to impose the category of sensitive products and expose the lack of real commitment of developed countries to special safeguard mechanisms and special products.
- Pressure G90 especially to stymie negotiations on trade facilitation by portraying this as really an opening wedge for other, more threatening new issues.
- Raise the process and democracy issue strongly by denouncing the General Council as usurping the functions of the Ministerial. Denounce and oppose efforts to make Hong Kong a "stock taking" session rather than a decision-making session.
- Oppose the holding of more "mini-ministerials" and other informal decision-making processes. Justified as necessary to facilitate the negotiation process, WTO mini-ministerials, where a few handpicked countries are invited to attend, are informal processes that have actually been used to undermine the formal decision-making process of the WTO based on majority rule. Not surprisingly, mini-ministerials are often used to reach decisions unfavorable to the South. (21) Already, in 2005, mini-ministerials have been held in Davos, Switzerland, in late January, and Mombassa, Kenya, in early April. A mini-ministerial on NAMA is slated for Tokyo on April 10 and another for Paris on May 3-4.

  Also to be opposed are informal group decision-making meetings such as "Senior Officials Meetings" (SOM), one of which will be hosted by Canada in Geneva on April 18-19, where about 30 countries are expected to attend.

  This proliferation of informal meetings dominated by the North reveal that as Hong Kong approaches, the decision-making process is becoming more informal and non-transparent to conceal the escalation of pressure on the developing countries to make concessions.

(B) NATIONAL MASS CAMPAIGNS

At this level, the priorities should be to:

- Expose the transnational corporate agenda behind the agreement on agriculture (AOA), NAMA, and GATS.
- Concentrate on building up comprehensive national mass campaigns against the July Framework. This will mean getting NGOs working on the WTO to work more closely with trade unions, farmers' groups, and other social movements.
- Create or consolidate lobby work on legislators and trade bodies, and coordinate this with national mass campaigns.
- Coordinate national level lobby work and national mass campaigns with pressure work on government negotiators in Geneva at critical junctures.
- Work closely with media in order to get them to report more critically on WTO processes.

(C) HONG KONG, D-DAY, 13-18 DECEMBER 2005

Hong Kong must be seen not as the start but as the culmination of an international process that began months before.

As in Cancun, numbers will make a difference. Thus no effort must be spared to draw thousands of demonstrators from all over the world, but particularly from North and Southeast Asia and from Hong Kong itself. Mobilizing the numbers for Hong Kong must be a central part of the agenda of the national mass campaigns, especially those in Northeast and Southeast Asia. Mass demonstrations should be staged in other parts of the world, along with acts of civil disobedience, and these actions should be synchronized with the Hong Kong actions.

We must prepare not only for demonstrations and teach-ins but also for massive civil disobedience. In this regard, organizers must be prepared to appeal to Hong Kong authorities' rhetoric about respecting individual and civil rights to create maximum space for different varieties of mass action.

Drawing from the successful tactics of the Our World is not for Sale (OWINFS) network in Cancun, there must be effective but flexible coordination of lobby strategy within the ministerial, civil protest within the ministerial premises, and mass protests and civil disobedience outside the ministerial meetings.

The Hong Kong People's Alliance on the WTO is the coordinating center for major activities.

Broad unitary coordination with tactical flexibility should be the principle of the mass/lobby actions.

7. DON'T FORGET THE SECOND FRONT

While making the Hong Kong ministerial a major objective, we should not lose sight of the fact that the WTO is one of two fronts where the trade superpowers are pursuing their trade liberalization agenda. The other is regional and bilateral agreements such as the Free Trade of the Americas and the US-Thailand Free Trade Agreement. The trend is disturbing. There are 215 regional trade agreements in force today and the number is expected to exceed 300 by 2007. (22) Many of these are North-South RTAs where "negotiations tend to result in deeper market access and higher regulatory standards than negotiations at the multilateral level." (23) Thus even as we focus on the WTO, we must not let down our guard against developed country initiatives to corral developing countries into FTAs and RTAs.

At the same time, we should not be fooled into believing that the WTO is more acceptable than FTAs and RTAs because it is a multilateral forum with "universal rules" that every country, big and small, is supposed to comply with. If recent US and EU diplomacy is any indication, FTAs and RTAs are seen as complementary, not contradictory to the WTO, in pushing the interests of the trading powers. The WTO sets an initial level of mandatory liberalization that RTAs can build on for more thoroughgoing liberalization.

8. ALTERNATIVES

Following a derailment strategy will bring up the inevitable question about what the alternative is. Components of an alternative framework could be informed by the following:

- the WTO is a relatively new organization, and world trade functioned pretty well without a centralized institution and system of rules before its establishment in 1995;
- the alternative to a centralized global institution like the WTO is not "chaos," as the big trading powers would like to paint it, but more space that would enable countries to adopt diverse national strategies that respond to the values, priorities, and rhythms of different societies (as opposed to the neo-liberal, one-shoe-fits-all model imposed by the WTO);
- the interests of developing countries can best be served by a pluralistic system of economic governance in which many institutions such as the United Nations Conference on Trade and Development (UNCTAD), International Labor Organization, multilateral environmental agreements, regional economic blocs, and a radically scaled down and disempowered WTO, check and balance one another and thus provide countries with "developmental space";
- regional economic blocs formed on the principle of subordinating trade to development needs and coordinating economic activities other than trade while respecting the principle of subsidiarity (that is, that production should, as much as possible, be locally based) may be an important component of the alternative to the WTO-centered governance of neo-liberal globalization.

9. CONCLUSION

The stakes are high as we approach Hong Kong. One outcome could be that the WTO finally gets to be consolidated as the engine of liberalization of trade and other key dimensions of economic activity such as investment. Another is that it unravels a third time and becomes permanently crippled as an agent of the global neo-liberal agenda. Hong Kong could be the Stalingrad of the WTO, its high water mark, when the drive to roll it back gets the upper hand and gains an unstoppable momentum. The outcome, to a great extent, depends on us-our determination, our strategy, our tactics.

** Focus would like to thank Aileen Kwa and Alexandra Strickner for their assistance in the preparation of this paper. This article first appeared in Focus on Trade #108, April 2005.* http://www.focusweb.org. *It is updated as at November 2005.*

Endnotes

1. *C. Fred Bergsten, Director of Institute of International Economics, Testimony before US Senate, Washington, DC, Oct. 13, 1994.*
2. *Oxfam International, "Arrested Development? WTO July Framework Agreement Leaves Much to be Done," August 2004, p. 1.*
3. *Many civil society organizations see the problem with the AOA as going beyond the US and EU's efforts to retain their subsidies. Even if the EU and US were to do away with their subsidies, they argue, the resulting global free trade framework would be detrimental to smallholder peasant agriculture, which would be forced to turn from serving the domestic market to competing as well in the international market. In this process, economies of scale, capital needs, and effective market penetration would unleash a process of concentration that would lead to the displacement of small farmers and to concentration of production under agribusiness. Under a WTO framework, small farmers would also continue to be subject to a patent regime serving not their interests but those of northern agribusiness. For these reasons, many farmers' organizations such as Via Campesina no longer see the WTO as a suitable framework within which to promote the interests of small farmers, both in the South and in the North.*
4. *United Nations Conference on Trade and Development (UNCTAD), "Review of Developments and Issues in the Post-Doha Work Program of Particular Concern to Developing Countries: a Post-UNCTAD XI Perspective," Note by the UNCTAD Secretariat, Aug. 31, 2004, p. 12.*
5. *Alexandra Strickner, IATP, Personal Communication, Porto Alegre, Jan. 29, 2005.*
6. *Estimated from UNCTAD, p. 13, and "Countries Warn on Services Market Access, Fear Hong Kong Failure," Inside US Trade, Dec. 10, 2004*
7. *UNCTAD, p. 14.*
8. *Oxfam International, "One Minute to Midnight: Will WTO Negotiations in July Deliver a Meaningful Agreement?," Oxfam Briefing Paper, No. 65, July 2004, p. 8*
9. *Oxfam International, "Arrested Development…," p. 1*
10. *See fuller account of this in Walden Bello and Aileen Kwa, "G 20 Leaders Succumb to Divide and Rule Tactics: the Story Behind Washington's Triumph in Geneva," Focus on the Global South website, posted Aug. 10, 2004: http://www.focuweb.org/main/html/Artcile 408.html? In fact, as Dot Keet reminds us, it was the G 90, not the G 20, that started the walkout that brought down the Fifth Ministerial. Statement at Seminar on G 20, Porto Alegre, Jan 30, 2005.*
11. *Walden Bello and Aileen Kwa.. A longer account of this is given in Walden Bello, Dilemmas of Domination: the Unmaking of the American Empire (New York: Metropolitan, 2005), pp. 179-192*
12. *The Indian government's position on subsidies had been watered down by its informal alliance with the EU on the tariff issue after the Doha Ministerial before the EU abandoned the Indians to align themselves to a common position with the US in the period leading up to Cancun.*
13. *Bergsten.*
14. *It must also be pointed out that there was one other contextual factor working to the disadvantage of the developing countries: the post-Sept. 11 atmosphere, which the US exploited by claiming that failure of the developing countries to move forward on multilateral negotiations was tantamount to abetting terrorism.*
15. *UNCTAD, p. 7*
16. *"Countries Warn on Services Market Access…," Inside US Trade, Dec. 10, 2004*
17. *Washington Trade Daily, March7, 2005.*
18. *Owing to strong reactions from developing countries, however, the EU may set a phase-out date before or during the Hong Kong Ministerial. Nonetheless, as we have pointed elsewhere, subsidization will continue via other channels, like the Blue Box or the Green Box.*
19. *"Countries Warn on Services Market Access…," Inside US Trade, Dec. 10, 2004*
20. *Carin Smaller, "Too Much, Too Fast: What Happened to the Doha Development Agenda," Trade Information Project/Institute for Agriculture and Trade Policy Geneva Office, March 24, 2005.*
21. *See Fatoumata Jawara and Aileen Kwa, Behind the Scenes at the WTO (London: Zed, 2003), p. 280.*
22. *UNCTAD, p. 19*
23. *Ibid.*

The Derailer's Guide to the WTO: ***Section 2***

Ten reasons why no deal is better than a bad deal

At the 6th WTO Ministerial in Hong Kong, **no deal is better than a bad deal** since the only possible deal that can come out of ongoing negotiations is one that would further consolidate the underdevelopment, marginalisation and immiseration of the South. Here are ten reasons why:

1. Dumping: A new deal would force developing countries to open their agricultural markets further to the entry of highly subsidized products, thereby undercutting the prices of local produce, undermining local livelihoods and exacerbating distress migration.

2. Domination: A new deal is about domination of the world's markets by the trading superpowers and their transnational corporations, at the expense of peoples' rights and livelihoods.

3. Denial: Developing countries have repeatedly called for mechanisms to protect their food security and the livelihoods of their rural populations under the Agreement on Agricutlure. The US and EU have consistently denied them of these options.

4. De-Industrialization: A new deal would lead to de-industrialization, and the killing off of fledgling local and domestic industries in developing countries, which will result in job losses, unemployment and greater poverty.

5. Destruction: A new deal would force developing countries to liberalise sensitive sectors such as fisheries and forestry on which millions of rural livelihoods depend. The Non-Agricultural Market Access agreement (NAMA) would push for more exports of fisheries and forestry products, destroying small scale fisheries and communities.

6. Deprivation: A new deal would open up the services sector to liberalisation, including critical public services such as water, power, health and education, limiting access to these services to only those who can afford it and depriving everybody else. By letting the Trade Related Intellectual Property (TRIPs) Agreement remain as it is, millions of people in the world will be deprived access to essential and life saving drugs.

7. Disempowered: The General Agreement on Trade in Services (GATS) would 'lock-in' countries to liberalization of services and limit the options for developing countries to regulate these service sectors in accordance with their development priorities. The new proposed "benchmarking" approach in GATS would force countries to open up sectors that they do not want to liberalize and undermine public interest everywhere.

8. Diminished: By further entrenching the power of the rich trading nations of the North, a new deal would aggravate the imbalance in world trade instead of address it. This will diminish any hopes for least developed and developing countries to have true development.

9. Danger: A new deal would lead to more not less WTO-plus bilateral and regional free trade agreements, as it would set the ground for deeper and faster liberalization. Intellectual Property Rules (IPRs) under the WTO and WTO-plus trade agreements will deepen threats to bio-diversity, traditional knowledge and the rights of indigenous peoples all over the world.

10. Development: And finally, no deal is better than a bad deal because there is nothing developmental about this round and there is absolutely nothing for developing countries and majority of the world's peoples to gain from this deal.

Focus on the Global South
The full Derailer's Guide to the WTO*, and the accompanying video,* Why the WTO is really bad for you*, can be downloaded at www.focusweb.org*

The Derailer's Guide to the WTO: ***Section 3, Part 1***

Intransigence in Agriculture

Agreement On Agriculture (AoA)

What is the AoA?

The Agreement on Agriculture (AoA) is one of the most controversial agreements under the **World Trade Organization**[1] (WTO) regime. The objective of the AoA, which came into effect in 1995, is to reduce barriers to trade (such as **tariffs**, quotas and subsidies) thereby making domestic and global agricultural sectors more market-oriented. The rationale is that the removal of such trade-distorting measures will increase the volume in trade from which all countries, including developing countries, will benefit. ***Focus on the Global South*** however questions the validity of this neo-liberal argument, citing countless reports detailing the negative effects of WTO-enforced **liberalization** on developing countries and their mostly rural populations.

The AoA is anchored on three main provisions or 'pillars' - Market Access, Domestic Support and Export Competition. Negotiations at the WTO are currently taking place in all three of the pillars, and cover such topics as tariffs, **export subsidies** and the permitted levels of support provided to farmers.

The three pillars of the AoA are:[2]

Market access is the extent to which a country regulates the importation of foreign products. The market access provisions of the AoA aim to progressively lower protectionist barriers to trade. The agreement calls for the conversion of all **non-tariff barriers** (such as quotas) to tariffs, in a process known as **tariffication,** and the reduction of all tariffs:

- by 36% on average, and a minimum of 15 % per tariff line for *developed* countries; and,
- by 24 % on average, and a minimum of 10 % per tariff line for *developing* countries.

Members are also directed to make concessions on liberalization through other mechanisms such as tariff rate quotas (TRQs) and minimum access volumes (MAVs).[3]

The importance of this pillar lies in the ability of a country to protect its domestic agricultural production (including essential crops such as rice and corn), its local farmers and the livelihoods of its rural populations. That is why many developing countries are opposed to cuts to their existing tariffs, which in the absence of expensive subsidies, have been their only means to support their farmers. They are demanding mechanisms to be established to protect them from surges of commodity imports or a sudden fall in the world price of commodities. At the same time, many developing countries are also demanding greater access to developed country markets, through the reduction of developed countries' import tariffs, so that developing countries are able sell their agricultural production overseas.

Domestic Support refers to monetary support given by governments to their agricultural producers either for production, or in more general forms, such as infrastructure and research. The AoA classifies these supports into three boxes:

- the Amber Box for production and trade distorting subsidies;
- the Blue Box for direct payments under production-limiting programmes; and,
- the Green Box for minimally or non-trade distorting support.

Support is also classified as either those with ceiling levels and those without ceiling levels (caps). A *de minimis* clause in the agreement allows countries to maintain a certain level of trade and production distorting support (measured as Aggregate Measure of Support or AMS).

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1 All words in bold are defined in the Glossary included at the end of this Guide.

2 Bello, Walden and Kwa, Aileen, 'Guide to the Agreement on Agriculture: Technicalities and Trade Tricks Explained', Focus on the Global South, 1998.

3 TRQs and MAVs are based on a percentage of volume of consumption for the base year of 1986-88. MAV is a commitment to allow importation at a lower tariff rate called "in-quota tariff".

For developed countries this level can be up to 5 % of the value of production for both individual products (product specific) and 5 % of the value of total agricultural production (non-product specific). For developing countries, support of up to 10 % is allowed in both categories.

Domestic support is one of the most controversial issues being negotiated at the WTO. That is because much of the support that the EU and the US provide to their farmers is hidden or wrongly classified in the boxes. The result is that support, which should be illegal or at least disciplined under WTO rules, continues to distort trade. Developing country farmers feel the effects of this the most, as trade distorting domestic support depresses world market prices and results in dumping of cheap products in developing country markets. By shifting their support for farmers into an (expanded) blue and (uncapped) green boxes, the EU and US will continue to **dump** their products on the developing world (see below for further details).

Export Competition refers to support or subsidies that allow countries to directly support their exporters. The consequence is that the rich developed countries of the north are able to export goods on the world market at prices lower than those in their domestic markets, and often at prices which are significantly lower than their cost of production (also known as dumping). As Oxfam points out, the EU exports sugar and beef at 44 and 47 per cent respectively of their internal cost of production. Similarly U.S. wheat is sold abroad at an average price of 35% of what it cost to produce it and cotton is sold abroad at an average price of 47% of what it cost to produce.[4]

The AoA aims to set disciplines in export subsidies, including among others:

- direct subsidies, including payments in kind, contingent on export performance;
- sale by governments or their agencies of non-commercial stocks at prices below domestic market prices; and,
- internal transport subsidies for exports.

However, the reality is that developed countries continue to dump goods on developing countries. The latest negotiations under the July Framework do not explicitly set a time frame for the elimination of export subsidies.

The Indian dairy sector under threat from dumping

In India, the dairy sector has been hit hard by subsidised exports from the EU. In 1999-2000 India imported over 130,000 tonnes of EU skim milk powder. This was the result of EUR 5 million export subsidies that were provided to EU producers. EU subsidies to butter exports are also extortionately high. Consequently, butter oil import into India has grown at an average rate of 7.7% annually. This has had a dampening effect on prices of ghee in the domestic market. Ironically, India is the biggest producer of milk in the world. What is more worrying for India is there are now signs of declining productivity growth for many agricultural products in India, which will have severe implications for the majority of the population.

Devinder Sharma, WTO and Agriculture: The Great Trade Robbery, 2003[5]

Government of India statistics illustrate the consequences of subsidised commodities:[6]

- sugar imports increased from 29000 tonnes in 1996-97 to 932,300 tonnes in 2004-05;
- edible oil imports increased from 1.061 million tonnes in 1995-96 to 5.290 tonnes in 2003-04; and,
- cotton imports increased from 29200 tonnes in 1996-97 to 387000 tonnes in 2001-2002.

The impact of WTO induced trade liberalisation coupled with the removal of quantitative reduction (QR) (under WTO obligations) and the reduction of import tariffs, has resulted in the prices of several commodities falling sharply.

For example in Kerala, since the removal of QRs on 714 items in April 2000, most of the agricultural commodities of Kerala have been showing a steady decline in the market prices. The unprecedented fall in prices of all cash crops have devastated the farmers of Kerala.[7]

According to Department of Agriculture, Government of Kerala, during 2000 the farmers of Kerala have suffered an annual loss of Rs. 6645 crores[8]

4 Oxfam International, A Round for Free, How rich countries are getting a free round on agricultural subsidies at the WTO, June 2005, page 3, accessed at www.maketradefair.com

5 As quoted in the Practical Guide to the WTO for Human Rights Advocates, 3D and FORUM-ASIA, 2004, page 62.

6 Statistics from the Director General of Commercial Intelligence & Statistics, Ministry of Commerce, India.

7 The coconut price collapsed from Rs. 6 per piece in 1999 to Rs. 2 in Jan 2001. Similarly the price of coffee is down from Rs. 68/kg to Rs. 26/kg.

8 One crore is10 million.

due to the price fall of major plantation crops alone, such as coconut and rubber, making the Kerala economy fragile and vulnerable.

'The large scale of farmers suicide in India in recent years is one of the severe impacts of WTO. In last 10 years and especially since India joined WTO in 1995, more than 25000 farmers in different parts of the country have committed suicides and it is still continuing. One of the key reasons of the farmers' suicide is the surge of cheap subsidised imports of agricultural commodities.'

Senior farmer leader, Mr. Mahender Singh Tikait of Bhartiya Kissan Union (BKU), India.

From Doha to Cancun

WTO Ministerials take place every two years and bring together the trade ministers from all the WTO member countries to make final decisions on trade negotiations. The period from the Doha (4th) to the Cancun (5th) Ministerial saw developing country priorities and demands sidelined in the interests of the larger northern trading powers.

At the WTO 4th Ministerial Meeting in Doha, Qatar in November 2001, a new comprehensive round of trade negotiations was launched. In agriculture, the Doha Development Agenda (DDA) mandates 'substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support.' The DDA also mandated the establishment of new **modalities** for further commitments. What was labelled by some as a development agenda, in fact turned out to be nothing more than a continuation of the WTO's liberalisation agenda.

The draft documents on new modalities were circulated from February to March 2003 by the WTO's Agriculture Committee, which was headed at that time by Stuart Harbinson. The 'Harbinson document' as the text came to be known was a highly bracketed[9] document that pushed for further market concessions – with tariff cuts ranging from a low of 25 % to a high of 60 % reductions – and the retention of domestic subsidies in the North in the form of blue and amber box supports.

The 13 September 2003 draft text on agriculture was heavily criticized during the 5th WTO Ministerial Meeting in Cancun. **Focus on the Global South** called for the rejection of the draft text for it "[the text] does not redress the existing imbalances in the agriculture agreement. There is no attempt to reduce domestic supports and export subsidies, as called for by the majority of developing countries and also no attempt has been made to address concerns of small farmers. In fact, it will increase these imbalances since it very clearly allows developed countries to continue their subsidies and dumping, even as developing countries are asked to take on drastic tariff cuts!"[10]

The Ministerial Meeting in Cancun collapsed with no agreements on key areas of negotiations including agriculture, non-agricultural market access (NAMA – see the relevant section of this Guide for further details) and the **new issues**.

Revival through the July framework

The Doha round negotiations however were quickly revived with the forging of an agreement on a framework for the negotiations at the General Council Meeting in Geneva in the last week of July 2004. The negotiations that produced Annex A of the so-called 'July Framework' for agriculture were held only among a small group of five countries (Five Interested Parties or FIPS) which included the US, EU, Australia and two of the most influential members of the Group of 20 (G20) - Brazil and India.

The second draft of the framework was written by Tim Grosser the chairperson of the Committee on Agriculture based on the FIPS discussions. The second draft was then discussed by a group of around 20 countries in a green room process.[11] The outcome was a draft endorsed by the 20 countries. This draft was then presented to the other WTO members. With endorsement already secured from the major players, there was intense pressure for all members to agree to the July Framework's terms.

What's wrong with the new proposal?

The framework for the agriculture negotiations will remain focused on the three pillars – market access, domestic support, and export competition despite the many issues and problems that have arisen since Doha, and the collapse of the WTO Ministerial Meeting in Cancun in September 2003. These much broader concerns include dumping, declining commodity prices, food security, livelihoods, and rural development.

WTO orthodoxy is that all of these (pillars) must be cut – despite a decade of evidence that the model

9 In WTO negotiations, the number of brackets in a document indicates the level of disagreement between negotiators.
10 Focus On The Global South: Call On Governments to Reject Agriculture Text, September 2003 Press Release.
11 A green room process refers to informal discussions among a select number of WTO members. Such processes have been criticised because they are exclusionary (particularly towards developing countries) and unaccountable.
12 Murphy, S. A "Truly Historic" Trade Agreement: Analysis of the Institute of Agriculture and Trade Policy. August 2004.

of agricultural 'liberalization' supported by these "pillars" has been disastrous for farmers and rural development everywhere.[12]

Despite the **Special and Differential Treatment** (S&D) rhetoric in the Doha Declaration, the AoA remains one of the most iniquitous agreements in the WTO, in effect providing special and differential treatment to developed countries rather than developing countries. The promised benefits from agricultural liberalization and subsidy reduction in the OECD countries under AoA have not been fulfilled.[13]

A number of issues put forward by developing countries on inter-linkage mechanisms (to allow flexibilities for adjustments on tariff levels as a means of protection against subsidized imports), cotton, and special products (to protect food security, livelihood security and rural development) among others have been included in the framework. The inclusion of these sections is an attempt on the part of the WTO Agriculture Committee to reflect the demands made by developing countries in negotiations prior to Cancun. Like many other demands from developing countries however, the sections which would potentially favour developing countries remain vague and without any detail on clear commitments or ways to move forward.

On **market access** the objective of the negotiations is to realize substantial improvements in market access based on the following principles: [1] tariff reductions will be made from bound rates, [2] each member (other than LDCs) will make a contribution, and [3] progressivity in tariff reductions will be achieved through deeper cuts in higher tariffs with flexibilities for sensitive products. Substantial improvements in market access (meaning tariff reductions) will apply to all products.[14]

The framework mandates the use of a single tiered formula approach for market access, but in different bands. Tariff reductions would have to be applied on the bound rates (something to benefit the rich nations). Many of the issues about the number of bands, percentage cuts for each bands, and tariff caps remain under negotiation.

Like many other provisions in the framework, the one on **sensitive products** will hurt developing country interests twice over. First, the text recognizes and gives a go-ahead signal for developed countries to protect "sensitive products", meaning rich nations would also be given the flexibility to protect some products that are deemed sensitive while calling for tariff quota expansion and tariff reduction on all other products including products of interest to developing countries

In the area of **Special Products** for developing countries, there are no details given, which the SP group have been calling for – such as self-selection on the basis of stated criteria and no tariff reduction. This discussion has evolved over 7 years - from the development box (positive list) to the negative list approach, to strategic products and now Special Products. The original recommendations have been diluted each step of the way. Developing countries have shown great flexibility in their proposals regarding Special Products, but to date have not received anything in return.[15]

On **domestic support**, the section at first glance appears positive in favor of realizing substantial reductions in the huge trade distorting domestic support provided by developed countries to their agriculture[16]. But what this tiered formula actually does is:

- expand the definition and scope of blue box subsidies; and
- redefine the overall base of all trade distorting domestic support - to include the Final Bound Total AMS, the permitted de minimis level, and the level agreed for Blue Box payments—upon which reductions will be based.

Furthermore, the text actually forces developing countries to reduce their *de minimis* levels of support which now stands at 10 percent of total agricultural output.

The expansion of the Blue Box category legitimizes the box-shifting tactics of the United States (US). The US has been demanding an amendment to the blue box provision to allow it to continue its counter-cyclical payments to its farmers under the notorious US Farm Bill of 2002. This redefinition will allow the US to shift some $9-10 billion from the Amber Box to the Blue Box.

Since the US has currently no subsidies in the Blue Box, the agreement thus gave the nod for the US to now provide support under the Blue Box to levels up to 5 % of agricultural production value of period to

13 *Fatoumata J. and Kwa A. (2003) Behind the Scenes at the WTO: The real world of international trade negotiations, London: Zed Books. Pp 26-27.*

14 *Raghavan C. Agriculture Annex contrary to some understanding. South North Development Monitor (SUNS #5627) August 2004.*

15 *Kwa. Aileen. WTO Vehicle: A Catastrophe for Development. 30 July 2004*

16 *Estimated at around $320 billion.*

be established. The EU makes significant use of the blue box subsidies[17], above the proposed 5% limit, but has already planned to transfer a large part of these to the Green Box, and therefore should be able to meet the target without effectively reducing the level of support it provides to its farmers.[18]

Far from moving towards substantial reduction of subsidies, the framework actually provides a cushion to the US and EU to raise farm subsidies from the existing level.

On **export subsidies,** the section does not prescribe clear end dates for elimination of these subsidies. The framework prescribes only that commitments and disciplines will be implemented according to a schedule and modalities to be agreed. It goes on to state further that commitments will be implemented by annual instalments with equivalent and parallel commitments by Members.

Negotiations update

In agriculture, which clearly remains the key area of negotiations and on which progress on negotiations in the other areas are hinged, the debate is over the level of ambition of proposed tariff reduction formulas and clear schedules for the elimination of domestic support and export subsidies.

October 2005 witnessed a series of proposals submitted by the US, EU, G20, G33, ACP countries before and after the General Council in Geneva to speed up the AoA negotiations. However the US and EU have made their offers conditional on the progress in liberalisation of manufacturing and services sectors. In exchange for its trivial offers in agriculture, they have placed extremely heavy demands on developing countries to open up their markets under industrial tariff and services.

This would be contrary to the Doha round, and of significant concern to developing countries who maintain that these negotiations should remain separate.

On the tariff reduction formula, the US is pushing for a more ambitious formula that would "harmonize' tariff rates among countries. This harmonizing formula or the simple Swiss formula would deal deeper cuts to products with higher tariffs. This could be disastrous for developing countries with high tariffs, as the formula would require more drastic reductions to their level of protection. The EU on the other hand wants a less ambitious "Uruguay Round" type formula where tariff rates are categorized into bands and percentage cuts are prescribed per band.

A proposal from the G20 however is now being touted as the compromise formula and the starting point for continued negotiations. The G20 proposal incorporates the "banded" approach of a Uruguay-type formula with the 'harmonizing' effect of a simple Swiss formula by subjecting products in the higher bands, meaning those with higher initial tariffs, to higher cuts than those in the lower bands. Tariff caps would also be imposed to address the issue of tariff peaks, so that no tariffs would be higher than 150 per cent for developing countries and 100 per cent for developed countries. The G20 compromise formula however would undermine the interest of many developing countries that still maintain relatively high tariffs and countries that maintain a uniform tariff structure for most if not all of its products. The banded approach would force these countries to drastically and uniformly reduce all their tariffs.

With the removal of QRs and protection of special safeguard mechanisms not available to every developing country, a further reduction and binding of tariff at the lower rate would be detrimental to the agricultural based economies of the developing countries like India.

On the areas of **Special Products** and the **Special Safeguards Mechanism**, which are of interest to developing countries, the G33 (see the G-Guide) is calling for greater flexibilities for developing countries in the name of rural development, livelihoods and food security. There are however unrelenting efforts on the part of developed countries to limit the scope and effectiveness of any SP/SSM provisions. On 1st November 2005, the G33 warned the Chair of the WTO General Council Ambassador Amina Mohamed of Kenya, the WTO Director-General Pascal Lamy and the Chair of the agriculture negotiations Ambassador Crawford Falconer of New Zealand that for the G33, "it would be difficult to agree on any text where the issues of SP and SSM are not given the same level of specificity as others in the market access pillar."

The negotiations on the elimination of domestic support have barely moved at all, with the US remaining firm on maintaining its huge subsidies to its farmers contained in the US Farm Bill of 2002.

While there remains no clear timetable for the elimination of export subsidies, the EU has hinted of a possible date for the phase-out of its export subsidies. The EU's announcement of this possible date might

17 The EU has Blue Box subsidies amounting to Euro 14.31 billion.

18 Khor, M. Preliminary comments on the WTO's Geneva July Decision. Third World Network.

just cause movements in the other pillars of the agreement.

In short, while the negotiations for a new agreement on agriculture appear to be stalled at the moment, the possibilities for movement and therefore another lopsided agreement in favor of developed countries before or during Hong Kong remain firmly on the table.

In view of the plethora of proposals on Agriculture, it is extremely important for the developing countries to evaluate them with great care. They should not let this exercise turn into a mutual forgiveness between US and EU for extraction of concessions from them in industrial tariff and services. The developing countries must do their best to protect the food sovereignty of their people and interest of their farmers in the forthcoming negotiations at the 6th Ministerial in Hong Kong in December 2005.

As aptly put by a leading farmer leader of the Via Campasina from India, Chukki Nanjundaswami who demand the removal of agriculture from the purview of the WTO because 'agriculture is too important to leave it at the mercy of rich nations'.[19]

DERAILING the AOA

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How do we prevent consensus in agriculture?

To prevent consensus we should continue to exert pressure on the most vulnerable points or the cracks in the negotiations. In agriculture the critical issues to exploit are the formula for tariff reduction, the modalities and timeframes for the elimination of domestic support and export subsidies. including the controversial blue box expansion, and sensitive issues like cotton.

PRESSURE POINTS

1. The US-EU disagreement on subsidies and tariff reduction

The EU and US have unveiled their WTO "offers" with much fanfare. It looked as if huge concessions to the developing world had been made. In reality, the same game of box shifting and creative accounting, as was the result of the Uruguay Round, has once again been reproduced, only this time, with a much higher price demanded of developing countries.[20]

The US proposal has prompted a response from the EU that has caused quite a stir among Members of the European Union. France has threatened a veto on further concessions on tariff and subsidy reductions which would have an impact on their farming sector. Peter Mandelson, the EU Trade Commissioner has been put in the hot seat with France questioning whether the "final offer" that he made on behalf of the EU to reduce farm tariffs by 60 % and eliminate farm subsidies is too much and whether he has the authority to make such an offer.

We should:

- highlight the reality that these proposed cuts are "paper cuts" amounting to no substantial reduction of EU or US subsidies. It may in fact result in expansion of support.
- expose the expansion of the blue box and the box shifting strategy of the US as part of their squid tactics to skirt around commitments to reduce subsidies.
- draw attention to the fact that there are still no restrictions on the use of the Green Box despite recent rulings in the WTO (like the cotton case) that certain subsidies under the green box are in fact trade distorting.
- highlight that these "paper cuts" touted as "bold moves" on the part of the US and EU in order to "save the round" would in fact perpetuate dumping.

19 Said at a massive protest by farmers in Mumbai (India) on 2nd October 2005 (Remove agriculture from WTO's purview', Hindustan Times, 3rd October 2005).

20 Kwa, Aileen. 'Analysis of US and EU Packages: No concessions, but high price demanded of developing countries', Focus on the Global South, 16 October 2005.

21 Kwa, Aileen, 'Analysis of US and EU Packages: No concessions, but high price demanded of developing countries', Focus on the Global South, 16 October 2005.

2. Developing countries who would pay dearly for further tariff reductions

Whilst effectively nothing is being offered by those that most distort agricultural trade, the US and EU are attempting to use this occasion to extract yet more market access openings from the developing world. A minority of developing countries will stand to benefit (the corporate farmers in a small number of countries) from new market access openings, but the majority of the developing world will not.[21].

We should:

- draw attention to the possible effects of further tariff reduction on the lives of the most vulnerable sectors in these countries.
- plug in the numbers to show what the proposed formula would mean to local farmers and come up with case studies showing the impact of further tariff concessions.
- highlight the plight of small farmers in those countries whose livelihoods have already been devastated under a liberalized regime - such as in the Philippines, Thailand, and Indonesia which have already relatively low agricultural tariffs.

The debate over the level of ambition of a new tariff formula misses the whole demand of farmers through out the developing world for greater support and protection. What farmers in these countries need is a respite from tariff reduction. Arguing over a new formula is tantamount to asking whether we want a slow or a quick and sudden death for farmers.[22]

3. Maximum Demands on Special Products

The engagement with the G33 on the issue of Special Products (SP) should be based on a maximum demand for protection of agriculture in developing countries on the basis of food security, rural development and livelihood concerns. The flexibilities under the SP/SSM provision should include exemption for further tariff cuts, the right to impose additional duties against subsidized imports and the right to re-instate quantitative restrictions on certain products.

We should:

- continue to put pressure on goverments within the G33 to ward off attempts by the developed countries to reduce the scope and effectiveness of SP/SSM. Key countries here include Indonesia and the Philippines.
- keep up the pressure on their negotiators to oppose a new deal that would undermine food security, rural development and livelihoods.

22 Purugganan, J., 'Philippines Cannot Afford A New Deal', paper presented before the Philippine Congress, Focus on the Global South, 31 August 2005.

Ratcheting up the Pressure in Services

General Agreement on Trade in Services (GATS)

What is the GATS?

The World Trade Organisation (WTO) describes the General Agreement on Trade in Services (GATS) as *'perhaps the most important single development in the multilateral trading system since the* ***GATT***[1] *itself came into effect in 1948*'. The GATS is one of 18 agreements that fall within its ambit.

The focus of the GATS is on the **liberalisation** and deregulation of the services sector. The scope of what is defined as services is deep; over 160 services sectors fall under its jurisdiction.

Almost no service sector is excluded. It includes basic services such as water, education and health. It also covers infrastructure services such as energy, transport and telecommunications. Critical sectors such as finance fall within its ambit. The world's largest industry – travel and tourism – is also included under GATS. These sectors represent the era of deep liberalisation and the next frontier for corporate-led globalisation. The subject matter of GATS is incredibly broad as there is yet no consensus on its coverage.

According to David Hartridge, Former Director of Services Division of the WTO, '*the push to include services within its framework is the result of pressure and lobbying efforts by the US financial services sector*'.

The aim of the GATS is to promote unrestricted trade in all types of services and to remove all forms of governmental intervention that may be viewed as "trade restrictive."

The GATS identifies four modes (or types) of supply of a service: Mode 1: Cross Border Supply (where the service is supplied remotely from one country to another).Example: Citibank customers in the US get service help from a call center based in the Philippines. **Mode 2**: Consumption Abroad (movement of individuals to a country to consume a service).Example: Tourists traveling overseas or patients taking advantage of cheap health-care abroad.**Mode 3**: Commercial Presence (where a foreign company sets up a subsidiary or branch within another country in order to deliver the service locally).Example: Foreign Direct Investment in banks, hospitals and power plants.**Mode 4**: Presence of Natural Persons (where individuals travel to another country to supply a service there on a temporary basis).Example: Software programmers, nurses or doctors working in another country. This is different from immigration because GATS explicitly deals only with temporary movement.

GATS has been promoted as a "bottom-up" treaty rather than a "top-down" treaty since in theory it allows governments to select which sectors they will open up and when. This is called the request-offer model, whereby WTO Member governments can submit requests on which service sectors they want another country to open up and in the offers, a government can list which service sectors they choose to liberalize. This model of negotiations is currently under threat, with proposals from developed countries requiring all countries, including developing countries, to open a minimum number of services sectors and to a minimum extent (see below for further details).

What does GATS mean for developing countries?

Once a country agrees to liberalize a service sector under the GATS, it has certain obligations from which they cannot deviate:

1) **National treatment.** Once a country has fully committed a sector to liberalisation under the GATS, it is prohibited from discriminating against foreign

1 All words in ***bold*** *are defined in the Glossary included at the end of this Guide.*

companies and corporations that provide services in that sector, even if such services are currently provided domestically by public or private means. National treatment is an extremely important commitment in the GATS and addresses qualitative restrictions that a government may place on service provision in a committed sector. Concretely, this means that governments cannot set performance requirements specifically for foreign companies. This includes, for example, domestic environmental or labour laws, quality standards, obligations to hire and train local staff, or requirements to build local/domestic capacity in their particular areas of operation. Nor are they required to source raw materials, goods or support services domestically.

2) **Market Access.** Market access rules cover all quantitative limits on services, whether they apply to foreign or domestic firms. They also provide opportunities for foreign firms to challenge domestic regulation if these regulations are perceived as restricting the entry of firms into domestic markets. Once a government has committed a sector to full liberalisation, it must provide foreign corporations access to domestic markets through "least trade restrictive" business and investment policies.

3) **Most Favoured Nation (MFN) Status.** Host governments must provide equal market access to all trading partners in a service sector that has been opened up — i.e., they must provide Most Favoured Nation (MFN) status to all WTO members. This means that the national treatment must be applied "horizontally," or across the board to service providers of all WTO member countries. Host governments cannot choose which foreign entities get national treatment and which do not. Governments then, lose their rights to develop preferential trading arrangements for social or political reasons, or to enter into special service agreements with regional partners.

What's wrong with the GATS?

The GATS has proven to be one of the most controversial of the WTO agreements and going through it shows the many dangers that it poses to people of both the developing and developed world if fully implemented.

1.) **What was once public becomes private**: The GATS threatens public services including health, education and water. The agreement opens up these sectors to transnational corporations and accelerates the process of privatizing essential public services, thereby limiting access to services to only those who can afford them. There are many examples of how privatization has resulted in excluding the poor from essential services. For example in Cochabamba, Bolivia, the World Bank encouraged privatization of water which resulted in water prices reaching $20 per month, compared to the minimum average wage of $100 per month.[2]

Public services and the so-called 'commons' including water, education, health care, social welfare and energy, should not be subject to multilateral liberalisation or privatization.

2.) Loss of national control: Because of the national treatment clause, governments are prevented from exercising national regulation especially on foreign direct investment. In some cases, governments would have to rewrite their constitutions in order to adhere to this. For example, the Philippines has a 60-40 regulation, which requires at least 60 percent of a foreign company to be owned by a Filipino and a maximum of 40 percent to be owned by a foreigner. This will no longer be allowed under the national treatment clause of the GATS.

3.) Investment Rules: The WTO calls the GATS the world's first multilateral agreement on investment, since it includes the right to set up Commercial Presence (Mode 3 in GATS language) in another country. The National Treatment clause prohibits WTO members from treating foreign investors less favourably than domestic service suppliers. The clause on market access ensures effective market entry provisions. Once countries make binding commitments under these two clauses, GATS rules can reduce the ability of countries to use policies that ensure equity ceilings, obligations on technology transfer, universal services provision (legislation that obliges private providers in basic services such as health, education, water to supply services to marginalised sections of the community) and employment of local labour. The GATS framework maximises investor rights at the cost of development.

4) **Locking bad policies into place:** A government cannot reverse a commitment made under the GATS even if it proves detrimental to its national economy. Developing countries are already grappling with the adverse impacts of privatisation.

2 *As a result of massive protests and public outcry, water was eventually restored to public ownership. Vandana Shiva,* Water Wars: Privatization, Pollution and Profit, *New Delhi, India, Research Press, 2002.*

Take the example of Telecommunications in India. India reoriented its Telecom policy in 1994 and argued that liberalisation and private participation would provide the additional resources for connecting all its villages by 1997. More than 10 years after this there are nearly 70,000 villages without telephones. The rural – urban divide is growing with a dismal teledensity of less than 2 phones per 100 in rural areas. The private players have provided only about 14,000 Village Public Telephones and met only about 10 per cent of their license commitments. The benefits of liberalisation have been concentrated in big cities and larger towns – which is only 20 percent of the country. If the Indian government wants to provide rural telephony it must strengthen the public provider and improve regulations that force private providers to adhere to social obligations.

Binding commitments under national treatment and market access will not allow the Indian government to use such policy mechanisms.

From Doha to now

The Doha Ministerial was responsible for fast-tracking the GATS negotiations. The Doha Declaration set dates for when the request phase of negotiations would commence and when the offers phase would start. To date, 92 of 148 member countries have already submitted offers in the GATS, while all developed countries have made offers.

Developed countries are fast overhauling this request-offer framework, which offers some degree of flexibility to developing countries. Developed countries, led by the European Union (EU), are now proposing a “benchmark” approach to speed up the negotiations.

This new approach aims to identify 10 key sectors in the GATS, from which developing countries will be asked to choose 6-7 sectors in which they must make minimum commitments on. The EU is also demanding that countries bind sectors already liberalized through autonomous national policy or under structural adjustment policies of the International Monetary Fund (IMF). This means that these levels of liberalisation outside of the GATS will automatically come under GATS rules in the future.

These new proposals, also called “complementary approaches” have been met with tremendous opposition from developing countries because they:

- Remove the flexibilities originally available under the request-offer framework;
- Require all developing countries, including Least Developed Countries (LDCs), even if their economies are not ready, to commit a significant number of commercially-important sectors to liberalization and to deepen these commitments by removing restrictions on market access and national treatment; and,
- Are one-sided as they largely focus on Mode 3 (commercial presence) where corporations have an interest, asking for a minimum of 51% foreign ownership.
- The new proposals sideline developing countries’ demands on operationalising the mandated assessment of the GATS before they are asked to further open up.

Like all WTO agreements, GATS is being negotiated with little public oversight. The conclusion of these negotiations in favour of multinational corporate interests will mean the death knell for public services. The entire GATS package is serious setback to public participation and democratic oversight in the formulation of national policies, laws and regulations.

DERAILING GATS

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In the run-up to Hong Kong we should:

- Call for an immediate halt to market access talks under the GATS;
- Unequivocally oppose all proposals for “benchmarking” or “complementary approaches” to services liberalisation;
- Reject the Mode 4 approach of some countries such as India that are focused on the movement of only skilled labour; and
- Demand a comprehensive assessment of the impact of past liberalisation and privatisation of services.

NAMA and the Spectre of De-industrialisation

Non-Agricultural Market Access (NAMA)

What is NAMA?

NAMA refers to non-agricultural market access. As its name suggests, it is a proposal for an agreement under the **World Trade Organisation**[1] (WTO) regime that covers non-agricultural products, or all products outside the Agreement on Agriculture (AoA).

The objective of the negotiations is greater market access in non-agricultural products. That is, non-agricultural products should be freely traded without (or with very limited) tariffs, quotas or other importing/exporting restrictions.

Unlike the AoA which has three pillars —market access, domestic support and export subsidies, NAMA's sole objective is market access.

In WTO language, market access revolves around the issue of **tariffs** - the reduction and elimination of **tariffs**, **tariff peaks**, and the prevention of **tariff escalation** as well **as bound tariff rates**.

NAMA is an agreement for binding and reduction of tariffs not just on industrial products but on products like fish and fishery products, shoes, toys, jewellery and almost anything outside the ambit of the AoA. The significance of this agreement lies in the scope of products and sectors that fall within its terms. Many of these are of vital importance to the development of developing countries and the livelihoods of their populations.

Denied the ability to protect their emerging industrial sectors, there are grave concerns that developing countries will be lead down a path of de-industrialisation. This is because any existing domestic industries will be unable to compete with industrial products likely to flood their markets as a result of liberalisation. NAMA would further reduce the development options for developing countries as it would undermine their already limited capacity to develop their industrial base.

NAMA and the July Framework

At the Cancun WTO Ministerial in 2003, a draft text called the 'Derbez Text'[2] with provisions for tariff binding and tariff reduction for NAMA was rejected by member countries.

Despite the rejection of the Derbez Text at Cancun, negotiations were resurrected through the **July Framework**[3] in July 2004. The July Framework defines the parameters for establishing **modalities** in market access for non-agricultural products. It has been criticized for resurrecting the major elements of the Derbez Text.

What are the elements of NAMA under the July Framework?

1. **Coverage.** The July Framework provides for 100 % coverage with no a priori exclusion. This comprehensive coverage means that there is no possibility of exemptions similar to the provisions in the Agreement on Agriculture (AoA). As a result of NAMA, it is expected that developing countries will be unable to protect domestic industries crucial to their own development.

2. **Tariff Reduction Formula**. Based on the July Framework, tariff reduction shall commence from bound rates after full implementation of current concessions. The formula for tariff reduction is likely to be the non-linear Swiss style approach so that developing countries which have higher tariffs will be required to make proportionately greater cuts.

3. **Tariff Binding Formula.** For unbound tariffs, the basis for tariff reduction shall be (2) times the MFN applied rate in the base year defined as 2001. This would require all countries to bind their remaining unbound tariff lines according to the agreed-upon formula.

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*1 All words in **bold** are defined in the Glossary included at the end of this Guide.*
2 The text was named after the Chair of the Cancun Conference, Mexican Foreign Minister Luis Ernesto Derbez.
3 Annex B of the July Framework sets out the details for NAMA.

Why is NAMA problematic for developing countries?

1. **The Derbez text was already rejected**. The July Framework resurrects the Derbez Text, which was already rejected by majority of the WTO-member countries in Cancun. Once again, the position of developing countries has been sidelined by the interests of the richer industrialised nations.

2. **An obligation to cut tariffs across the board.** It locks-in countries to tariff structures that would be difficult to change in the future. Some say the obligations would be irreversible. For developing countries this would mean closing the doors on the use of tariff policy and the protection of key industries as an integral part of a development strategy.

3. **De-industrialistaion.** Policy space for protection, which allowed developed countries to achieve industrialization at the turn of the 19th and 20th centuries, is now being closed to developing countries. This could be disastrous for developing countries, who in the absence of a growing industrial sector, will be forced to continue to rely solely upon their agricultural sectors. It is feared that the de-industrialisation process which began under structural adjustment programs will accelerate under NAMA.

4. **Drastic tariff cuts.** They would bring industrial tariffs to the lowest levels since the 19th and early 20th century. Also the harmonization of tariffs between industrial and developing countries is anchored on the principle of full reciprocity – that is that tariff reductions should be undertaken by developed and developing countries alike. This is contrary to the principle of Special and Differential Treatment.

5. **NAMA requires the binding of previously unbound tariff lines.** On tariff bindings, compared to agriculture where almost all products were bound under the AoA with few exemptions, not all non-agricultural products were bound under the GATT-Uruguay Round. A considerable percentage of products and tariff lines remain unbound. The July Framework would force countries to bind these products.

For countries like the Philippines, whose average applied non-agricultural tariffs amount to a mere 4.3 %, tariff binding in fact is a critical issue. The Philippines for example would be forced to now bind more than 39 % of its products previously outside the ambit of the WTO. This would include 95% of tariff lines for fisheries that are still unbound.

Binding of remaining tariff lines now would be tantamount to closing the door to any prospects for industrialization in the future.

6. **The inclusion of fisheries.** The fisheries sector is considered an economically important yet sensitive sector in many developing countries. It is a sector that provides livelihoods to millions of small fishers. Across the globe however, small fishers remain one of the poorest sectors.

In the Philippines for example, tariff rates on fisheries are already quite low owing to previous unilateral liberalization of the sector. Following the proposed formula in NAMA would force the country to bind fish and fishery products at rates no higher than 20 %. A level of tariff protection that many in the sector argue is not enough to address the many threats facing the sector.

Furthermore, the main issue for fishers is not market access but protection of their livelihoods that are constantly under threat from tremendous pressures on the resource base and the lack of government support.

Market access would further aggravate the bias of government in favor of export-oriented sub-sectors like aquaculture over the interest of small fishers.

Where do country groupings stand on NAMA?

Developed countries like the US, EU and Korea are pushing for NAMA.

Other developing countries like Kenya, Nigeria, Egypt, and Indonesia oppose NAMA.

Argentina, Brazil and India (ABI) have proposed a less ambitious formula for tariff reduction.

Least Developed Countries (LDCs), although exempt from making any commitments, have opposed NAMA on the grounds of erosion of preferences.

In general, it appears though that developed countries are united in NAMA while developing countries are still divided on the issue. The devil, however is in the detail (see below).

What is the current status of negotiations?

Apart from agriculture, NAMA could be the possible deal maker or deal breaker of the Hong Kong Ministerial. At this stage, there remains major disagreements within member countries on NAMA, particularly on the formula for tariff reduction and binding:

1) **Divergence of views on the July Framework**. Developing countries site paragraph 1 of Annex B of the July Framework which states that the content of the agreement is still subject to negotiations and that no agreement on the formulas prescribed in Annex B has yet been reached. Hence, they refrain from using the exact language in Annex B so as not to establish a language norm which will be used in future negotiations. Developed countries on the other hand are liberal in using the language and proceeding as if NAMA is already a done deal. The reference to paragraph 1 is where the proposal of Argentina, Brazil and India (known as ABI proposal) is coming from.

2) **Conversion of complex tariffs into their ad valorem equivalents (AVES).** The majority of the member countries already use the ad valorem tariff system with the exception of countries in the European Union which maintains complex tariffs. There is a need to convert these complex tariffs into their ad valorem equivalents in order for the tariff reduction formula to apply.

3) **Differing positions on the tariff reduction formula.** There are countries like US and EU that are aggressively pushing NAMA who want a **Swiss Formula** for tariff reduction (also see glossary for further details on tariff reduction formulas). This is an ambitious formula that would effect bigger cuts to higher tariffs. Countries like Argentina, Brazil, and India (ABI) on the other hand have proposed a less ambitious 'Swiss-type' formula applied line by line to countries' bound rates which considers average tariff rates as part of the formula in the name of greater flexibilities for developing countries. The ABI proposal is for different rates of tariff reduction for developed and developing countries in accordance to the principle of "less than full reciprocity" and **special and differential treatment**.

The US and EU criticize the tariff reduction formula proposed by ABI as not being ambitious enough and in fact 'a step backward' from the NAMA mandate. The US also argued that getting rid of high tariffs and **tariff peaks** is expected to be done by all members and not just developed countries.

While the negotiations appear to have been marked major disagreements there are also disturbing signs, however, of a convergence occurring:

- Despite much initial grumbling after the July Framework deal, the developing countries have accepted the "Derbez text", which they rejected in Cancun, as the basis of negotiations, as proposed by the Framework;
- There is now consensus on a non-linear Swiss or Swiss-like formula for tariff reduction, which would apply to all products and subject higher tariffs to greater proportional cuts than lower tariffs, thus disadvantaging many developing countries, which maintain relatively higher tariffs on many key industrial goods than developed countries.
- A Uruguay Round formula, which would stipulate an average tariff cut across industry but leave it up to national authorities to determine the rate for particular products, is not even in discussion, although it is favoured by most developing countries.4

The so-called Pakistani compromise

The latest formula to emerge is the so-called Pakistani "compromise" which would factor into the formula the average bound tariff rate, then run a coefficient of six for developed countries and 30 for developing countries. This would, according to the Pakistani proponents, significantly bring down product tariffs for everybody (a developed country concern), harmonize tariffs within each grouping (a WTO objective), and still preserve at least some of the difference in average tariff levels between the developed and developing country groupings (a developing country concern).

It is likely that the Pakistani proposal - which nobody rejected outright although some developing countries were appalled - or a version of it will become the basis of the NAMA talks when they resume.

It was more than just spin when US Deputy Trade Representative Peter Allgeier issued the following upbeat statement on July 28: 'The path ahead on NAMA is much clearer, given the work that has been done in the past several weeks…Several constructive ideas are on the table. There have been signals of flexibility from all sides about finding the right formula and the use of coefficients to realize real market access opportunities.'[5]

DERAILING NAMA

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4 Bello, Walden. Are the WTO Talks in Trouble? Don't Bet On It. Focus on the Global South. August 2005
5 Ibid

among WTO country members.

The NAMA negotiations are now racing to meet the objective to come up with "full modalities" by Hong Kong. Full modalities means that final figures are plugged into the formula already. "This is number crunching time; no numbers by Hong Kong would make it highly unlikely for us to conclude the Round as desired," according to Ambassador Stefan Johanesson, the Chair of the NAMA Committee.[6]

The priorities according to the NAMA chair are defining formula flexibilities and the getting consensus over the issue of unbound tariffs based on a number of proposals on the table which include the mark-up approach of Canada, the ABI proposal and the proposal from Pakistan.

We should:

■ Expose the consequences of developing countries absorbing tariff cuts to their industries, as is required under current proposals. As country negotiators are now grappling with the numbers, campaigners should also be 'plugging- in' the numbers based on the proposals on the table. This should strengthen our argument against further liberalization especially of important and sensitive industries and sectors.[7]

■ Exert pressure on countries with a substantial percentage of unbound tariffs to refuse binding of their unbound tariff lines on the basis that binding would further restrict policy space in using tariffs as a tool for industrialization and development.

■ Dramatize the plight of small fishers and how NAMA would aggravate their already impoverished conditions. We should continue to work with fishers groups around the world to amplify their voice in opposition to liberalization of the fisheries sector and their demand for WTO to get out of fisheries.

■ Sensitize industry groups, thereby broadening the base of opposition to NAMA to include industries and sectors that would have to face the entry of cheaper imports, as well as trade unions.

6 *Statement made by Ambassador Stefan Johanneson at the Lobby Meeting with civil society in Geneva on 17 October 2005.*

7 *The latest and thus far most ambitious proposal from the EU to have a coefficient of 15 for developing countries and 5 for developed countries would be a good basis to make the projections on future tariff cuts.*

With a little help from its friends…

How the WTO completes its stranglehold on global and national policy making

The World Bank (the Bank), International Monetary Fund (the Fund) and the World Trade Organisation (WTO) are three faces of a powerful international system that is increasingly dominating national and global policy making, at the cost of the well-being and livelihoods of the majority of the world's peoples. Their operating ideology is **neo-liberal**[1] and their driving interests are corporate.

The Bank and Fund have played significant roles in weakening policy autonomy and dismantling domestic self-sufficiency in the developing countries that borrow from them. Their infamous structural adjustment programmes – now called Poverty Reduction and Strategy Papers (PRSPs) — *have created and entrenched policy induced poverty across the developing world. Privatisation, liberalisation and deregulation are the distinguishing features of all Bank-Fund programmes and are necessary conditions to all Bank-Fund financing. Most major bilateral donors and the United Nations (UN) agencies have aligned their aid programmes to Bank-Fund policy frameworks. The more a developing country liberalises its economy along the lines prescribed by the Bank and the Fund, the more bilateral and multilateral aid it is likely to receive.*

The Bank and Fund believe that international trade can play a crucial role in poverty reduction by providing jobs and driving economic growth for developing countries and that rapid economic growth can be best achieved if countries enter export markets through trade and strengthen their links with the global economy.

Despite proclamations by the Bank that high **tariffs** and Non-Tariff Barriers in wealthy countries undermine the potential for economic growth and poverty reduction in developing countries, the Bank and Fund are unable to force the rich countries of the OECD to reduce their own subsidies and dismantle their trade barriers.

On the other hand, developing countries under Bank-Fund loan regimes are exhorted to undertake drastic policy reforms in all their sectors, from banking, finance, public expenditure and trade to agriculture, services, investment, infrastructure and even the judiciary. The main purpose of these reforms is to open up developing country markets to access by foreign private investors and corporations and to remove all barriers to international trade and investment in developing countries. Over the past 15 years, Bank-Fund imposed trade conditionalities have included the removal of non-tariff barriers and quantitative restrictions, and tariffs and customs administration reforms.

According to the Bank and Fund, the Doha Round "offers an unprecedented chance to free up trade and contribute to poverty reduction on a global scale"[2] which can only be achieved through an "ambitious outcome"[3] in the Doha negotiations. The Bank and Fund believe that market access in agriculture through large cuts in **bound tariff** rates and bound levels of domestic supports and subsidies is the key to success in the current negotiations. While they accept that developed countries must take the lead in this, they call upon middle-income countries—especially those in the G-20—to remove tariffs and other barriers in their agriculture markets, reduce tariffs in manufacturing, and open up their services markets for liberalization. Instead of pushing for "policy space," all developing countries must use the opportunity of the Doha negotiations to lower trade and investment barriers.

The Bank and Fund broadly describe their trade related work in developing countries as "aid for trade." World Bank "aid for trade" activities include technical assistance, capacity building, institutional reform, investment in trade related infrastructure, and assistance to "offset adjustment costs", i.e., to make the

1 *All words in **bold** are defined in the Glossary included at the end of this Guide.*
2 Aid for Trade: Competitiveness and Adjustment. *Development Committee, the International Monetary Fund and the World Bank, April 12, 2005.*
3 *Ibid.*

transition from tariffs to other sources of revenue. Much of Bank lending for trade has gone towards trade facilitation in more than 50 countries. Basically, the Bank works with its debtor governments to shape national institutions, laws and regulations, infrastructure, services, financial systems and other sectors of the economy to facilitate trade liberalization. The Bank also conducts training programs through the World Bank Institute to prepare the policy ground for trade liberalization, often in partnership with leading think tanks, universities and other teaching institutions in developing countries.

The IMF on its part claims that, "The work of the IMF and the WTO is complementary" and that, "The two institutions work together to ensure a strong system of international trade and payments that is open to all countries."[4] The partnership works on many levels, to ensure greater coherence in global economic policymaking. A cooperation agreement between the two organizations, covering various aspects of their relationship, was signed shortly after the creation of the WTO. The IMF has observer status at the WTO, and IMF and WTO staff participate actively in each others' meetings, committees and working groups. Trade policy issues feature prominently in Fund surveillance activities and the WTO is required to consult the IMF on issues concerning monetary reserves, balance of payments, and foreign exchange arrangements. In April 2004, the IMF established the Trade Integration Mechanism (TIM), a special facility to lend to WTO member countries whose balance of payments positions suffer as a result of multilateral trade liberalization. The IMF anticipates that its cooperation with the WTO will intensify in WTO agreements on financial services, trade facilitation, and agriculture (in particular, the cotton sector).

A highlight of Bank-Fund-WTO collaboration is the Integrated Framework (IF) for Trade-Related Technical Assistance to Least-Developed Countries (LDCs). The IF is a multi-donor program that aims to strengthen the capacity of LDCs to formulate WTO compliant trade policies, negotiate trade agreements, and tackle production issues in a manner favourable to liberalization in their domestic economies. In particular, the IF ensures that poorer member countries incorporate "appropriate trade reforms" into their national development policies through PRSPs, which form the basis for loans by the Bank and the Fund.

The IF is financed through a trust fund to which the Bank has already allocated US$ 1.5 million, and which has total pledges from donors for US $30.1 million. The IF has initially been implemented on a pilot basis in Cambodia, Madagascar and Mauritania, and was the driving force behind Cambodia's rapid accession to the WTO. The IF was then extended to Burundi, Djibouti, Ethiopia, Guinea, Lesotho, Malawi, Mali, Nepal, Senegal, Yemen, and Eritrea. At the end of March 2005, 28 LDCs were at different stages of the IF process. During the September 2005 World Bank IMF Annual Meetings, the Bank-Fund Development Committee endorsed a proposal for an enhanced IF that could be expanded to all countries that receive concessional loans from the Bank's International Development Association (IDA).

High-ranking staff of the IMF, World Bank and the WTO maintain close contact with each other and with major bilateral donors to ensure that developing countries do not stray away from the liberalization and privatization paths. The Bank and the Fund produce several research and analytical documents every year, that promote trade and investment liberalization and private sector development. Much of the "technical assistance and "capacity building" they provide to developing countries actively support the WTO framework and disciplines.

As the two of the most powerful pillars of the current global economic and financial architecture (the third being the WTO), the IMF and the World Bank are well positioned to ensure that their liberalisation dogma is embedded deep into the domestic policies of developing countries, even larger and more influential ones such as India and Brazil. Fighting the WTO regime therefore demands that we also fight the World Bank and the IMF and the neo-liberal corporate agenda they force on the people.

4 http://www.imf.org/external/np/exr/facts/imfwto.htm

The Colombo Declaration: 10 Years is Enough - No Deal at the WTO Hong Kong Ministerial Meeting!

Declaration of the Organizations, Movements and Individuals Gathered for the Asian Strategy Meeting on the World Trade Organization, Colombo , Sri Lanka , June 6-7, 2005

From December 13 to 18, 2005, the World Trade Organization's Sixth Ministerial Meeting will take place in Hong Kong . This event will have massive consequences. Either the WTO finally gets consolidated as the prime mechanism of global trade liberalization, or it unravels a third time, possibly crippling permanently its usefulness as an institution for the promotion of the interests of Northern transnational corporations (TNCs).

Dismal Decade

That the WTO is suffering a deep crisis of legitimacy and credibility as it marks its 10 th year of existence comes as no surprise to us in Asia . When it was founded in 1995, it was sold to developing and least developed countries as an institution that would bring about growth, reduce global poverty, and decrease income inequality by expanding free trade. A decade later, the evidence is undeniable that the WTO has brought about exactly the opposite effects.

- The Agreement on Agriculture (AOA) has proved to be nothing but a gigantic dumping mechanism for cheap subsidized grain and foodstuffs from the United States and the European Union on the agricultural markets of developing and least developed countries', destroying the livelihoods of hundreds of millions of farmers and agricultural workers and provoking the suicide of many of them and their dependents.

- The Trade Related Intellectual Property Rights (TRIPs) Agreement has functioned to rob our communities of their collective right to resources, seeds, indigenous knowledge and even life itself, and to thwart development by allowing transnational corporations to monopolize technological innovations throughout the whole range of industries. It has seriously undermined people's food sovereignty. By putting corporate profits above public health concerns, TRIPs has facilitated a public health crisis in the form of HIV-AIDS that has drastically setback many parts of Asia as well as Africa .

- The General Agreement on Trade in Services (GATS), with its central principle of "national treatment" providing foreign investors equal rights as national actors, is proving to be an extraordinarily powerful tool for TNC entry into and control of the service sector. This situation is particularly acute for developing and least developed countries which accounts for more than 50% of their gross domestic product. Especially threatened are water, electricity, telecommunications, health, educational and other essential services that necessitate public generation and delivery systems in order to assure all citizens equitable access to them. GATS will lead to the shrinking of the public sector, threatening national sovereignty and provoking serious social unrest.

Although it claims to provide potential benefits to LDCs, the GATS Mode 4 (the movement of natural persons) carries a big risk of allowing big business control of the movement of people, resulting in the trampling of the rights of migrant workers.

WTO-mandated liberalization and WTO-sanctioned dumping have resulted in job losses and welfare erosion across the board, but the brunt of their negative impacts have fallen on women, who make up more than half of the work force in agriculture, industry, and services in many countries but receive lower remuneration, are subjected to worse working conditions, are less protected by labor and human rights codes, and face greater job insecurity than men. Indeed large numbers experience outright exclusion from the labor force, leading to the forced-migration of many. Privatization of basic services also increases the burden of social reproduction for women.

WTO rules also accelerate the marginalization of already vulnerable groups such as dalits and indigenous people who now comprise a significant number of the poor and hungry.

The Anti-Development July Framework Agreement

In a stupendous display of cynicism, the trade superpowers have labeled the current round of trade negotiations the "Doha Development Round." Yet there is nothing in the Doha Agenda that promotes development. In fact, everything in the so-called "July Framework Agreement" that serves as the basic text to conclude the current round is profoundly anti-development:

- The framework on agriculture is designed to maintain or expand such mechanisms of massive subsidization for Northern agricultural interest such as the "Green Box" or the "Blue Box" while demanding market access to Southern agricultural markets through a new round of steep tariffs cuts, if not outright elimination of tariffs.

- The framework for non-agricultural market access (NAMA) aims to radically bring down and bind industrial and manufacturing tariffs to allow TNC products to flood Southern markets, resulting in unemployment and contractualization, as well as deindustrialization and the inability of developing and least developed countries to use trade policy as an instrument of industrialization. It will also result in greater hardship for already suffering fisherfolk, particularly those in tsunami-ravaged countries, whose livelihoods will be further eroded by NAMA's proposed liberalization of fisheries.

- The July Framework relegates to the backburner the principal concerns of developing and least developed countries, which are development, the institutionalization of Special and Differential Treatment and addressing problems associated with the high cost of implementing previous liberalization commitments,

People's Resistance and Corporate Response

Not surprisingly, the pro-corporate agenda of the WTO has provoked massive resistance over the last 10 years. In Seattle in December 1999, the combination of the refusal of developing and least developed countries to rubberstamp a new round of liberalization and massive anti-WTO mobilization by global civil society brought about the collapse of the third ministerial meeting. In Cancun in September 2003, resistance by developing and least developed countries organized into the G-20, G-33, and G-90, where the least developed countries played a critical leadership role, combined with civil society demonstrations and actions inside and outside the Cancun Convention Center that led to the collapse of the fifth ministerial.

To salvage the WTO as an instrument of the TNC agenda, the United States and the European Union successfully mounted an institutional coup in July 2004 wherein the WTO General Council came out with a decree that could only legally be issued by a full ministerial meeting: the now notorious July Framework Agreement. This maneuver, however, could only succeed owing to the cooptation of G 20 leaders Brazil and India as full negotiating partners in the so-called Five Interested Parties (FIPs), with the EU and US designating them to "represent" the South. Once again, the big Northern powers deployed divide-and-rule against the South; once again they succeeded. Once again, the Northern elites stoked the ambitions of their Southern counterparts; once again they succeeded in turning them against their people.

Nonetheless, the resort to threat, deception, and cooptation underlines the fact that developing and least developed countries have lost all faith in the possibility of reforming the WTO so that extraordinary methods must be used to bring them on board.

Why No-Deal-in-Hong Kong is the only Viable Strategy

With nothing to gain and everything to lose by agreeing to the July Framework, the developing and least developed countries must resolutely stand their ground and refuse to make the latest concessions demanded by the big trading powers. Global civil society must consistently pressure the governments of the South to reinforce their determination and force them back into line should they, like the governing elites of Brazil and India , falter. In this connection, we demand that governments put the interests of people above that of transnational corporations.

By refusing to give their consent to the pro-TNC agenda in each of the key negotiating areas in the negotiations leading up to the Hong Kong meeting and during the Ministerial itself, the developing country governments have it in their power to stalemate the latest liberalization offensive. This strategy would, of course, be tantamount to preventing a deal from being reached at the sixth ministerial, but, as in Seattle , as in Cancun , *no deal is better than a bad deal.*

Derailment of the sixth ministerial will not end the threat of free trade to the developing and least developed countries. They will still have to contend with bilateral trade and multilateral trade agreements—the so-called WTO plus agreements—pushed by the US , EU, and Japan . Nevertheless, given the WTO's centrality in the TNC agenda, a failed ministerial could help bring about a new global power equation marked by more favorable conditions for the achievement of what we consider to be strategic prerequisites for the success of pro-people sustainable development:

- the expulsion of the WTO from the domains of agriculture and fisheries, services and intellectual property rights;
- frustration of the WTO's aim to de-industrialize the developing countries and least developed countries and make them captive markets for the TNCs;
- and the creation of a trade regime that genuinely promotes pro-people and rights-based sustainable development.

In conclusion, we declare our solidarity with peoples and communities fighting back against the WTO and bilateral, regional and multilateral free trade agreements in Asia, Africa, Latin America , and other parts of the world.

We call all to participate in activities taking place within the next few months aimed at preventing a deal from being reached at the Hong Kong Ministerial, be these lobbying activities, mass mobilizations, and non-violent direct action. We also urge civil and political movements to mobilize and organize activities and actions designed to pressure national governments to protect the peoples' interest. We urge everyone to mobilize their co-workers, families and friends and bring them to the "derail-the-ministerial" demonstrations and events in Hong Kong in mid-December. We also call on developed country governments to desist from the tactics of intimidation and, manipulation that they regularly employ in negotiations...

We, workers, organized and un-organized, peasants, dalits, indigenous peoples, fisherfolks, women, students, migrants and other marginalized communities of Asia in solidarity with other peoples of the world will stand at the forefront of the global struggle against the Hong Kong Ministerial Meeting.

DUMP THE ANTI-DEVELOPMENT JULY FRAMEWORK!

NO DEAL IN THE HONG KONG MINISTERIAL!

PROTEST AGAINST THE WTO!

The 'G-Guide' groupings in the WTO Agriculture Negotiations

G20

Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Philippines, South Africa, Tanzania, Thailand, Venezuela and Zimbabwe.

The G20 currently comprises 19 developing country members of the WTO. Led by Brazil and India, the G20 has become one of the most important groupings in the WTO negotiation since the Cancun ministerial in 2003. The group has recently proposed a compromise formula for tariff reduction (middle ground between the Swiss and Uruguay round approach), which has been widely accepted as a basis for further negotiation. While arguing for the limited use of "sensitive products" (a mechanism which would mainly benefit developed countries), the group is more supportive to the "special products" (SPs) and "special safeguard mechanism" (SSM) favoured by the G33. The group has an offensive interest in reviewing domestic supports, especially on the use of the Blue Box where the group is the main driver of the review process to ensure that payments under this provision are less trade distorting than AMS* measures, and on the Green Box where it wants to see new disciplines to avoid box shifting. On export competition, the group has proposed a five-year deadline for eliminating all subsidies. (*Aggregate Measurement of Support: support measures that need to be reduced under the AoA, known as the Amber Box.)

G33

Antigua and Barbuda, Barbados, Belize, Benin, Botswana, China, Congo, Cote d'Ivoire, Cuba, Dominican Republic, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Republic of Korea, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Saint Kits and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia and Zimbabwe.

The G33, or known as "friends of special products" is understood to comprise of 42 countries. On the tariff reduction formula, the group is opposing the harmonization of tariffs across countries, and insisting on taking into account the different tariff structures of developing countries. The G33 is the main proponent of SPs and SSM (see G20 above). On SPs, it insists on self-selection on the basis of the indicators developed. On SSM, it proposes that this mechanism should be open to all developing countries for all agricultural products. Moreover, the SSM should be automatically triggered by either import surges or prices falls. The group is also very vocal on rejecting the developed countries' proposal of cutting de minimis provision allowed for developing countries.

Cairns Group

Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Fiji, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay

The group comprises of traditionally agriculture exporting countries. The Cairns Group has an obvious offensive interest in market access. It seeks harmonisation of import tariff across WTO members, and, like the US, views the G20 proposals as “lacking ambition”. The Cairns Group would like to limit as far as possible the sensitive products, but the group is divided on the SPs & SSM, which is also the case regarding the issue of trade distorting domestic support, where some members are significant users of the Amber Box. Concerning the Blue Box, Green Box, and export competition, it shares a similar offensive position as the G20. That means the group is seeking restrictions in subsidies predominantly used by developed countries.

G10

Bulgaria, Chinese Taipei, Republic of Korea, Iceland, Israel, Japan, Liechtenstein, Mauritius, Norway and Switzerland

This is the group of ten countries with the most defensive interest in the agriculture negotiation. It opposes the G20 formula, particularly the tariff capping element. It argues for a free determination of products to be designated as sensitive. The G10 also has strong defensive position regarding domestic support. Like the EU, it is not interested in expanding criteria, but wants to maintain the status quo of the Blue Box. Also, it opposes the proposal to review and clarify criteria for the Green Box. As for export competition, the G10 wants a long time frame for the elimination of export subsidies. Moreover, very much like the EU, it links this particular issue to outcomes in other areas of negotiation such as NAMA and Services.

African Union/Group, ACP, least-developed countries (also known as the **G90**)

Angola, Antigua and Barbuda, Bangladesh, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Cambodia. Cameroon, Central African Republic, Chad, Congo, Côte d’Ivoire, Cuba, Democratic Republic of the Congo, Djibouti, Dominica, Dominican Republic, Egypt, Fiji, Gabon, The Gambia, Ghana, Grenada, Guinea (Conakry), Guinea Bissau, Guyana, Haiti, Jamaica, Kenya, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mauritius, Morocco, Mozambique, Myanmar, Namibia, Nepal, Niger, Nigeria, Papua New Guinea, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sierra Leone, Solomon Islands, South Africa, Suriname, Swaziland, Tanzania, Togo, Trinidad and Tobago, Tunisia, Uganda, Zambia, Zimbabwe

This grouping, also known as the G90, has 64 WTO member countries. Although members of the group do not share all positions in the negotiations, the most crucial and common concern of the group is the preference erosion, which is related to all three pillars of the agriculture negotiation. Many of the countries in the group are very dependant on certain Northern markets for their agriculture exports due to the existing preferential schemes. Countries in the G90 want to see specific and concrete solutions to the problems of preference erosion. Many suggest that preferences should be maintained until such time as all domestic and export subsidies are removed that affect their commodities.

United States

While having a very offensive position on market access, the US adopts almost an opposite approach on domestic support. It views the G20 formula proposal as not ambitious enough, and emphasizes the limited scope and flexibility of sensitive products. Plus, it strongly opposes SSM by arguing the duplication with SPs. At the same time, it does not want to see changes to the Green Box status quo. The US is the main proponent for the expansion of the Blue Box criteria, which would allow for its counter cyclical payments to continue and expand. The US is the main user of export credits and food aid schemes to deal with its over supply of agriculture products. Thus, it has adopted a defensive position in export competition in the aspects linked to these two elements.

European Union

The EU has been taking a rather defensive approach in the market access negotiations. Although accepting the G20 proposal as a starting point, it criticises the formula as too ambitious. However, unlike the G10, the EU also has offensive interest in accessing other countries' markets. At the same time as it argues for a flexible use of sensitive products, it exerts pressure on developing countries to restrict the flexibility regarding SPs & SSM. On domestic support, the EU wants to maintain the status quo in both the Blue Box and Green Box and opposes the review proposals. It has a very sensitive defensive interest in the export competition. It argues for a long time frame for the elimination of export subsidies, and hasn't so far given any end date for these subsidies. Plus, it has put forth several pre-conditions in order to achieve this elimination, including the ambitious liberalization in other areas such as non-agricultural market access (NAMA) and services (GATS).

Glossary and Trade Jargon

Agreement on Agriculture. Part of the **Uruguay Round** agreement covering issues related to agriculture — e.g., market access, export subsidies, and internal support.

Aggregate Measure of Support (AMS). An index that measures the monetary value of the extent of government support to an economic sector. As defined in the Agreement on Agriculture, the AMS includes both direct and indirect government supports to the sector, if they are judged to create distortions in the market. For example, it includes both direct payments to farmers, such as payments to guarantee them a higher than world market price, as well as indirect payments such as taxes on food at the point of sale to consumers that are used to support farm programmes. The AMS is different from another broader concept of agricultural support called the Producer Subsidy Equivalent (PSE) because certain PSE policies are excluded from the AMS, and because of the methodology used to compute direct payments and market price support benefits.

Amber Box. A popular expression referring to the set of domestic supports which are considered to be production and trade distorting and are measured by an index termed the Aggregate Measure of Support (AMS).

Bound Tariff Rates. Tariff rates resulting from GATT negotiations or accessions that are incorporated as part of a country's schedule of concessions. Bound rates are enforceable under Article II of GATT. If a GATT contracting party raises a tariff above the bound rate, the affected countries have the right to retaliate against an equivalent value of the offending country's exports or receive compensation, usually in the form of reduced tariffs of other products they export to the offending country. However, countries are free at any time to reduce their bound tariffs still further. Bound tariffs can be lowered but not raised.

Blue Box. A popular expression to represent the set of provisions in the Agreement on Agriculture that exempts from reduction commitments those program payments received under production limiting programmes — if they are based on fixed area and yields or a fixed number of head of livestock, or if they are made on 85 per cent or less of base level of production. US' Deficiency payments were exempt under this provision as compliance with acreage reduction programmes was required for eligibility, and payments were made on no more than 85 per cent of established base acreage, and individual farm yields had been fixed since 1996. Blue box policies are contained in Article 6.5 of the Agreement on Agriculture.

Bretton Woods. The United Nations Monetary and Financial Conference held at Bretton Woods, New Hampshire, in 1944 produced charters for the World Bank (WB) and the International Monetary Fund (IMF). It also proposed the establishment of the International Trade Organization which turned into the GATT which in turn led into the WTO.

Country Schedules. The official schedules of subsidy commitments and tariff bindings as agreed to under GATT for member countries.

Decoupled Payments. These supports paid to producers are not dependent on prices or production levels. In theory, no production is required to receive these payments, though in reality, production continues while payments are made based on some other criteria. In the AoA, decoupled payments are deemed to be non-trade distorting and are allowable under the green box.

De Minimis Provision. This provision allows countries to maintain a certain level of AMS. For developed countries this level can be up to 5 per cent of the value of production for individual products (product specific support), and 5 per cent of the value of a country's total agricultural production (non-product specific support). For developing countries, support can be up to 10 per cent. Within the Agreement on Agriculture, however, countries can only provide these levels of support if they are within the 1992 support levels because of the due restraint clause.

Deficiency Payment. This was allowed under the blue box since, in the US, compliance with acreage reduction programmes was required for eligibility. It is a direct government payment made to US farmers who participated in wheat, feed grain, rice, or cotton programmes prior to 1996. Deficiency payments bridged the gap between a the national average market price and a politically determined target price to support farm incomes which were set by the US Department of Agriculture (USDA). The total payment to a farmer was equal to the payment rate, multiplied by a farm's eligible payment acreage and the programme yield established for the particular farm. Deficiency payment programmes in the US were eliminated in the 1996 Farm Act and have since been replaced by another subsidy programme, the production flexibility contract payment.

Derailment of the WTO. Derailment involves zeroing in on the key point of vulnerability of the WTO: its consensus system of decision-making. Concretely, it means working to prevent consensus from emerging in any of the key negotiating areas prior to and during the Sixth Ministerial in Hong Kong.

Dispute Settlement Body (DSB). The General Council of the WTO, composed of representatives of all member countries, convenes as the Dispute Settlement Body to administer rules and procedures agreed to in various agreements. The DSB has authority to establish panels, adopt panel and Appellate Body reports, maintain surveillance of implementation of rulings and recommendations, and authorize suspension of concessions or other obligations under the various agreements.

Due Restraint Provision. The UR Agreement on Agriculture provision that sets a 9-year period during which domestic support policies and export subsidy arrangements are exempt from GATT challenges.

Dumping. Occurs when goods are exported at a price less than their normal value, generally meaning they are exported for less than they are sold in the domestic market or third-country markets, or at less than production cost.

Export Subsidies. Special incentives, such as cash payments, extended by governments to encourage increased foreign sales; often used when a nation's domestic price for a good is artificially raised above world market prices.

Formula-based Tariff Reductions. A method of negotiating tariff reductions using an agreedupon formula applied to tariff rates (with limited exceptions being granted for very sensitive items) by all contracting parties. GATT (General Agreement on Tariffs and Trade). An agreement originally negotiated in Geneva, Switzerland in 1947 among 23 countries, including the US, to increase international trade by reducing tariffs and other trade barriers. The agreement provides a code of conduct for international commerce and a framework for periodic multilateral negotiations on trade liberalization and expansion.
THE FORMULA AS A HARMONIZING FORMULA: when a formula is referred to as having a "harmonizing" effect it is designed principally to make steeper cuts on higher tariffs, so as to bring all the final tariffs closer to the same level. A COEFFICIENT: the number that determines the final tariff rate for each product. For example, if the coefficient is set at 25, then the formula will be designed to bring the final tariffs close to or at 25 percent. SWISS FORMULA: this is a harmonizing formula that uses a single mathematical formula to produce a narrow range of final tariffs. A "simple" Swiss formula will select an arbitrary coefficient for all countries irrelevant of their starting point so that everyone's tariffs are set at the same level. For example, countries would select a single coefficient and all WTO members will have to bring their tariffs close to that level.GIRARD FORMULA: this is a harmonizing formula that uses a single mathematical formula to produce a narrow range of final tariffs. It differs from the simple Swiss formula in that each country has its own coefficient calculated on the basis of the country's national tariff average. It is often referred to as a "Swiss-type" formula.URUGUAY ROUND FORMULA: this is the formula that was used in the Uruguay Round for agriculture tariff reductions. Tariffs are cut by a percentage average over a number of years. For example, developed countries agreed to cut tariffs by an average of 36% over six years with a minimum of 15% on each product. The combination of average and minimum reductions allows countries the flexibility to vary their actual tariff reductions on individual products so that some cuts will be greater than others.CANADIAN "INCOME TAX" FORMULA: this is a new formula that was proposed in June 2005 in the Committee on Agriculture. It is a harmonizing formula. Instead of applying a single cut to the entire tariff, different percentages are applied to different portions of the tariff, in a similar way to which European income tax is calculated.ABI FORMULA: the Argentina, Brazil and India (ABI) proposal for formula

in NAMA. The formula is essentially a Girard formula.

GATT. Launched in 1947, the General Agreement on Tariff and Trade, was established to provide and administer the rules for a multi-lateral trading system.

Green Box. A colloquial term that describes domestic support policies that are not subject to reduction commitments under the Agreement on Agriculture. These policies are said to affect trade minimally, and include support such as research, extension, food security stocks, disaster payments, and structural adjustment programmes.

July Framework. A framework agreement mainly on agriculture reached at the General Council of July 31, 2004 in Geneva, Switzerland. It provides the operative framework for further negotiations on agriculture, non-agricultural market access and other issues.

Liberalisation. A process of removing the barriers to trade in order to achieve the free trade of goods, services, intellectual property and investment across international borders. A market-oriented trading system is one which has liberalised its trading system.

Market Access. The extent to which a country permits imports. A variety of tariff and nontariff trade barriers can be used to limit the entry of foreign products, thereby reducing market access.

Modalities. Methodology to be followed during the negotiations

Most-favored-nation (MFN) Status. An agreement between countries to extend the same trading privileges to each other that they extend to any other country. The MFN rule is a founding principle of the WTO. Under a most-favored-nation agreement, for example, a country will extend to another country the lowest tariff rates it applies to any third country. A country is under no obligation to extend MFN treatment to another country, unless they are both members of the WTO, or unless MFN is specified in an agreement between them. The WTO allows some exceptions to the rule, for instance to allow developed countries to extend more favourable trading terms to least developed countries.

Neo-liberalism. Neo-liberalism is an economic ideology centered around the values of globalization – free market, free trade and the unrestricted flow of capital. This rejects government intervention in the economy.

New Issues. See Singapore issues.

Non-tariff Barriers. Regulations used by governments to restrict imports from, and exports to, other countries, including embargoes, import quotas, and technical barriers to trade. These include health and environmental standards.

OECD (Organization for Economic Cooperation and Development). An organization founded in 1961 to promote economic growth, employment, a rising standard of living, and financial stability; to assist the economic expansion of member and non-member developing countries; and to expand world trade. The member countries are Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, South Korea, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the US.

Peace Clause. See Due Restraint Provision.

Privatisation. This is the transfer of ownership from the public sector to the private sector. Privatisation has been pushed by international financial institutions as an economic tool to make the exploitation of resources be as efficient as possible. This has been the central issue of many struggles across the globe as in many cases, it has limited access to essential services to only those who can afford it.

Producer Subsidy Equivalent (PSE). A broadly defined aggregate measure of support to agriculture that combines into one total value aggregate, all the transfers which arise from the different instruments of agricultural support, both trade and supposedly non-trade distorting. In the US, these include direct payments to producers financed by budgetary outlays, such as deficiency payments, budgetary outlays for certain other programmes assumed to provide benefits to agriculture (such as research and inspection and environmental programmes) and the estimated value of revenue transfers from consumers to producers as a result of policies that distort market prices. The PSE seeks to reflect the full range of economic distortions arising from agricultural policies.

Production Control. Any government program or policy intended to limit production. In agriculture these have included acreage allotments, acreage reduction, set-asides, and diverted acreage.

Production Flexibility Contract Payments (PFCP). Direct payments to US farmers for contract crops through 2002 under the US 1996 Farm Act. Payments for each crop are allocated each fiscal year based on fixed percentage shares specified in the act. The percentages were based on the Congressional Budget Office's March 1995 forecast of what deficiency payments would have been for 1996 to 2002 under the 1990 farm legislation. PFCPs were initially higher than deficiency payments paid to farmers. However, they have been set on a descending scale, heading for zero payments by 2002.

Sanitary and Phytosanitary (SPS) Measures. Technical barriers designed for the protection of human health or the control of animal and plant pests and diseases. Special Safeguard provisions. Provisions within the UR Agreement on Agriculture designed to protect the products that were subject to tariffication (as a result of implementation of the Agreement) from surges in imports or large price declines.

Singapore Issues. The Singapore or New Issues are investment, competition policy, government procurement and trade facilitation. They are called the Singapore Issues because of the working groups established on each issue at the WTO's first Ministerial in Singapore in 1996. Developing countries are largely opposed to the inclusion of the Singapore Issues in current negotiations.

Sensitive products. This would allow developed countries to designate certain sensitive products which they could continue to protect. Developing countries argue that this will prevent them from having access to developed country markets.

Special and Differential Treatment. SDT or S&D is less arduous treatment conferred on developing countries in the implementation of WTO rules. For example, developing countries may have lower tariff reduction requirements or longer phase in periods. Under SDT, 'less than full reciprocity' is expected of developing countries in that they need not offer reciprocal treatment to developed countries. It also includes the proposed Special Products and the Special Safeguard Mechanism (SSSM). Developing country demands for SDT have largely fallen on deaf ears in recent WTO negotiations.

Special products. The concept of Special Products (SP), would allow developing countries to have the guaranteed flexibility to designate an "appropriate number" of products for less market access reduction. The operational criteria would be based on food security, livelihood security and rural development.

Special Safeguard Mechanism. a proposal to allow developing countries to increase their protection in times of import surges or fluctuations in world market prices,

Special Treatment Clause. A clause in the UR Agreement on Agriculture that gives countries the option of foregoing tariffication on some commodities and instead requires minimum imports above the minimum access commitments of 3-5 percent of consumption. This clause was added to temporarily placate Japan and South Korea by providing protection for their rice sectors. In the case of Japan, for instance, the minimum import requirements for rice are at 4 percent of consumption in 1995, rising to 8 percent in 2000.

Tariff. A tax imposed on imported products by a government which consumers have to pay. A tariff may be either a fixed charge per unit of product imported (specific tariff) or a fixed percentage of value (ad valorem tariff). Tariffs are generally imposed when governments do not want imported products to compete with locally made ones. Tariffs are also sometimes used to tax exports, in order to generate revenue, or to keep certain products available on the domestic market.

Tariff Escalation. When import duties are higher on semi-processed products than on raw materials, and higher still on finished products. This escalation serves to keep the global market open for raw materials but ensures that the countries producing higher-end processed products are insulated from competition. Effectively, this entrenches developing countries in the position whereby they remain exporters of cheap raw products since their processed products, if any, are barred from entering the global market.

Tariff Peaks. High tariffs (far above the average tariffs of a country) used to shelter some 'sensitive' industries or products, such as textiles, leather goods, and food products.

Tariff-rate Quota. Quantitative limit (quota) on imported goods, above which a higher tariff rate is applied. A lower tariff rate applies to any imports below the quota amount.

Tariffication. The process of converting nontariff trade barriers to bound tariffs. This is done under the UR agreement in order to improve the transparency of existing agricultural trade barriers and facilitate their proposed reduction.

Trade Liberalization. A term which describes the complete or partial elimination of government policies or subsidies that restrict trade. The removal of trade-distorting policies may be done by one country (unilaterally) or by many (multilaterally).

UR (Uruguay Round) Agreement. The Uruguay Round of multilateral trade negotiations, conducted under the auspices of the GATT, is a trade agreement designed to open world markets. The Agreement on Agriculture is one of the 29 individual legal texts included in the Final Act under an umbrella agreement establishing the WTO. The negotiation began at Punta del Este, Uruguay in September 1986 and concluded in Marrakesh, Morocco in April 1994.

World Trade Organization (WTO). Established on January 1, 1995 as a result of the Uruguay Round, the WTO replaces GATT as the legal and institutional foundation of the multilateral trading system of member countries. It provides the principal contractual obligations determining how governments frame and implement domestic trade legislation and regulations. And it is the platform on which trade relations among countries evolve through collective debate, negotiation, and adjudication. *AO*

Sources:

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Goode, Walter, Dictionary of Trade Policy Terms*, World Trade Organization, 2004*

Dommen, C. and Kamoltrakul, K., The Practical Guide to the WTO for Human Rights Advocates*, 3D and Forum Asia, 2004.*

Wikipedia, the free encyclopedia

Other organizations to check out:

(there are a whole lot more,
these are just to start you off in the right direction)

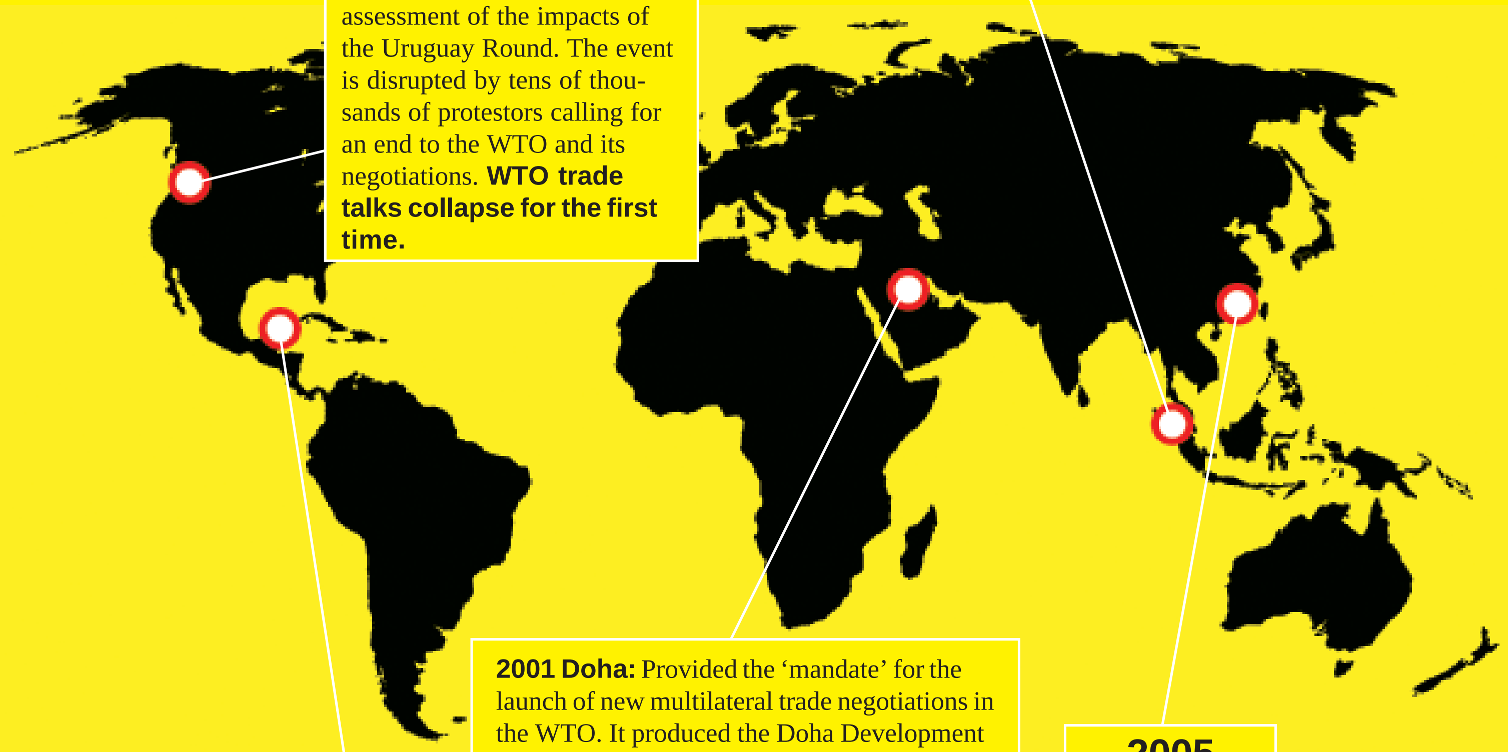
Christian Aid: www.christianaid.org.uk
GATSwatch: www.gatswatch.org
Global Exchange: www.globalexchange.org
Hemispheric Social Alliance: http://www.asc-hsa.org
Institute for Agriculture and Trade Policy (IATP): www.iatp.org/global
Institute for Global Justice (IGJ): www.globaljust.org
Our World is Not for Sale: www.ourworldisnotforsale.org
Oxfam: http://www.oxfam.org.uk
Polaris Institute: www.polarisinstitute.org
Seattle to Brussels Network (S2B): www.s2bnetwork.org
Thai-US FTA Watch: www.ftawatch.org/eng/
Third World Network: www.twnside.org.sg
Via Campesina: http://www.viacampesina.org

The Derailer's Guide to the WTO: ***Section 8***

The Road to Hong Kong

1996 Singapore: the first WTO Ministerial. It was here that the proposal was made to include investment, competition policy, government procurement and trade facilitation in the negotiating agenda.

1999 Seattle: Proposals for a new round of negotiations are set against demands for an assessment of the impacts of the Uruguay Round. The event is disrupted by tens of thousands of protestors calling for an end to the WTO and its negotiations. **WTO trade talks collapse for the first time.**



2001 Doha: Provided the 'mandate' for the launch of new multilateral trade negotiations in the WTO. It produced the Doha Development Agenda (DDA). The 'development' rhetoric was put in to ease the concerns raised by developing countries' implementation issues

2003 Cancun: Supposed to be a 'stock taking' exercise to assess how far the DDA negotiations have gone, yet there were concrete proposals to begin negotiations on the Singapore issues. Developing country groupings like the G20, G33 and G90 emerged challenging the US-EU agenda. Korean farmer Lee Kyung Hae takes his own life under the slogan 'WTO kills farmers'. **WTO trade talks collapse for the second time.**

2005 Hong Kong: 'Strike three and you are out' for the WTO?