

IMBALANCES, INEQUITIES AND THE WTO MANTRA



DAWN Discussion Paper II
prepared by

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This discussion paper raises DAWN's continuing concerns about the WTO agenda and the supposed benefits of the multilateral trading system, and is part of DAWN's ongoing advocacy for fair and just global economic relations, responsible governance, sustainable and democratic development, and gender justice.

The briefing note draws heavily on three in-depth documents prepared by the author and listed in the resource section.

It is now six years and four ministerial meetings since the World Trade Organisation came into force and began its oversight of the multilateral trading system (MTS), broadly speaking, and the implementation of the Uruguay Round of trade agreements (URA), more narrowly. Yet the imbalances and inequities in the Uruguay Round of trade agreements, which are at the heart of the MTS and which are critical to the economic development of southern nations, have not been addressed and remedied. Furthermore, the widely touted benefits of liberalisation have been few or non-existent for many of the members of the WTO.

Over the past six or so years, many nations have been mired in economic stagnation and social retrogression and today the global economy is, itself, caught in the early stage of recession. Needless to say the issues of distributive justice and the gender and social equity impacts of trade policy have received very little focussed attention from policy makers at the local, national and international levels.

What is clear is that trade rules and the multilateral trading system designed to enforce them are no longer confined to the foreign and commercial policy dimensions of a country's economy, rather a kind of 'trade consciousness' pervades and permeates all other economic policy, social policy and domestic regulations. Thus trade liberalisation has become an ever-expanding perspective and end in itself. It is therefore not qualified or conditioned by anything outside itself, not even by a development reality. This has serious implications

for the formulation of national economic policies that promote sustainable human development, including poverty eradication and the social and economic empowerment of women.

In spite of these concerns, proponents of free trade have insisted that what is needed is rapid acceleration of trade liberalisation and more rules in the form of an even more expansive and comprehensive round of trade negotiations covering

investment, competition, and government procurement as well as deeper and broader cuts in tariff and other trade barriers.

However, there are numerous questions being raised about the functioning and efficacy of the MTS system, both from its members, and from academia and civil society.



Questions abound about the 'legitimacy, fairness, efficacy and ability of the system to adjust' (and respond) to the different



circumstances of the many groups of countries which range in spectrum from poor and least developed to the very rich and most developed. There are also questions about the soundness and empirical validity of its analytical framework that posits an automatic and inherently positive link between trade, growth and development.

As the MTS approached the fourth Ministerial, scheduled to take place in Doha in November, against a backdrop of the war on terrorism, the US and the EU would seem to have closed ranks on agriculture and other extant disagreements between them that contributed to the tense situation at the Seattle Ministerial. Under the guise of a multilateral war on terrorism, and with the complicity of Japan, Switzerland, Canada and some developing countries, they are together attempting to shepherd the members of the WTO towards an agreement on a Ministerial Declaration that will deliver their trade liberalization agenda while ignoring the needs of the South. To this end, they are exerting tremendous pressures on developing countries to forgo their national interests and sign on to a new round, variously defined as a 'comprehensive', a 'development round,' or a 'development compact'.

The argument that a new round will help global recovery is pretty much accepted as a truism in the mainstream media. Except that no one can explain how giving in to the US and the EU on investment, competition policy, and transparency in government procurement is going to help to expedite the exit from

a global recession. As noted above, some countries of the global South have long been in a recession/stagnation coinciding with the Uruguay Round. That round did not bring those countries out of recession, in fact it is one of the key factors exacerbating economic problems (especially in the agricultural sector) in many places. Many developing countries, and especially the small island developing states (SIDS), and LDC's, are in far worse straits after implementing these agreements. The lives of citizens in these countries have become more precarious due to the constraining effect of intellectual property rights on the public health promoting function of government and the lack of affordable medicines; insecure access to basic services such as water, energy and education which are vulnerable in the negotiations on the General Agreement on Services (GATS); and the prohibitions against interference with foreign direct investment now governing investment rules under the trade-related investment measures (TRIMS).

Despite an analytical framework that is supportive of trade liberalisation and despite loud protestations about the benefit of trade liberalisation, the empirical reality is that the rich countries protect their vulnerable and traditional sectors (agriculture and clothing and textiles etc.) by a host of protective devices include anti-dumping actions, Sanitary and Phyto-Sanitary (SPS) and technical barriers to trade (TBT) measures, subsidies and quotas. They will continue to do so, new round or not. Furthermore,

Trade liberalisation and a new round of trade agreement are not panaceas; they will not cure what ails the economies of developing countries.

they have also taken proactive measures, such as the trade related intellectual property rights (TRIPS) and the

general agreement in Services (GATS), to protect their new emerging industries of services and information technologies etc. At the same time the institutional framework of trade governance promotes trade liberalisation at all cost by instituting a set of rules that straight-jackets the developing countries and prohibits them from utilising tools that were critical to the development and continued growth dynamics of the rich countries. Thus the burden of liberalisation will continue to be shunted to the poorer developing countries.



To be or not to be A Development Round?

Undeniably, the present round of globalisation is being driven by a transnational corporate agenda which emphasises the free movement of capital, goods, and services with allowances and contingencies based solely on reciprocity. The market and market ideology dominate fully and in the words of Mrs. Thatcher 'there is no alternative.' Hence the negotiation of international trade rules is increasingly based on the false notion of a 'level' playing field, the unfair and arbitrary construct of a 'single undertaking' which imposes the same rights and obligations on all countries without regard to their economic size and level of development. In this playing-field, there is less willingness by rich and powerful nations to pay attention to the special and differential needs of developing countries. Thus the likelihood of a new round of trade negotiations and any resulting agreement promoting great and positive synergies between trade liberalisation and development is quite doubtful especially in light of recent experiences with the Uruguay Round.

Current emphasis on untempered trade liberalisation seems to assume that the question of economic development has been solved, or at least resolved. From this perspective, a key policy objective is the fine-tuning of all macroeconomic and social policies in order to promote increased trade and to facilitate the movement of international capital. But trade should remain a tool for development. Hence development priorities and needs of the poor and the vulnerable sectors of the economy should be fundamental to trade policy analysis, research and decision-making. Critically important to this are the basic issues of food security, rural development, social and transportation infrastructure, job creation and environmental protection and the development of sustainable livelihoods in agriculture.

Economic development has been increasingly shunted to the back burner of the trade liberalisation agenda or worse, it has been subsumed under trade rules and financial arrangements (debt management)

that in fact are working against development. This is so for at least seven reasons:

First, trade rules attempt to create a level playing field between unequal partners. The level of built-in symmetries and inequities in the WTO agreement and the subsequent use of the Dispute Resolution process and of trade policy reviews have tended to promote negative synergies between trade liberalisation and development.

Second, the North, especially the US, has persistently refused to offer substantive (as opposed to lip service) responses to the development concerns of the South.

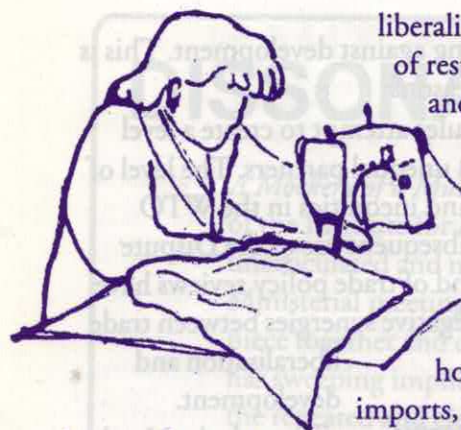
Third, the present governance process in the WTO makes it unlikely that its more than 2/3 developing country membership will be able to shift the agenda from a trade to development one. This is a process clearly dominated by the QUADS which set the agenda and are allowed to condition the process for arriving at specifically desired outcomes.

Fourth, trade liberalisation, per se, does not automatically bring growth.

The mantra of the WTO is 'we are committed to trade liberalisation which is positive for and essential to growth and development'.

The analytical links between trade, growth and development have not been clearly shown.

Furthermore, empirically available evidence does not demonstrate that trade liberalisation has indeed benefited development. Arguing that '(t)he empirical evidence has been at odds with the promises (of trade liberalisation)', the UNCTAD Trade and Development Report 1999 provides evidence that rapid trade liberalisation led to trade deficits in the South as exports stayed flat or did not keep pace with rising imports. Thus the average trade deficit of the South is higher by 3% more than the 1970s and the average growth rate is lower by 2% (p. vi). Thus there is no automatic link from trade to growth or development. As noted by many researchers including the aforementioned UNCTAD report, (Joekes 1999; Rodrik 1999 and 2000), there are two sides to



liberalisation: the elimination of restrictions on imports and increased exports.

However, rapid liberalisation of imports does not mean growth because while a country can control how fast it liberalises its imports, it cannot determine

how fast its exports will grow.

Growth of exports is a function of at least three factors:

- 1) price of existing imports (of intermediary goods etc);
- 2) supply side factors such as the state and availability of infrastructure, human resources, business capacity for new exports, and
- 3) market access, which is constrained by high tariffs and non-tariff barriers in the north.

Thus overall trade liberalisation may simply result in increased imports which in the context of 34% decline in the price of non-oil commodities (declining terms of trade) may increase the trade deficit and exert pressure on the balance of payments. Ultimately, this will worsen external debt, further constraining growth. Thus unbridled trade liberalisation is not wise. Other factors must be considered: these include the timing, sequencing and scope of trade liberalisation, strengthening local enterprises, building human capital, technology, and building export capacity. Countries should also have the ability to make strategic choices in terms of finance and investment (Rodrik 2000 and Ragahavan 2000).

Dan Ben-David et al (1999) in a study on the relation between trade and poverty, commissioned by the WTO, found that there is no 'tendency of catch up convergence' in respect to income; rather incomes tend to be diverging within each segment of global income.

Whenever convergence tendency was observed this was among lower income countries and reflected the relatively better off among the poor countries slipping backward (downward convergence). Rodriguez and Rodrik (1999) argue that trade outcomes approaches based on automatic trade growth linkage suffer from conceptual and empirical shortcomings, including the

Sixth, in such an environment the relevant comparative advantage of developing countries would seem to lie in cheap labour. Increasingly that cheap labour is female labour, which is systematically underpaid. Over-reliance on such a strategy in the medium to long run is likely to trap both women workers, and the countries which depend on a low-wage growth strategy, in a perpetual swirl of debt and dependency.

endogeneity of outcomes, the failure to specify the mechanisms through which exports and imports affect growth and measurement problems.

The absence of clear evidence of the growth promoting potential of rapid trade liberalisation raises serious questions for development. For, if, as the IMF asserts, 'development and trade agendas have become increasingly intertwined (such that) trade reform, broadly conceived, goes far beyond reduction of border restrictions and plays a critical role in supporting growth and poverty reduction' (2000), the evidential lack of growth does not portend well for poverty eradication. To compound the problem the cost of implementing the agreements which is conservatively estimated at about \$10 million per country, specifically for custom valuation, intellectual property and the Agreement on Agriculture (Stiglitz 1999) is not only likely to overwhelm the development budget but may severely impinge on the social budget. Both development, especially human and sustainable development, and poverty eradication are fundamental to the social and economic advancement of women.

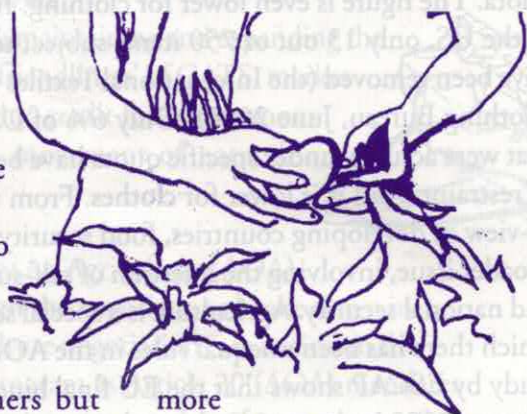
Fifth, there are also mutually reinforcing links between the Structural Adjustment Programs of the IMF and the World Bank and the trade liberalisation agenda of the WTO. The programs of these institutions however differently packaged and named (i.e. poverty eradication and the Poverty Reduction Strategy Paper (PRSP) mechanism) are predicated on a market and trade liberalisation model. They do not pay attention to the institutional processes and differences in the South as opposed to those in the North. Thus the combined efforts of

IMF and the WB, along with the WTO and other agencies, towards the integration of trade and development ('mainstreaming' development) is meant to occur via the integrated Framework for Technical Assistance. But there is very little development and it does not even show in the name of the initiative.

Seventh, like structural adjustment programs (of which trade liberalisation is an essential feature), implementation of the UR agreements have important implications for women's and men's possibilities of enjoying their social and economic rights as well as for the right to development of Southern Countries.

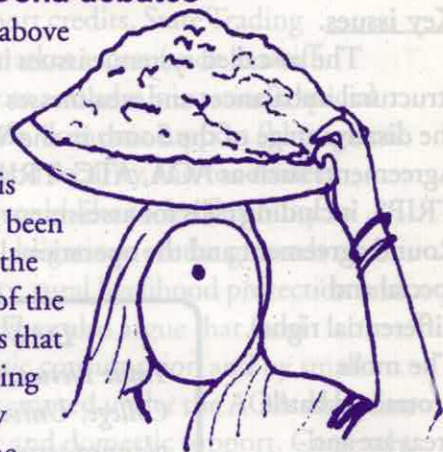
With regard to gender asymmetries, thus far the available evidence points to some benefits for women in terms of access to paid employment, especially in the areas of manufacturing, services and non-traditional agriculture but less so in terms of traditional agriculture. But overall there are significant gender differentiated costs of liberalisation. These include the likely adverse impact on women's primary responsibility for household and community management; adjustment due to import displacement—primarily affecting women's employment and livelihood in traditional agriculture in Africa, Asia and the Caribbean; the detrimental impact of commercial agriculture and manufacturing as well as the hidden health problems and morbidity in reduced women's health services. This is often linked to poor working conditions and low, lack of, or inadequate health and safety standards. A fourth factor is the increasing insecurity of food production and availability that is linked to the withdrawal of subsidies for food production. This has been made worse by the reduction or elimination of tariffs and other barriers on agricultural products which has led to dramatic inflows of foreign goods and the loss of market by local producers, most of whom are women.

While there has been a great deal of attention placed on TRIPs and Public Health (see *DAWN Informs* August 2001), patents in agriculture have implications for livelihoods, food security and nutrition. Other relevant issues in this regard include Plant Varieties Protection (PVP) and its impact on biodiversity, genetic resources, and traditional (or indigenous) knowledge. Biodiversity and the related issues of bioprospecting and biopiracy are of critical importance to women. Both of these raise the issue of the gender-sensitive farmers' rights instrument, the different degree of loss of entitlement and access to resources, and the protection of traditional knowledge in terms of recognition. The right of farmers to retain seed for their own uses, and to exchange and re-use seed are also critical for the survival of small farmers but more especially women who are mostly subsistence farmers and cannot afford to purchase seeds for every planting period.



Status of the Doha debates

As noted above the state of the debate as trade delegates prepare to meet in Doha is that there has not been much shifting of the ground in terms of the outstanding issues that separated developing countries, broadly speaking, from the North at the Seattle Ministerial. The major countries are still in favour of a so-called broad agenda of bringing on board the WTO new issues such as investment, competition policy, government procurement and the environment. With some watering down of difficult issues such as the apparent elimination of labour standards from the debate, the reduction of an all encompassing agreement on government procurement to transparency in government procurement, and the possibility of a two strand approach to investment (by the EU), the broad agenda is being aggressively advocated by the EU and Japan and supported by the US, Switzerland and Australia and some developing countries such as Argentina, Brazil, Egypt, Nicaragua, Singapore, South Africa and South Korea.



Initially, many other developing countries including CARICOM, the African Group, India and Pakistan sought a ministerial meeting with no decision on a new round but instead focussing on procedural outcomes. However, as the Doha Ministerial draws closer with the intensified pressure of the QUAD in the context of the 'you are either with us or you are against us' war on terrorism mantra, the developing countries would seem to be less stringent than they were in their pre and post Seattle stance.

The developing countries' main objections to the broad agenda are threefold:

- 1) they would like to see meaningful progress on implementation issues before considering new obligations;
- 2) they have serious issues with the review process of existing agreements such as TRIPs and TRIMS; and
- 3) They are overburdened by existing agendas of mandated negotiations of the so-called built in agenda; and with left-over and follow-up items from the Uruguay Round, and the Singapore and Geneva Ministerial Declarations.

Implementation problems/issues¹

Key issues.

The so-called systemic issues including structural imbalances and weaknesses which work to the disadvantage of the South in the WTO Agreements such as AOA, ATC, TRIMS and TRIPS, including calls for assessment of the Uruguay Round agreement and the operationalization of special and differential rights.

The more protracted battle areas are anti-dumping rules, exemption from TRIPS, extension of transition periods under TRIPS, TRIMS, removal of restrictions on textile trade and subsidies and custom valuation. These issues have remained as they were in paras 21 and 22 of the October 19, 1999 Pre Seattle Draft Ministerial (the Muchomo Text)

Many developing countries participated in the WTO system with high expectations and belief in the promises made with regard to three or four broad areas that would specifically benefit them:

- 1) reform of agricultural trade;
- 2) reform of textile and clothing trade;
- 3) reduction in industrial tariffs; and
- 4) the expansion of market access.

Underlying the specific concerns in these areas was a focus on the expansion of market access to facilitate the export-led growth model that they had been persuaded to undertake via Structural Adjustment Programs or other reform strategies. It was in consideration of these expected outcomes that many developing countries traded-off their reservations on such restrictive agreements as TRIPS and TRIMS and concerns over the liberalisation of services (GATS). Other developing countries that

were into exporting manufactured goods such as steel, were concerned with the phasing out of trade restrictive arrangements such as the Voluntary Export Restraint Agreement (VERs or VRAs) and Orderly Marketing Agreements (OMA) in these areas.

Implementation Issues arising from the Agreement on Textile and Clothing (ATC)

The SUNS and SEATINI both report that thus far 33% of trade in the clothing and textile sector has been 'integrated' by the QUAD importing countries².

However, this has been undertaken in a narrow technical sense as it is mainly products not under quota restraint that have been liberalised. Hence, only a few items which the developing countries export have been taken off the quota list, even though more than half the implementation period has passed (Khor, June 2001).

In terms of quota removal the record is dismal: Canada has removed a total of 29 out of 295 restraint products in textile and clothing; the EU 14 of 219 under restraint or less than 5% of EU textiles imports under quota. The figure is even lower for clothing. In the case of the US, only 13 out of 750 items subject to restraint have been removed (the International Textiles and Clothing Bureau, June 2000). Only 6% of US imports that were actually under specific quota have been freed of restraint. And it is lower for clothes. From the point-of-view of developing countries, food security is a much broader issue, involving the question of self-sufficiency and national security. Agriculture is a special sector for which there has been unequal rules in the AOA. A study by ESCAP shows that the EU final binding for the year 2000 is almost 2/3 above the actual tariff equivalent for 1989-93. For the US it is 3/4 higher. In general for major agricultural producers northern tariffs

DAWN-South East Asia, the International Gender and Trade Network, and the Women and Gender Institute of Miriam College, University of the Philippines, have produced the first of a planned series of literacy packs on women and trade issues. The pack examines what trade intensification in Asian economies means to women's work, with a series of papers on topics including the Feminisation of Labour in Asia, Double Shift and Multiple Burdens, Women and Trade in Services, Issues in Women's Work, and Negotiating the Divides in International Trade and Gender. There is other information also, including details of the



International Gender and Trade Network that was launched after a seminar on gender and trade held in Grenada in December 1999 by DAWN-Caribbean and the Centre of Concern, Washington, where the network secretariat is housed. The Asia Secretariat in the Philippines can be contacted on gtasia@mc.edu.ph IGTN aims to increase the engagement of the global women's movement in the discourse and negotiations on regional and global trade and investment agreements. The website is at www.genderandtrade.net

are about two times as high as those of the South. The US has also tripled its farm budget from \$8 to \$29 billion (1997 to present).

Review of implementation of TRIPS and TRIMS

Key issues

TRIPS: clarification and modifications regarding exceptions for public health (TRIPS and Public Health)—right to issue compulsory licensing and to allow parallel importing as essential tools for managing public health systems versus diminution of intellectual property rights; patenting by Northern TNCs of biological materials of the South (biopiracy); transfer of technology to the South.

TRIMS: difficult to encourage domestic industry due to prohibition of investment measures and subsidy.

The pre- and immediate post-Seattle key areas of tension between the North and the South with regards to the TRIPs agreement were around

- 1) the review of article 27. 3(b)³;
- 2) geographic indications;
- 3) transfer of technology; and
- 4) the links between TRIPs and the Convention on Biodiversity (CBD).

Issues such as the affordability of medicines for HIV/AIDS and tropical and communicable diseases were raised, but in the last year the public health dimension of TRIPS has taken center stage such that there are increasing calls within the WTO for discussion and a possible substantive Doha Ministerial Declaration on TRIPs and Public Health.

Built in agenda negotiations: AOA and GATS

Key Issues.

AOA: import liberalization in agriculture; subsidy and food security, market access, domestic subsidy reform, etc.

GATS: maintaining and expanding the 'development friendliness' of GATS, market access, flexibility, credit for autonomous liberalization, movement of natural persons.

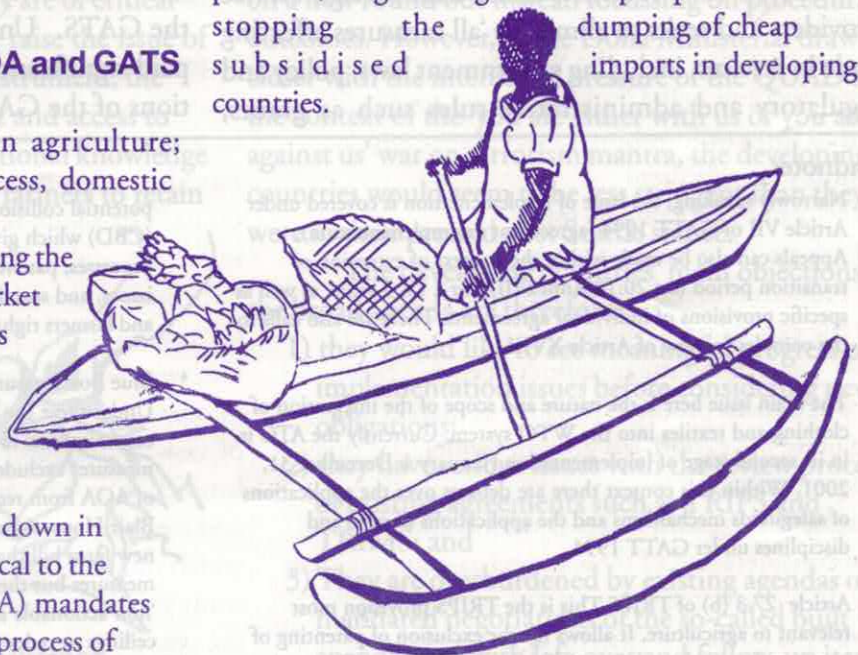
The Agreement on Agriculture (AOA)

Though the negotiations broke down in Seattle, agriculture negotiations are critical to the WTO work program as Article 20 (AOA) mandates negotiations for continuing the reform process of agricultural trade liberalization. The key issues on the

negotiating table including the pre-Seattle issues are export subsidies, export credits, State Trading Enterprises (STE), market access (such as tariff reductions, tariff quota and administration), special agricultural safeguards, domestic support (blue, green and amber boxes), food security and food safety.

The South would like to see flexibility in implementing their obligations on the grounds of national food security, rural livelihood protection and poverty alleviation. They also argue that food produced for domestic consumption and by small farmers should be exempted under the AOA discipline on domestic subsidy and domestic support. Currently, the North's agriculture is protected by so-called blue and green boxes⁴ and though the North is decreasing domestic subsidies there are entire areas of support under export credit agreements that are not subject to AOA discipline. As noted above, this has been a bone of contention between the EU and the US.

The South also argues for 'real, robust and operational special and differential treatment provisions in AOA'. They are especially concerned with issues of food security and multi-functionality of agriculture. They advocate that food staples should be exempted from liberalisation. Undeniably, within the current framework it is the North that is benefitting from S&D treatment in terms of green and blue boxes. Thus some southern countries argue for the creation of development boxes, which would exempt developing countries from WTO discipline measures and policies aimed at enhancing food security and production capacity, sustaining employment for rural persons, regulating cheap imports and stopping the dumping of cheap subsidised imports in developing countries.



The General Agreement on Trade in Services

Unlike most other WTO provisions, the GATS agreement does not seem to have generated much protracted tension between developed and developing countries. In general developing countries argue that the GATS is the most 'development friendly' of all the WTO provisions. The basis for their argument lies in a number of factors, principal among which are the architecture of the GATS (bottom-up, positive list etc) and the substantive contents of a number of its articles. Of these the ones most often cited by developing country negotiators are article IV, (which is seemingly pro-development) and article XIX (which promotes liberalisation with due respect for national policy objectives and flexibility, allows for market access conditions for foreign suppliers, and allows credit for autonomous liberalisation). Given this favourable predisposition towards the GATS, developing countries have focused their energies on ensuring and maintaining the current GATS structure and fighting any attempt to reduce its presumed flexibility and development friendliness.

Unlike the governments, women's groups and other civil society organisations have serious reservations about the GATS. In simple terms, the GATS focuses on rules on how countries must treat foreign service providers and seeks to eliminate 'all measures affecting trade in services, including government laws, policy and regulatory and administrative rules such as grants,

Article XIX of GATS mandates continuing negotiations in services starting in 2000. Current negotiations which are expected to be completed in three years are picking up pace with attention being paid to the issue of developing disciplines on safeguards, subsidies, government procurement and domestic regulation. Negotiators also hope to expand market access by including more sectors and eliminating restrictions on sectors already committed to in country schedules.

subsidies, licensing standards and qualifications, limitation on market access, food safety rules, economic needs texts and local content provisions, nationality requirements, residency requirements,

technology transfer requirements, restrictions on ownership of property or land; and tax measures which affect the foreign provision of services.

The experience from Structural Adjustment, which promotes privatisation, commercialisation and deregulation of basic services such as water, health and education in developing countries, has shown that they create hardship for the poor and place additional burdens on women's time. They also jeopardize women's health. Public services play a critical role in the lives of men and women. Therefore, liberalisation of services has tremendous social justice and gender equity implications. Access and affordability of water, health care and schooling for the poor, especially girls and women must be paramount in any discussions imposing limits on the provision of governmental services or that attempt to impose constraints on the scope of governments' domestic regulatory authority as is proposed in articles 1.3c and 6 of the GATS. Unfortunately, trade negotiators have not paid significant attention to the social justice implications of the GATS.

Endnotes

¹ Narrowly speaking, the issue of implementation is covered under Article VII of GATT 1994 (agreement on implementation). Appeals can also be made within the context of extension of transition period (art 20:10 Annex III), for 1 to 3 years, as well as specific provisions of individual agreements. There are also calls for the complete review of Article XVIII.

² The main issue here is the nature and scope of the integration of clothing and textiles into the WTO system. Currently the ATC is in its second stage of implementation (January 1-December 31, 2001). Within this context there are debates over the applications of safeguards mechanisms and the applications of rules and disciplines under GATT 1994.

³ Article 27.3 (b) of TRIPS This is the TRIPS provision most relevant to agriculture. It allows for the exclusion of patenting of plants and animals and essential biological processes and requires patent protection for eligible inventions covering micro-organism and microbiological or non-biological processes. There is also some

potential collision with the Convention on Biological Diversity (CBD) which gives sovereign states the rights over biological processes; patentability of life forms, development of sui generis issues, and sustainability of genetic material; traditional knowledge and farmers rights.

⁴ Blue Box measures: Exemptions to the discipline on agriculture. Under these the EU and US were allowed to reduce the commitments to liberalise agriculture. Specifically, blue box measures exclude direct support measures to farmers in article 6.5 of AOA from reduction. (This was negotiated under the so-called Blair House Agreement between the US and the EC.) **Note:** In its new farm bill the US has replaced blue boxes with green box measures but the EU still holds to them. (Green boxes refer to 'non actionable subsidies—that is, subsidies not subjected to ceilings or reduction commitments.) Please see, for example, (Cuba, DR, El Salvador, Honduras Kenya, Nicaragua, Sri Lanka, Uganda and Zimbabwe G/AG/W/13; green/blue box subsidies G/AG/NG/W/14).

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WORSE THAN THE FIRST

The revised final draft of the WTO Ministerial Declaration for the Doha meeting is considered to be "worse than the first" by civil society. The Third World Network says the demands of civil society (no new round, turnaround) and also of many developing countries (resolve imbalances and implementation problems, don't start a broad-based new round) have been totally ignored.

"There is a massive attempt here to give even more unprecedented rights to the large corporations of developed countries at the expense of space for domestic policy making, and of consumers, the public and small and medium firms and farms and their employees. The new draft includes:

- The new 'Singapore issues' that commit ministers to negotiate new agreements on all issues, i.e. investment, competition, transparency in government procurement and trade facilitation, going against the express wishes of most developing countries
- Paragraph 16 on industrial tariffs remains basically the same despite submissions by the Least Developed Countries and Group of 7 African countries to examine how previous tariff reductions have hurt local industries and displaced jobs in developing countries
- The section on TRIPs is as weak as before. It makes reference to a separate document on TRIPs and health that is considered an inadequate and controversial draft by NGOs and developing countries. It does not reflect concerns about patenting of life. It is oblivious to the rising public concerns that TRIPs favours rights holders against consumers, especially for essential goods like medicines and users of technology. It is oblivious to public calls for radical changes to TRIPs and for removing it from the WTO; and
- The final section about the work programme is very dangerous and contains all the elements of a comprehensive Round, despite LDCs and many other developing countries protesting against these elements."



DISSONANCE IN THE MANTRA

A Mockery of a Multilateral Trading System: Who is Accountable? a paper by Shefali Sharma of the Institute for Agriculture and Trade Policy, Geneva, examines the unarticulated and non-transparent process leading up to the 4th WTO Ministerial meeting. It is an effort to provide the information that will help piece together and critique the mysterious process of an organisation that has sweeping implications for domestic policies of 142 nation states. Even the repeated and clear statements of the blocs of southern countries have not been reflected in the final outcome of key decisions. The “consultation process” has failed to present a bracketed text that represents fairly the opinions of a large majority of WTO members. These key questions that she poses reflect the growing critique of WTO:



1. Is this institution truly democratic and representative of the constituencies of these member-states?
2. Where is the real parliamentary input of decision-makers at the WTO?
3. How are African Countries, Small States and Least Developing Countries treated in these negotiations?
4. How has denial prevailed in this institution in terms of “development and growth” with respect to the impact on developing countries of liberalisation policies of the IMF and World Bank over the past 20 years?
5. How has this institution dealt with representation of members who do not have consulates in Geneva?
6. What does the “silence means consensus system” bode for the weaker countries who fear bilateral pressure and for those who do not have the number of delegates to be present at key meetings?



“We don’t want more benevolent capitalists or even dead capitalists or even more terrorists who will lead in the downfall of capitalists; we want a more democratic distribution of resources and women’s rightful share of political power and visions.” Gigi Franciso, DAWN South East Asia Regional Coordinator.

“Citizens and states. National and Global. Macro and micro. Forest and trees. It is not that one is better than the other, rather that one cannot be without the other. In determining the role of trade in the macroeconomics of gender-fair development, it will be the nature of the relationship between two seemingly separate entities that will provide the better answer”. Marina Fe B. Durano, *Negotiating the Divides in International Trade and Gender*, IGTN Literacy Pack on Trade Intensification in Asian Economies: What it Means to Women’s Work.



Recent impact assessments of agricultural and services liberalisation in 16 developing and transition economies by Consumers International show that WTO agreements are working against consumers. Consumers International says that the current General Agreement on Trade in Services, GATS, text affects governments' ability to put in place appropriate regulations to ensure consumers' access to basic services such as water and telecommunications. In agriculture, poor farmers with limited access to developed country markets are being driven out by subsidised imports. The impact of the Agreement on Agriculture, AoA, on livelihoods has left many consumers with reduced purchasing power, limiting their access to food.

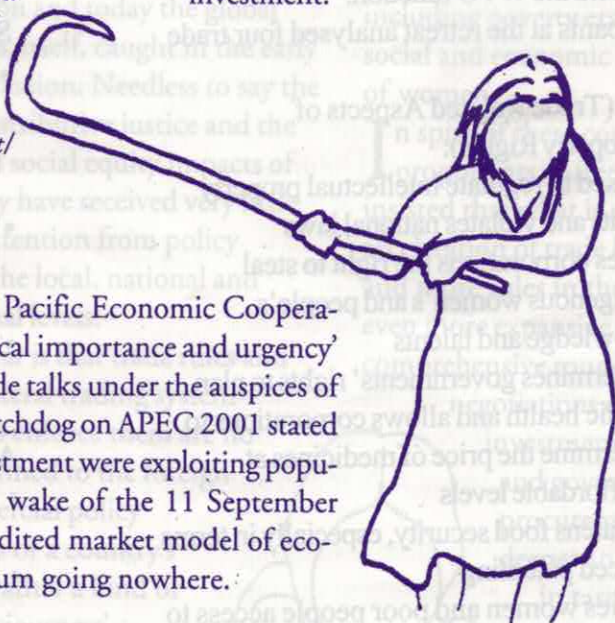
DISSONANCE IN THE MANTRA

The WTO Secretariat is pushing draft ministerial declaration rights to enable transnational corporations to sue governments. "Procedural fairness" of competition agreements will mean that TNCs will have the right to sue governments in national courts, or to use national authorities on competition to force governments to comply. A coalition of NGOs of Finland has stated that the majority of ministers and parliamentarians in EU countries do not yet understand that the EU is pushing for the rights of TNCs to sue governments. If they did understand, they were more likely to accept that the issues are not yet clear and resist the pressures to accept proposals for negotiations on competition and investment.

A useful paper on women's economic agenda in the 21st century, written by Maria Riley of the Centre of Concern, explains why the women's movement has shifted attention from the United Nations as its sole target, to include other international institutions such as the World Bank, International Monetary Fund and World Trade Organisation. It can be accessed on the International Gender and Trade Network website, at <http://www.genderandtrade.net/Occasional%20Series.htm>

Trade ministers of the 21 APEC, Asia Pacific Economic Cooperation, countries have agreed on the 'critical importance and urgency' of launching a new round of global trade talks under the auspices of the WTO. Auckland-based GATT Watchdog on APEC 2001 stated that the advocates of free trade and investment were exploiting popular sentiment and war hysteria in the wake of the 11 September attacks to add new impetus to a discredited market model of economic development and a regional forum going nowhere.

"As far as the treatment of TRIPS issues is concerned, the second version of the Ministerial texts are no real improvement over the first drafts. The criticism of developing countries directed at the first draft -- that there did not appear to be a serious attempt to address issues of concern to developing countries -- is still applicable. The issue of process and procedure is also of concern. With the second drafts being issued so close to the Ministerial Conference, the worry is that negotiators will not have sufficient time to consult the drafts and to make amendments. This is particularly serious, especially when proposals of developing countries have been blatantly ignored, as has been the case with the proposals of the Africa Group, the Like Minded Group and Least Developed Countries. Yet the draft Ministerial texts, with the exception of two options in the declaration of access to medicines/public health, are presented as 'clean' texts, i.e. texts on which there is agreement. But this is far from the truth." Third World Network



IGTN: REDUCE THE ROLE OF WTO TO TRADE

DAWN-Caribbean Regional Coordinator, Keturah Babb, and DAWN-SEA Regional Coordinator, Gigi Francisco, who with Mariama Williams and Marina Durano were amongst those who attended a Retreat for the International Gender and Trade Network, IGTN, in Cape Town, 12-18 August 2001 to analyse the impact of various World Trade Organisation agreements on women, households and communities.

A statement following the retreat said the role of the WTO should be reduced to enable it to deal solely with trade. The IGTN said the WTO did not fundamentally pursue free trade, that its process was predatory, mercenary and destructive to livelihoods and that it perpetuated dependency. The WTO as an institution was flawed in its conceptualisation, which had allowed it to take on non-trade issues.

“Instead of asking how to maximise trade and market access, women want negotiators to ask how international trade will enable countries to grow out of poverty. A reinvigorated focus on equity development and poverty eradication will have far reaching implications for the manner in which the international trading regime and the WTO function.”

Participants at the retreat analysed four trade agreements.

TRIPS (Trade Related Aspects of International Property Rights):

- is used to regulate intellectual property rights and violates national laws
- gives corporations the right to steal indigenous women's and people's knowledge and talents
- undermines governments' rights to plan public health and allows corporations to determine the price of medicines at unaffordable levels
- threatens food security, especially in terms of seed patenting
- denies women and poor people access to claims of their own inventions
- should be taken out of the WTO and left at national level

IGTN supports the Africa Group position and believes all governments must develop *sui generis* laws to protect their indigenous knowledge and genetic resources.

TRIMS (Trade Related Investment Measures):

- contains language that promotes nondiscrimination against foreign investors with the end result of discriminating against local investors and women who cannot compete on an equal footing

- gives corporations unfettered power to invest where they want rather than where necessary
- should be removed from the WTO and investment policy should remain within the national purview, with the state promoting democratic and acceptable development

GATS (General Agreement on Trade in Services):

- impacts on the ability of women to access service provisions in areas of health, water, electricity and education and is the key sector where women work
- should be subject to a moratorium to allow for a systemic gender and social assessment
- should be renegotiated so governments can formulate the agreement to meet their development needs

AOA (Agreement on Agriculture):

- undermines food security, small scale and women farmers
- favours northern nations that can utilise agricultural subsidies denied to south countries under Structural Adjustment Programme agreements
- does not resolve or level the playing field for women who lack access to land ownership and credit
- should be taken out of WTO

The IGTN also called for reduction of the punitive powers of the WTO and relocation of non-trade issues to appropriate institutions. The network called on governments and other NGOs to help redesign and rebalance global institutions including the WTO in the belief that governance can begin only at the local level.

