

# Signed and sealed?

## Time to raise the debate on international trade talks

How much does the public know about the international trade agreements governments are negotiating on their behalf? Do ordinary people have any say in the decisions? The Doha talks on a new global trade deal in the World Trade Organization (WTO) have sparked tensions between governments. The media can exploit public interest to raise the debate on whether trade deals will benefit or damage people's lives.



Whether and on what terms WTO members should conclude a global deal on world trade has been a topic of heated debate. The key negotiation issues – liberalising trade in agriculture, industrial goods and services – are vital not just for economic development in developing countries but also poverty reduction.

Outside the WTO numerous parallel trade negotiations are under way. Some, controversially, involve deals between rich and poor countries. Many commentators voice concern that the disparities in the parties' bargaining strength may be even more unequal than in the WTO.

Media coverage of trade negotiations can be confined to the business or foreign affairs pages. Yet these talks held in Geneva and other capital cities around the world – including in your country – will have a significant bearing on ordinary people's lives. Journalists can draw attention to the issues and highlight that at stake are decisions that will affect access to food, essential consumer goods, water, medicines and work.

Main photo: Trade talks affect the lives of ordinary people and yet they have little or no say in the decisions made. The media can highlight the important issues at stake.

KAREN ROBINSON/PANOS PICTURES

### Media toolkit on PRSPs

This is the second in a series of briefing documents for journalists on poverty reduction strategies. The brief is part of a Panos programme, *Raising debate: Transparency and ownership in Poverty Reduction Strategies*, and was produced as part of a linked project, *WTO Hong Kong and the role of the media in trade policy debates*.

For further information contact [media@panos.org.uk](mailto:media@panos.org.uk) or visit the Panos London website [www.panos.org.uk/globalisation](http://www.panos.org.uk/globalisation).

If you use this or any other Panos media resources to cover poverty and poverty reduction strategies, please let us know how and with what results.

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## Background

# The WTO, development and the Doha Round

### What's at stake?

The year 2006 will reveal whether and on what terms governments belonging to the WTO conclude the Doha 'Round' of world trade talks. The WTO's year-end deadline follows its inconclusive ministerial conference in Hong Kong in December 2005. This left negotiators the tough challenge of determining the specific shape of a global trade deal, including blueprints and schedules for cutting tariffs and subsidies in key areas such as agriculture and industrial products, as well as speeding up the liberalisation of trade in services.

### The WTO at a glance

- International organisation providing a forum for 149 member governments to negotiate global trade rules (see chart, opposite).
- Founded 1 January 1995 under the Uruguay Round of talks (1986–94). Succeeding the GATT (General Agreement on Tariffs and Trade), a 1948 international agreement to lower trade barriers, the WTO took on a wider mandate covering not just goods but also services, intellectual property and agriculture.
- Geneva-based secretariat provides technical support. Formally has no decision-making powers. No country offices.

### Trading principles in the WTO

#### 1 Non-discrimination

- **National Treatment:** Commitment to treat foreign and national companies and products the same. You cannot favour your own producers and sellers over foreign competitors.
- **Most Favoured Nation Treatment (MFN):** Commitment to extend to another country any concessions offered to other countries. Commercial privileges offered to one partner have to be offered to all WTO members.
- 2 Reciprocity:** Negotiations involve quid-pro quo concessions (e.g. reducing import barriers in return for other countries doing so).
- 3 Transparency:** Fair, open, predictable rules for all.
- 4 Special and Differential Treatment (S&DT)**
  - Developing countries should be granted exemptions from rules or preferential treatment in their application, given the development challenges they face. Some claim that instead of positive discrimination, S&DT has been whittled down to longer time periods to adopt uniform rules.



The effects of global trade, such as the dumping of rice on local markets, are felt sharply in the economies of many West African countries.  
AMI VITALE/PANOS PICTURES

The fraught negotiations at Hong Kong and WTO follow-up meetings in 2006 have reflected the persistent strains at the heart of the Doha talks over the relationship between trade and development.

Launched in 2001, the Doha Work Programme, the official title of the talks, purported to offer a new deal for developing countries (see box opposite), overcoming the inequities of the previous Uruguay Round. These countries complained that, while the industrial nations had secured new rules in areas of economic interest to them, such as intellectual property and services, they had received few benefits in return.

The talks were branded the Doha Development Agenda (DDA) but the appropriateness of this coined title has been contested.

### Debates and controversies

Civil society groups say that even if poor country negotiators extract welcome concessions on particular aspects, the Doha Round overall is in danger of perpetuating historical development inequalities and double standards on trade.

Those sympathetic to 'free trade' argue developing countries have everything to gain from foreign traders and enterprises having greater access to their markets. The talk about development is a diversion from the WTO's allegedly core task of liberalising trade, and ambitious progress would produce social welfare gains anyway.

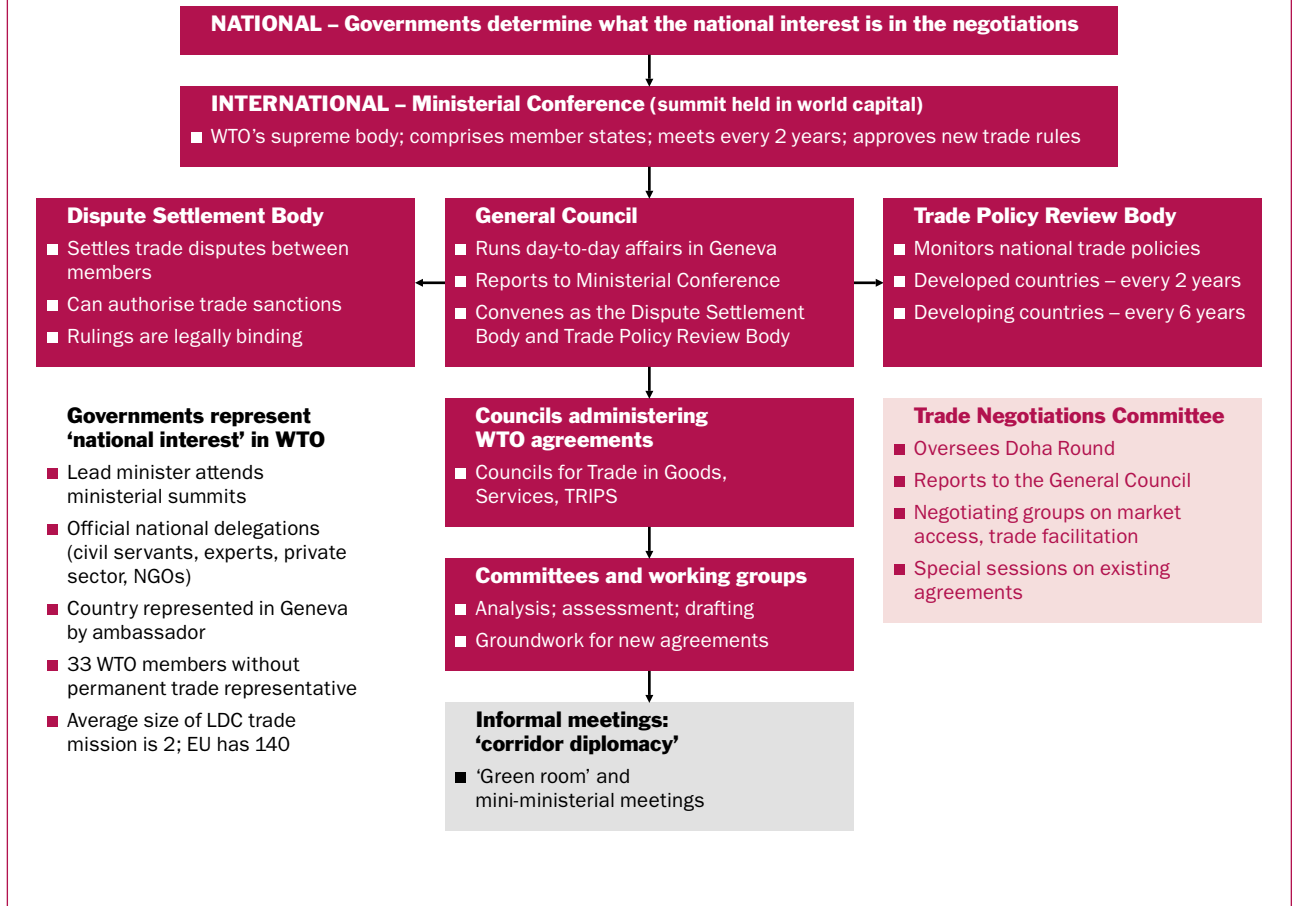
Developing countries have strengthened their influence in the WTO, some challenging the dominance of big players such as the United States (US) and the European Union (EU).

But while developing countries share common problems and constitute a majority in the WTO, they do not have identical trade interests (see page 10). Those with diversified economies may want to expand exports. Others want to protect trade preferences with rich countries. The poorest account for hardly any world trade at all.

In debates about trade policies, tensions transcend North–South divisions. And in every country, different social and economic groups gain or lose as markets are liberalised or protected.

The WTO's future is in question. Can fairer trade rules be built on traditional commercial bargaining over opening and protecting markets, or should negotiations have wider core aims such as enabling all countries – rich and poor – to uphold their professed commitment to poverty reduction?

## WTO structure and decision-making: global meetings, national processes (see p10–11)



### Doha: putting poverty at the heart of trade?

In launching the Doha Round, the 2001 Doha Declaration stated: 'The majority of WTO members are developing countries. We seek to place their needs and interests at the heart of the Work Programme.'

The Doha Round was launched just after governments had approved the UN Millennium Development Goals (MDGs) to halve world poverty by 2015. MDG 8, on a 'global partnership for development', calls for an 'open, rules-based, predictable, non-discriminatory trading and financial system'.

But for many the fair trade rules needed to help reduce poverty remain elusive.

#### Doha milestones, deadlines and key texts

- **2001** November launch of Doha Round, with the **Doha Ministerial Declaration** the foundation of the talks.
- **2003** Collapse of Cancún summit, Mexico. Developing countries lament failure to agree agricultural trade reforms and also reject the EU's insistence on launching talks for global agreements on the 'Singapore issues' (investment, transparency in government procurement, competition policy, trade facilitation).

- **2004** The **July Framework** is agreed and rescues the Doha Round. Welcomed officially as a 'breakthrough', it is criticised overall as a 'bad deal for development' by civil society groups, though several welcome the narrowing of the negotiation agenda to agriculture, industrial goods, services, trade facilitation and 'implementation issues'.
- **2005** Original 1 January deadline for end of Doha Round missed. Hong Kong ministerial conference held 13–18 December. Tense summit manages to avoid collapse. **Hong Kong Ministerial Declaration** continues approach of July Framework; 30 April and 31 July 2006 set as deadlines for agreement on liberalising agriculture and industrial goods.
- **2006** Hong Kong follow-up meetings to tie down the shape and details of a deal.
- **2006–7** Looming new deadline of 31 December 2006 to finalise a deal. Now-or-never pressure as in mid-2007 the US president's authority to seek 'fast-track' approval of trade agreements on 'yes-or-no' basis without Congressional amendment expires.

## Section 1

# Agriculture: feeding tension

### What's at stake?

Around 70 per cent of the world's poorest people live in rural areas and depend on agriculture.

The WTO's 1994 **Agreement on Agriculture** (AoA) brought in new rules on agricultural trade, one of the most distorted and fiercely protected sectors.

But the Uruguay Round ended in 1994 with the US and the EU retaining high levels of protection and financial support for their agriculture.

Agreeing agricultural reforms has been one of the thorniest issues in the Doha talks. The Doha Declaration called for the phasing out of export subsidies and substantial reduction of trade-distorting domestic support.

OECD (Organisation for Economic Co-operation and Development) countries spend the equivalent of four times the level of international aid (US\$279 billion) a year on subsidies and other forms of support. This puts developing countries at an unfair competitive disadvantage in exporting to foreign markets, many claim, and undermines their domestic agriculture as producers struggle to compete with cheaper imports.

The AoA has been sharply criticised for its failure to address 'dumping' and rich country subsidies are widely held responsible.

Some, however, claim the subsidies problem is symptomatic of wider distortions of global agricultural markets not addressed by the WTO talks. These include weak agricultural commodity prices (due to overproduction) and the unregulated power of private companies in food production, processing and retail. Others point out rich country subsidies often benefit big producers rather than small farmers, despite media references to 'farm subsidies'.

### Debates and controversies

Tension surrounds reforms of the three 'pillars' (components) of the AoA: domestic support, export competition, and market access.

#### 1 Domestic support

The US and the EU claim to have substantially cut the domestic support provided to their agricultural systems since the Uruguay Round. But according to the OECD (the policy research body of the industrial nations), EU and US domestic support rose between 1986 and 2001. Why the inconsistency?

- During the Uruguay Round, the US and the EU negotiated reduction commitments against baseline years with historically higher levels of domestic subsidies than what they came to spend, say critics. This has allowed them to claim to be making cuts without doing so in practice.
- The AoA box system categorising domestic agricultural support has allowed the US and EU to retain and increase their subsidies whilst claiming compliance with WTO rules supposedly controlling their distortion of production and trade (see box above).

### Juggling the rules?

The AoA set up a box system to classify governments' domestic subsidies.

**Amber box:** measures that most distort production and trade, such as price support. These are subject to reduction and legal challenge.

**Blue box:** less trade-distorting measures allowing direct payments to producers if they are linked to programmes limiting the amount of production (such as set-aside of land). Open to legal challenge but exempt from reduction obligations.

**Green box:** support measures supposedly minimally or non-trade distorting, such as environmental programmes, pest control, research and development.

Critics say no real disciplines exist on the use of these categories and the distinction between them is meaningless. The EU and US have been shifting support from the amber to the blue and green boxes and claim they are no longer distorting trade, despite evidence that they fuel overproduction and dumping.

### Shifting to the green box

**EU Common Agricultural Policy (CAP).** The EU says its 2003 CAP reform will 'de-couple' support payments from production and instead favour public goods such as upkeep of land and environmental protection. Critics claim the continued high levels of payments, while being moved to the green box, will not alter producers' logic and that so-called 'de-coupling' will not break the link between subsidies and production. They point to evidence from the US over the last decade where much domestic support has moved to the green box.

**The 2002 US Farm Bill** decreed a multi-billion dollar expansion of domestic support with new direct payments for a host of new products while introducing a new category of supposedly 'de-coupled' payments ('counter-cyclical' payments) to shield farmers from price fluctuations. Critics allege the link with production has not been broken.

The US has sought to increase flexibility within the blue box for its payments, a move resisted by developing countries. Both the US and EU reject civil society calls for a cap on green box payments, though WTO texts continue to allow for a review of this category. Whether any review would lead to tighter criteria is open to question.



The cotton industry in the US is heavily subsidised, and the damage to African economies dependent on cotton is strenuously debated at WTO meetings.

ALVARO LEIVA/PANOS PICTURES

## 2 Export competition

The industrial countries use various schemes to encourage agricultural exports, to the benefit of their trading companies and to dispose of surpluses caused by domestic overproduction.

The EU is the main user of export subsidies, as traditionally classified by the WTO. But critics point out that the US uses export credit and food aid programmes to target foreign markets, and that these also need to be dealt with.

The Doha Declaration indicated rich countries should phase out export subsidies but did not set a deadline. At the Hong Kong summit in 2005, however, WTO members finally agreed:

- To end all forms of export subsidies by 2013.
- To hold further talks on the need for disciplines to prevent the abuse of food aid schemes.

But this progress was not guaranteed, said critics. The EU had suggested its compliance would be conditional on parallel US agreement to cut and reform its export schemes, as well as developing countries making concessions in other areas of the Doha talks (e.g. NAMA and services).

Nor, critics added, was it of ground-breaking significance at this stage. The 2013 end date is later than many countries wanted to compromise on (2010), and the EU, under existing CAP reform, already plans to phase out export subsidies by that time. They represent in any case a small percentage of overall EU agricultural support.

### Cotton: hanging by a thread

Attention has focused on export subsidies when, as highlighted by cotton, many argue the rich countries' massively higher domestic support should be seen as the underlying problem. At Hong Kong, WTO members agreed to eliminate cotton export subsidies by 2006. But in the US, these represent only 10 per cent of support for producers. Critics pointed out that the summit's failure to tackle immediately the US's multi-billion dollar domestic support for cotton would prolong a livelihoods crisis in African cotton-producing states, despite a 2004 WTO dispute panel ruling against the US.

## 3 Market access

This aspect of the negotiations refers to the reduction of tariffs. Rich countries are criticised for maintaining high tariffs to protect 'sensitive' agricultural products from foreign competition, and for tariff escalation imposing heavier duties at each stage of processing, hindering developing countries' efforts to add value to their products.

The US and EU disagree in approach to lowering tariffs (the former wants sharper and greater cuts than the latter, which makes greater use of tariff protection). Their failure to agree affects agricultural exporting countries like Brazil and Argentina keen to see tariffs cut in line with the Doha Declaration's call for 'substantial improvements in market access'.

Meanwhile, developing countries with vulnerable agricultural systems (the G33) rely on tariffs to protect their agriculture, particularly in view of the failure of existing WTO rules to address agricultural dumping. They want exemptions to retain flexible tariff structures in order to protect their food security. At Hong Kong the G33 won agreement:

- To designate 'special products' vital for food security, livelihoods and rural development for exemption from significant tariff reduction. The Hong Kong Declaration, however, referred to an 'appropriate number' of such products, and this was to be the subject of continued negotiation.
- To introduce a 'special safeguard mechanism' to cope with import surges or price falls due to dumping or that might result from further lowering trade barriers.

### Issues to consider and questions to ask

- What are the main food security and agricultural development challenges in your country?
- How do agricultural trade rules affect poverty reduction in your country?
- What is your government's position in the WTO on dumping, special products and tariffs? Which countries is it lobbying or working with to make its case?
- How are your government's trade policies on agriculture made nationally? Who is consulted? Farmers? Consumers? Traders? Importers?
- What role do big food and agriculture companies play in your country's markets and trade?

## Section 2

### NAMA: industrial goods and bads

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#### What's at stake?

The WTO's **Non-Agricultural Market Access (NAMA)** negotiations are about reducing or eliminating tariff and non-tariff barriers to industrial goods (e.g. textiles, leather, electronics) and natural resources such as fisheries and minerals. Their outcome will have an important bearing on industrialisation, economic growth and jobs in the developing countries, all vital to poverty reduction.

The Doha Declaration in principle allowed for 'less than full reciprocity' in developing and least developed country (LDC) tariff reduction, indicating the need to strike a balance between creating conditions of open market competition and allowing legitimate levels of market protection, given countries' different levels of development.

Despite opposition, the EU, US, Japan and Canada nevertheless won agreement at the Hong Kong summit for adoption of the 'Swiss formula' as the method of tariff reduction. This makes the deepest cuts to the highest tariffs, hitting developing countries hardest since their tariffs are generally higher.

But developing countries managed to ensure negotiations would be held on coefficients (the precise number to be applied to the 'Swiss formula' to calculate the tariff cut), thus leaving some room for manoeuvre in the continued talks.

Though LDCs will enjoy exemption from tariff reduction, NAMA involves talks on converting unbound tariffs into bound rates (i.e. agreeing to fix a maximum ceiling within the WTO). Some voice alarm that if this applies to LDCs, the poorest nations will permanently lose the freedom to apply higher tariffs in nurturing their industries.

#### Debates and controversies

**'Do as we say not as we did'**. These technical discussions on tariffs are vital. They will establish at what pace developing countries should open up their industries and at what levels they will have the right to protect them from global competition.

The India-led developing country group on NAMA says denial of flexibility would be contrary to the Doha mandate calling for 'less than full reciprocity'.

Civil society groups assert that the direction of the NAMA talks is anti-development in that developing countries are being deprived of the protective tools the rich countries used themselves to industrialise.

#### Spurring efficiency and South–South trade?

Those advocating NAMA liberalisation claim it will encourage domestic producers to improve efficiency and that importing industries will benefit from the cheaper, higher-quality goods they need as inputs for manufacturing and processing. A wider range of goods would also benefit relevant consumers. They add that lower developing country barriers will boost South–South trade, often hindered by high tariffs.

**De-industrialisation?** Deep tariff cuts could expose vulnerable sectors to harsh foreign competition leading to job losses. Many developing countries experienced this following rapid trade liberalisation under Structural Adjustment Programmes (SAPs).

**Rich country tariff barriers.** While their overall tariff levels are not high, they 'peak' in areas of interest to developing countries (e.g. textiles, clothing, shoes, rubber, leather and fish products) and duties 'escalate' at each stage of processing. The Doha Declaration calls for an end to tariff peaks and tariff escalation within NAMA. Language to this effect was included in the Hong Kong Declaration.

#### Issues to consider and questions to ask

- **What could be the effects of reducing, eliminating or binding tariffs (e.g. on leather goods)?**
- **What is your government's position in the WTO?**
- **What do different industries and business associations think of NAMA?**
- **How could NAMA affect small- and medium-sized enterprises and jobs?**
- **Tariffs provide considerable government revenue in many countries. How could NAMA affect government income, spending and revenue collection?**
- **Which of your country's industrial exports are affected by tariff peaks and escalation?**

## Section 3

### GATS – services for all?

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#### What's at stake?

Services – for example telecommunications, energy and financial services – are one of the fastest-growing areas of the world economy. While industrial countries have a strategic economic interest in this area, services are increasingly important for developing countries' economic development. And public services such as water are crucial to poverty reduction.

The WTO's **General Agreement on Trade in Services (GATS)** is a trade and investment agreement promoting the liberalisation of services. It classifies the provision of services under four 'modes':

- **Mode 1: cross-border supply** (e.g. e-commerce or international post services);
- **Mode 2: consumption overseas** (a customer travels across borders to buy a service, e.g. tourism);
- **Mode 3: commercial presence** (a foreign supplier establishes a company or subsidiary in a host country, e.g. a branch of a bank);
- **Mode 4: presence of natural persons** (temporary movement of workers to provide services in another state, e.g. Indian IT workers in the US).

Negotiations involve bilateral 'request-offer' exchanges. WTO states 'request' liberalisation of given services from specific trading partners and make 'offers' in which they decide which sectors they want to open up to foreign participation and how far they wish to do so.

The Hong Kong summit witnessed apparent moves to change the in-principle voluntary nature of GATS negotiations, as rich countries secured text on the need for 'plurilateral negotiations' to be considered. Rather than two-way talks, this would allow groups of countries interested in a sector (e.g. retail services) to target requests at individual countries. Deadlines were set for 2006. But the G90 countries, which also opposed 'benchmarks' allegedly aimed at ensuring a minimum level and quality of liberalisation pledges, successfully insisted on removal of draft summit text making plurilateral negotiations compulsory.

As negotiations continued in 2006, GATS critics said the possibility of ten or more developed countries pushing isolated developing countries for market access threatened to exacerbate existing power imbalances in the services talks.

### Debates and controversies

GATS supporters say liberalisation could improve the range and quality of services in developing countries and that they would benefit from the investment. But NGOs claim rich country negotiators are keener on winning favourable conditions for their companies than ensuring services help reduce poverty.

Civil society groups warn that public services (i.e. health, water, education) are not exempt from GATS. Given the mixed record of previous privatisation, they are concerned that further commercialisation will exclude those who cannot afford to pay and restrict the ability of governments to restore public services or change the terms of their provision.

Developing countries with an abundance of competitive labour see potential gains under Mode 4 on the temporary labour movement. World Bank research claims liberalisation in this area would bring substantial income gains for developing countries. But progress has been blocked by rich countries' immigration and security concerns.

### Issues to consider and questions to ask

- **What is your government's position on the role of services in national development? Does it have interests in this area (e.g. tourism)?**
- **What are the risks and opportunities of liberalising services under GATS? Have they been assessed with public involvement or by parliament?**
- **How will GATS affect public access to services and their provision, quality and cost?**
- **Has your government made any requests or offers in the WTO? Who has been involved? Is information publicly available nationally or on the WTO website?**
- **How will the WTO's work on GATS rules to ensure trade is not unnecessarily restricted affect your government's ability to regulate services in the public interest (e.g. to protect consumers)?**



The NAMA negotiations are about reducing or eliminating tariff and non-tariff barriers on industrial goods such as textiles. Their outcome will have an impact on small businesses like this one.

SVEN TORFINN/PANOS PICTURES

## Section 4

### Aiding trade and development?

#### What's at stake?

##### Trade facilitation

Governments agreed in 2004 to launch talks for a WTO agreement on trade facilitation – the only one of the rejected 'Singapore' issues to survive as part of the Doha talks. The aim is to reduce international transaction and transit costs by streamlining procedures on the transport and licensing of goods and their clearance and release at borders. Cumbersome, weak or untransparent customs procedures, for example, can cost developing country governments money and discourage foreign trade and investment.

References to technical assistance and tying developing countries' obligations to their implementation ability seem to have allayed some countries' fears about the costs of a binding treaty in the WTO.

##### 'Aid for trade'

Many countries are ill-equipped to take advantage of international trade, due to their weak infrastructure (e.g. transport) and expertise (e.g. knowledge of markets and ability to meet international standards). 'Supply-side constraints' are one reason why LDCs account for a tiny percentage of world trade. The WTO Hong Kong summit expressed support for greater resources to be made available for 'aid for trade', and the WTO was to set up a task force. Some observers question whether adequate finances will be secured and voice concerns about the conditions that might be applied to the aid.

#### Issues to consider and questions to ask

- **Will a trade facilitation agreement help your country to take part in regional trade, for example in Africa or Asia?**
- **Who stands to gain or lose in an agreement? Foreign traders or national groups?**
- **What constraints does your country face in trading? What kind of international aid would most help your country to develop its trade?**

## Section 5

### TRIPS: private rights, public gains?

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#### What's at stake?

The WTO Trade-related Aspects of Intellectual Property Rights (TRIPS) agreement obliges countries to adopt minimum standards to protect intellectual property (e.g. copyrights, trademarks, inventions and designs), including new laws to protect patents.

#### Debates and controversies

##### Public health and the Hong Kong amendment

Drugs vital for public health challenges like AIDS, tuberculosis and malaria are dearer than they might otherwise be because patented or brand-named drugs cost more than generic or non-branded copies.

In 2001, the WTO, under pressure from developing countries and international campaigns, adopted the Doha Declaration on Public Health. This stated TRIPS should not infringe governments' right to introduce policies to meet their public health responsibilities, including compulsory licensing to override patents and manufacture cheaper generic versions of drugs. Paragraph 6 called for a solution to be found for the poorest countries lacking the capacity to manufacture generic copies, as TRIPS restrictions (insisting compulsory licensing should be used mainly for supply of domestic markets) would block 'parallel imports' of the drugs needed.

After two years' wrangling, a rules waiver was agreed at the 2003 Cancún summit, which was then turned into an amendment of TRIPS at the 2005 Hong Kong conference, pending ratification by WTO governments by December 2007. This permits a country to import a generic version of a patented medicine, under WTO surveillance. The humanitarian agency Médecins Sans Frontières says this is a solution bound in red tape that no one has been or will be able to make effective use of.

##### Patents on life?

Pending is a review of Article 27.3 (b) of TRIPS exempting plants and animals but not 'new' plant varieties (such as those claimed to result from biotechnological processes) from patent protection. This calls for clarification of its relationship with the Convention on Biological Diversity advocating benefit-sharing. NGO, farmer, consumer and indigenous groups say food security is threatened by the bio-piracy of international companies and their introduction of patented genetically modified seeds.

#### Issues to consider and questions to ask

- Which ministry is in charge of intellectual property?
- Will your country meet deadlines for introducing patent laws? What will the costs be?
- Has your government used compulsory licences or the TRIPS waiver on 'parallel imports' to obtain generic drugs?
- What is the position of the health ministry, NGOs or pharmaceutical companies?
- How is your government approaching the TRIPS requirement that intellectual property protection be given to plant varieties through patents or a system such as UPOV?
- How will decisions affect the rights of farmers to save and exchange seeds and consumer access to food?

## Section 6

### Deals outside the WTO: beyond the rules?

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#### What's at stake?

The rising number of negotiations outside the WTO has been a matter of hot debate. Are they a building block or a stumbling block for fairer trade?

Some involve deals between developing countries as South–South trade increases its growing, if unevenly distributed, share of world commerce. Others controversially involve bilateral or regional trade discussions between rich and poor countries.

Both the US and EU have stepped up their involvement in such negotiations, some say because they are frustrated with the Doha talks and the ability of the developing countries to exercise greater collective strength in the WTO.

Some observers claim vulnerable developing countries, attracted by the prospect of access to large markets, will find it even more difficult to deal with the stronger bargaining power of the industrial countries in these talks than in the WTO. In return for limited gains (e.g. in agricultural market access), poor countries are under pressure to accept major concessions in other areas with more stringent obligations than would be necessary in the world trade body (WTO-plus concessions).

#### Debates and controversies

**TRIPS-plus provisions.** The US, for example, insisted on much stronger patent protection for plants and animals and to restrict the use of generic medicines in the case of the Central American Free Trade Agreement (the 2005 US deal signed with five Central American countries and the Dominican Republic). It has pushed for similar intellectual property concessions in deals being signed with Andean countries in South America.



**Negative lists in services negotiations.** Instead of countries choosing which sectors to liberalise under the GATS 'positive list' system, the US has pushed for 'negative lists' where all sectors are included unless specifically identified for exemption (e.g. the US–Singapore Free Trade Agreement). The EU makes rapid services liberalisation a feature of its bilateral and regional talks.

**Singapore issues.** The US and the EU include the WTO-rejected 'Singapore issues', such as investment and government procurement, in these negotiations – for example, the EU in talks with the African, Caribbean and Pacific (ACP) countries, and the US in talks with Latin American and Caribbean countries aimed at creating a Free Trade Area of the Americas (FTAA).

### Issues to consider and questions to ask

- **What regional or bilateral talks is your country involved in (e.g. between the US and the Southern African Customs Union)?**
- **How are these deals being reached? Are parliaments, civil society and the media party to the discussions?**
- **How is treatment of the negotiation issues different from in the WTO?**
- **What threats and opportunities for development are involved?**

### EPAs: preference for the market?

Some of these North–South talks involve adjusting rich countries' preferential trade arrangements (see box, right) with economically vulnerable countries, in the context of moves to non-discriminatory trade rules and 'preference erosion'.

One controversial set of talks is the Economic Partnership Agreements (EPAs) that the EU is negotiating with the ACP countries. With a January 2008 deadline, Brussels is pursuing EPAs with blocs of countries in each ACP region under the 2000 Cotonou Agreement. This is the successor of the 1975 Lomé Convention that granted ACP countries preferential access to the EU market on terms better than those for other developing countries (e.g. guaranteed quotas and higher-than-world market prices for heavily protected commodities such as sugar and bananas).

These trade preferences are in the long term incompatible with WTO non-discrimination rules and operate under a waiver expiring in 2007.

The EU says EPAs must involve the rapid introduction of reciprocal trading arrangements with the ACP countries, and that free trade will bring mutual benefits and help regional integration. Development NGOs claim putting poorer countries on an equal footing with the EU is unfair and will devastate their less competitive economies.

### Issues to consider and questions to ask

- **What stage have the EPA negotiations your country is involved in reached?**
- **Is your country part of a regional bloc negotiating an EPA (e.g. in Southern Africa)?**
- **Is the country composition of this bloc the same as existing regional groups your country belongs to (e.g. Southern Africa Development Community)?**
- **Will the EPA benefit regional integration or lead to fragmentation?**
- **EPAs have a built-in requirement for public consultation through a National Development and Trade Policy Forum. Is this body operational and who has been involved in the discussions?**
- **Has there been a parliamentary debate in your country on EPAs?**
- **Has the media covered national, regional or international meetings held by the EU–ACP?**

### Preferential treatment?

Many claim preferential trade schemes offered by rich countries provide a lifeline for poor countries dependent on exports of particular commodities and that if production is efficient they can maximise the value of this competitive advantage. But others claim they discourage economic diversification.

The industrial countries proclaim the benefits of preferential schemes but their value is often reduced by protectionist restrictions.

**Rules of origin**, defining where a product is considered to be made, may involve restrictive criteria (e.g. required percentages of local materials used to make and export a product). 'Sensitive product' exclusion clauses can block important exports.

**The EU's 2001 Everything-but-Arms (EBA)** initiative supposedly provides duty- and quota-free access to all LDC products except arms. But it retained import duties on sugar and rice.

**The US Africa Growth and Opportunity Act (AGOA)** of 2000 offers favourable market access for 37 African countries in areas such as textiles and clothing, until 2015. It has helped favoured African countries to increase exports significantly, but it excludes meat, dairy products, sugar and tobacco.

At the WTO's 2005 Hong Kong conference OECD countries said they would extend duty- and quota-free access to all LDCs as of 2008. But while covering 97 per cent of products, the remaining 3 per cent will exclude many LDCs' key exports.

Meanwhile, many voice concern that rich countries, in reforming or phasing out preferential schemes, such as for sugar or textiles and clothing, are making inadequate allowances for countries that will see a drastic reduction of their markets, whilst making greater efforts to cushion their own producers from competitors like Brazil and China.

## Section 7

# Politics of WTO decision making

### What's at stake?

Trade policy, traditionally shaped by technical experts and interested lobbies, needs the wider participation of civil society, business, parliamentarians and the media if it is to be tailored to poverty reduction. This challenge faces the WTO globally and nationally.

### Equal voice or 'corridor' power politics?

Supporters of the WTO argue it is democratic. Member states each have a vote and decisions are said to be made by consensus at international meetings, with each government having the right of veto.

But WTO critics point out that votes are not taken and that power inequalities between WTO members mean consensus can be 'manufactured' by powerful minorities – traditionally the US, EU and other Quad countries – which allegedly employ numerous tactics to get their way, including the offer or withdrawal of aid and trade preferences. 'Behind-the-scenes' pressures can divide officials in developing country capitals from their Geneva-based WTO negotiators and bring 'opponents' into line.

### Debates and controversies

The WTO ministerial conference involves all members, but in between these summits certain countries are informally invited to 'mini-ministerial' meetings, leading to charges of exclusion.

Another traditional grievance is the holding of 'green room' meetings (involving select countries, some developing countries) at meetings, though some claim that with the rise of developing country coordination, these sessions are becoming more representative of different countries' views.

WTO negotiating groups are chaired by different countries, though critics say chairs employ informal

procedures, exercise discretion or come under pressure in deciding which positions to include in discussions and draft texts.

Some claim informal procedures are needed to nurture negotiators' confidence and flexibility, and that it is not politically or practically feasible to involve all countries at the same time. Others say they are an affront to transparency and accountability.

**Resource constraints** prevent developing countries being equally active. Some (e.g. India or Brazil) have larger negotiating teams, but these are dwarfed by those of the rich industrial countries. They can afford to send hundreds of officials, advisers and media relations experts to the WTO's top meetings. And in Geneva, countries with small diplomatic missions struggle to take part in the daily affairs of the WTO. Some countries have no presence at all.

**Power in numbers?** Recent summits have seen the rising influence of the developing countries and their country groups. Some G20 countries – India and Brazil – have been involved in brokering agreements with the traditional WTO powers. Some say this improves the chances of a united developing country voice in the WTO, and that the days when Quad countries could call the shots by themselves are over. Others warn a new WTO power elite is in the making and many poorer countries will continue to be left out.

### Issues to consider and questions to ask

- Which country groups does your government belong to in the WTO?
- Does your country chair a WTO negotiating group?
- Which minister represents your country at WTO summits and who represents it in Geneva?
- Do these officials coordinate their positions? Have they experienced power politics in the WTO?
- Does your government work with the media as part of its international negotiations?

### Who's who in the WTO?

**The Quad** EU, US, Japan and Canada.

**G6** US, EU, Brazil, India, Australia and Japan.

**G20** Group of developing countries led by regional powers Brazil, India, China and South Africa.

**G33** Group of 42 mainly lesser-developed countries (some G20 members) coordinated by Indonesia and Philippines. Concerned to protect food security, rural development and livelihoods.

**G90** Straddles countries from the African Union (AU), the ACP group and the LDCs, each of which has its own coordinator (e.g. Zambia for the LDCs at Hong Kong). Concerned to preserve vital trade preferences.

**Cairns Group** Rich and poor country agricultural exporters demanding liberalisation (e.g. US, Australia, New Zealand, Brazil, Argentina).

**G10** Net food importers from rich and poor countries (e.g. Switzerland, Sri Lanka) concerned that trade liberalisation could increase food import bills.

**EU** Member states are represented as a single voice in the WTO by the European Commission (EC), the Brussels agency supporting EU integration. Whether and how the EC accountably decides the EU's common position on trade with member state input is for some unclear, as is the process for governments to account to the public for EU policy, which may or may not be in line with their individual views.

**US** Treaties negotiated by the US trade representative require approval of the US congress and president. The US has a strong interest in opening foreign markets but domestic lobbies with congressional ties often call for protection of the US market.



Trade justice is a hot topic. Global demonstrations have called for international trade deals that have fair rules and poverty reduction as core aims.

PENNY TWEEDIE/PANOS PICTURES

## National policy on the WTO: governments decide

### What's at stake?

For all the power politics, it is vital to realise the WTO is a negotiating forum that relies on the input of its member states. But few people are aware of how their governments determine the national interest on trade and represent it in negotiations.

The WTO does not have a formal public consultation process or a mechanism to review the poverty impacts of its agreements. National governments are left to inform and consult their publics. Civil society and parliamentarians are demanding a greater role in scrutinising trade policy.

An informed and coordinated national position based on consultations with a wide range of domestic groups can help a country to negotiate with greater confidence and credibility internationally, as shown by some of the WTO's smaller and more prominent members like Mauritius. In numerous countries, such as Uganda and Kenya, moves to hold wider public consultations are under way.

### Issues to consider and questions to ask

- Which ministry is in charge of trade negotiations?
- Does the ministry consult with other ministries, including social departments like health or education?
- Does parliament have a say in deciding national trade policy?
- Are there national and local mechanisms for public consultation?
- Who does the government consult? Business groups? Organisations speaking for the poor?
- Whose interests does the national position on trade represent?

## Trade challenges, media challenges

Developing country journalists are seriously under-represented at the WTO's international meetings. As the battle for minds becomes a growing feature of disputes about the development rights and wrongs of the talks, it is time for recognition of the important role the media can play, including stronger Southern coverage.

But reporting patterns can be set by the outlook of big international media organisations, whose messages may have considerable influence on policy-makers and the national media itself. Media reporting can tend to examine the fluctuating trends in top level negotiations without sufficiently analysing the underlying interests involved or the impact of policies on real people. Southern journalists, often under-supported and under-resourced, face the challenge of bringing the views of the public into a wider political debate on the role of trade.

Yet trade, traditionally a discrete policy area seen as best left to experts, has been relatively closed to public scrutiny.

The first big challenge is for journalists to step up examination of trade–poverty debates at the national level, given the crucial importance of national government input to international trade decision making. The next is to look at how national issues are dealt with by the machinery and dynamics of the policy process internationally.

Behind the technical detail, a highly political process is at play. Decisions to protect or liberalise markets are influenced by actors at home and abroad.

By providing unbiased reports that inform rather than sensationalise, that reflect the many views that should count (farmers, consumers, workers, businesspeople, minority groups, women and men), journalists may not alter the political realities of trade negotiations or their effects on poor people. But they can help generate the public awareness needed to ensure the process is more transparent and inclusive of society.

## Trade headlines

### **African lobbyists angry with EU/ACP trade talks**

Philip Ngunjiri  
*East Africa Times* (Kenya)  
Monday 31 January 2005

### **Lessons from Hong Kong – our negotiating bankruptcy touches a new low**

Editorial  
*Daily Star* (Bangladesh)  
Saturday 24 December 2005

## Glossary of key terms

### **Bilateral**

Trade deals between two countries

### **Distortion**

Trade is distorted if prices are higher or lower than in a competitive market

### **Dumping**

Exporting a product at a price below its real cost of production

### **Food security**

Access to sufficient nutritious food at all times

### **Free trade**

Trade without artificial barriers such as tariffs and non-tariff barriers

### **Market access**

Ability to sell products in another country; government willingness to open national markets to foreign products

### **Multilateral**

Trade deals among a large group of countries

### **Non-tariff barrier**

Barrier to trade other than a tariff, e.g. quotas, voluntary export restraints, health and safety standards

### **Plurilateral**

Trade deals among a particular group of countries

### **Preference erosion**

When favourable market access terms for poor countries lose value as rich countries open their markets to other countries under trade liberalisation or widen the number of beneficiaries

### **Protection**

Using trade barriers to protect domestic industries from foreign competition

### **Protectionism**

Abuse of protective tools in violation of principles of free trade

### **Quota**

Permits a specified quantity of an imported product

### **Singapore issues**

Investment and other issues on which 1996 WTO conference agreed to form working groups

### **Structural Adjustment Programme**

Economic adjustment policies introduced with International Monetary Fund and World Bank support and guidance

### **Subsidies**

State aid for domestic producers or exporters through direct payments and indirect contributions such as tax exemptions

### **Tariff**

A government-imposed tax on imports

### **Tariff peak**

Tariff much higher than average national tariff

### **Tariff escalation**

Application of higher tariffs on semi-processed or finished goods

### **Trade liberalisation**

Reduction of tariffs and removal of non-tariff barriers

### **UPOV**

Union for Protection of Plant Varieties treaty (1991) requiring protection of new plant varieties through patent or breeders' rights

Sources: See also *Deardorff's Glossary of International Economics*: [www-personal.umich.edu/~alandear/glossary/](http://www-personal.umich.edu/~alandear/glossary/)

## Useful websites and more information

[www.panos.org.uk/global/tradingplaces.asp](http://www.panos.org.uk/global/tradingplaces.asp) – Panos-sponsored journalists reporting on the WTO Hong Kong trade summit and Panos resources.

[www.panos.org.uk/global/featurethemes.asp?ID=1023](http://www.panos.org.uk/global/featurethemes.asp?ID=1023) – Print features on the impact of global trade.

[www.interworldradio.net](http://www.interworldradio.net) – Audio features on the impact of global trade.

[www.wto.org](http://www.wto.org) – Official information on the World Trade Organization.

[www.unctad.org](http://www.unctad.org) – UN Conference on Trade and Development. See particularly *World Investment Report 2005* and annual issues of *Least Developed Country Report* and *Trade and Development Report*.

[www.undp.org](http://www.undp.org) – See *Human Development Report 2005* (Chapter 4) and *Making Global Trade Work for People* (K. Malhotra, 2003).

[http://europa.eu.int/comm/trade/index\\_en.htm](http://europa.eu.int/comm/trade/index_en.htm) – European Commission trade directorate and office of EU trade commissioner.

[www.ustr.gov](http://www.ustr.gov) and [www.trade.gov/td/tic](http://www.trade.gov/td/tic) – Office of US Trade Representative; US Department of Commerce Trade Information Center.

[www.southcentre.org](http://www.southcentre.org) – Inter-governmental centre for developing countries covering trade and development.

[www.ictsd.org](http://www.ictsd.org) – International Centre for Trade and Sustainable Development. Geneva-based analysis, including *Bridges* digests.

[www.3dthree.org/en/pages.php?IDcat=5](http://www.3dthree.org/en/pages.php?IDcat=5) – 3D: Trade, Human Rights, Equitable Economy. Geneva-based NGO. See 3D's *Practical Guide to the WTO* and links to other resources on human rights and trade.

[www.tradeobservatory.org](http://www.tradeobservatory.org) – Institute for Agriculture and Trade Policy (IATP): US non-governmental site with news and analysis of WTO and trade.

[www.focusweb.org](http://www.focusweb.org) – Focus on the Global South. Asian NGO working on globalisation. *Behind the Scenes at the WTO: the Real World of International Trade Negotiations* (Fatoumata Jawara and Aileen Kwa, 2003).

[www.sawtee.org](http://www.sawtee.org) – South Asia Watch on Trade, Economics and Environment.

[www.twinside.org.sg](http://www.twinside.org.sg) – Third World Network. Southern NGO network focusing on trade and globalisation.

[www.seatini.org](http://www.seatini.org) – Southern and Eastern African Trade Information and Negotiations Institute. Information on Africa and WTO.

[www.iisd.org/trade/](http://www.iisd.org/trade/) – International Institute for Sustainable Development (Canada). Analysis of trade and investment.

[www.maketradeair.com/en/index.htm](http://www.maketradeair.com/en/index.htm) – Oxfam International – global Make Trade Fair campaign research and resources.

[www.actionaid.org/818/trade\\_justice.html](http://www.actionaid.org/818/trade_justice.html) – Action Aid International trade justice campaign research.

[www.idrc.ca/en/ev-2968-201-1-DO\\_TOPIC.html](http://www.idrc.ca/en/ev-2968-201-1-DO_TOPIC.html) – International Development Research Centre (Canada). Links to IDRC-supported regional research networks and resources on trade.

[www.odi.org.uk/wto\\_portal/index.html](http://www.odi.org.uk/wto_portal/index.html) – Overseas Development Institute (UK) portal on WTO.

[www.igtn.org](http://www.igtn.org) – International Gender and Trade Network.

*Gender Mainstreaming in the Multilateral Trading System: A handbook for policy makers and other stakeholders*, Commonwealth Secretariat (Mariama Williams, 2003)

[www.bridge.ids.ac.uk/reports\\_gend\\_cep.html#trade](http://www.bridge.ids.ac.uk/reports_gend_cep.html#trade) – Cutting Edge pack on gender and trade.

[www.bilaterals.org](http://www.bilaterals.org) – Trade negotiations and agreements outside the WTO.

[www.stopepa.org](http://www.stopepa.org) – Stop EPA Campaign.

[www.ecdpm.org](http://www.ecdpm.org) – European Centre for Development Policy Management.

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Panos Media Toolkit on PRSPs

**1 Who's richer, who's poorer?**  
**A journalist's guide to the politics of poverty reduction strategies**

**2 Signed and sealed? Time to raise the debate on international trade talks**