

# **WHY A DERAILED WTO MINISTERIAL IS THE BEST OUTCOME FOR THE SOUTH**

By Walden Bello\*

(Reproduced by Focus on the Global South with the permission of Inter-Press Service (IPS). Not to be reproduced by media not authorized by IPS.)

BANGKOK , SEPT (IPS) - With the fifth ministerial of the World Trade Organisation (WTO) fast approaching, the organisation that was hailed at its founding in 1995 as the crowning point of global economic governance is in gridlock.

Despite an obvious effort to put a positive spin to negotiations over the last two years, the recently issued draft ministerial declaration evinces little consensus on all the burning issues dividing WTO members.

## **Stalemated Talks**

WTO Director General Supachai Panitchpakdi trumpeted a "successful" last-minute compromise on the contentious issue of the relationship of trade-related intellectual property rights (TRIPs) and public health in the manufacture and import of vital drugs. Many analysts contend, however, that the compromise leans more toward protecting the patent rights of Northern pharmaceutical companies than promoting access to life-saving or life-prolonging medicine for millions of people in the South suffering from HIV-AIDS and other epidemics. It is very doubtful that it can unblock negotiations in the other areas, where North-South differences as well as internecine disputes among the rich countries, are more solidly entrenched.

Prior to the compromise, the talks had been stalemated by the US' refusal to budge from its position that loosening of patent rights should be limited only to HIV-AIDS, malaria, and tuberculosis drugs, defying the declaration of the Fourth WTO Ministerial in Doha, 2001, which clearly placed public health issues above corporate intellectual property rights.

A last-minute attempt by the European Union and the United States to set up a negotiating framework to revive the stalled talks on agricultural liberalisation appears to have backfired, as developing countries bitterly criticised the two trading superpowers for regressing to their behaviour during the last years of the Uruguay Round (1986-94), crafting a backroom deal with no participation from the 144 other member countries.

Brazil, India, and China --the powerhouses of the developing world-- immediately responded with a paper telling the Europeans and Americans to quit beating around the bush and radically cut the high levels of subsidisation responsible for the dumping of cheap grain and meat on world markets that is putting hundreds of thousands of developing country farmers out of business.

There has been no movement whatsoever on negotiations to ring under WTO jurisdiction the so-called "trade-related" issues of investment, competition policy, transparency in government procurement, and trade facilitation, which Brussels and Washington have regarded as the centrepiece of the Doha Declaration. Indeed, there is fundamental disagreement over whether or not there is a mandate to even begin negotiations. The developing countries assert that the "explicit consensus" of each member country must be obtained to launch negotiations. The European Union (EU) and other developed countries, on the other hand, claim that there is already agreement to negotiate and it is only the "modalities" of the negotiations that need to be ironed out.

## **The Civil Society Factor**

Some observers say that the three key ingredients of the "Seattle scenario" are emerging, alluding to the "formula" that produced the famous collapse of the Third Ministerial in Seattle in December 1999:

- the EU-US stalemate in agriculture is again at centre-stage;
- developing countries are more resentful than ever;
- civil society is on the move.

The civil society factor must not be underestimated. The numbers are not clear, but at least 15,000 people from all over the world may show up in Cancun. This would be the equivalent of five percent of Cancun's population of 300,000 -- a critical mass if any. At the moment, up to 10,000 peasants led by the Mexican farmers' group UNORCA and the global peasant federation Via Campesina are planning to march to the Convention Centre located in the restricted section of the hotel zone to deliver a message to the ministerial assembly demanding that the WTO "get out of agriculture". Another coalition called "Espacio Mexicano" is setting up a week-long "Forum of the People" that will climax on September 13 with a march coordinated with demonstrations in scores of other cities throughout the world on the theme "Against Globalisation and War".

Perhaps the most significant development is the decision of the Zapatistas, the armed insurrectionary force based in indigenous and peasant communities in the forests and highlands of Chiapas in southern Mexico, to throw their weight behind the protests. "If the Zapatistas join the mobilisation against the WTO, then because of their great prestige throughout Mexico, the whole situation will be transformed," says Hector de la Cueva, one of the coordinators of *Espacio Mexicano*. With thousands of Mexicans inspired to go to Cancun and anti-WTO actions throughout Mexico, the Zapatista decision could transform what is still seen by most Mexicans as a foreign gathering in a "Yankee tourist colony" into a massive national protest.

Mexican authorities are agitated, despite efforts by leaders of the international movement against corporate-driven globalisation to assure them that their demonstrations and meetings will be non-violent. It turns out, in fact, that the federal government has been compiling an "enemies' list" of people to closely monitor during the ministerial. Leaked to the press in mid-August, the government memo contains about 60 names, among them Ecuadorian Indian leader Blanca Chancoso, Indian physicist Vandana Shiva, and American agro-ecologist Peter Rosset, who were designated as "*ultras*."

### **Institutional Crisis**

The current travails of the WTO are a continuation of the institutional crisis that first broke in Seattle in December 1991, triggered by resistance of civil society groups to the WTO's drive to subordinate critical dimensions of social life to corporate trade, by developing countries' resentment of a few developed countries imposing a doctrinaire global liberalisation programme inimical to their interests, and by the widespread repudiation of an undemocratic decision-making structure.

The depth of the reform needed was underlined by then UK Secretary of State Stephen Byers a few days after the Seattle collapse: "The WTO will not be able to continue in its present form. There has to be fundamental and radical change in order for it to meet the needs and aspirations of all 134 of its members."

No reforms followed in the wake of Seattle, and only US-EU strong-arming of the developing countries in the context of the 9-11 events produced a declaration mandating a limited set of negotiations to further trade liberalisation during the Fourth Ministerial in Doha, Qatar, in November 2001. But the so-called "Doha Round" quickly degenerated into a stalemate.

## **Crisis of Globalization**

The WTO's institutional crisis, however, is itself a reflection of an even deeper, more comprehensive crisis --that of the globalist project of accelerated integration of production and markets. One key trigger of this crisis was the Asian financial crisis of 1997, which brought home the lesson that the capital account liberalisation that was a centrepiece of the globalist ideology could be profoundly destabilising, resulting in such tragedies as that of Indonesia, where 22 million people fell below the poverty line in the space of a few weeks.

This discrediting of the presumed benefits of unfettered capital mobility could not but provoke a wide-ranging examination of the claims of another key tenet of the globalist project: that trade liberalisation promoted prosperity. The results of many investigations of this assumption carried out in the late 1990s were perhaps best summed up by World Bank researchers Matthias Lundberg and Lynn Squire: "The poor are far more vulnerable to shifts in relative international prices, and this vulnerability is magnified by the country's openness to trade. At least in the short term, globalisation appears to increase both poverty and inequality."

As the doctrine and institutions of capital mobility and trade liberalisation were increasingly eroded by a crisis of legitimacy, the globalist project was further undermined by another momentous development: the stock market collapse of March 2000, which inaugurated an era of global recession and deflation brought about by the excesses of speculative capital as well as global overproduction. Faced by an era of scarcity, rising joblessness, and slow growth, economic elites in both Europe and the US have increasingly turned away from promoting the project of an integrated global economy, with obstacles to capital and trade flows reduced to a minimum that served the universal interests of the global corporate class, and moved towards policies of protecting the interests of national or regional capitalist elites.

The EU-US conflicts over agriculture, steel tariffs, pharmaceuticals, GMO's, aircraft subsidies, and Microsoft's practices in Europe reflect this rising protectionism in both Brussels and Washington. These economic conflicts have been exacerbated by the divergent political paths on Iraq and the Middle East taken by the US and the cornerstone countries of the EU - -Germany and France-- which have unraveled the "Atlantic Alliance" that won the Cold War against the Soviet Union.

Bush's unilateralist economics, in particular, marks a turning away from the condominium of global capital that underpinned the multilateral institutions --the IMF, World Bank, and WTO-- during the Clinton era. It is a response to the crisis of the globalist project that, with its brazen defense of US corporate capital exemplified in its stand on TRIPs and public health, is likely to deepen that crisis and the crisis of the multilateral institutions that were used to advance the globalisation agenda. For with the EU and the US at loggerheads on a whole range of issues, it has become that much more difficult for both to mount a coordinated strategy to split and intimidate developing countries at the WTO on matters where the two capitalist centres share a common interest, like pushing through a WTO-enforced investment agreement, which the developing countries have stubbornly opposed.

## **False Choices**

With the WTO framework failing, both the EU and the US have turned to bilateral and multilateral trade agreements as a vehicle for liberalisation that would serve their particular interests. The race is on, and the US appears to be ahead. Washington recently announced free trade agreements (FTA) with Chile and Singapore, and this coming October it will unveil an FTA with Thailand at the Asia Pacific Economic Cooperation (APEC) summit in that country. Moreover, over the last two years, the Bush administration has devoted far more effort to concluding the Free Trade of the Americas (FTAA) than to jump-starting the WTO.

Developing countries are just as wary of FTA's as of they are of the WTO, recognising that they are just as much guided by the hegemonic interests of the stronger partners.

To those argue that the WTO is better for developing country interests than FTAs because it has institutionalised rules and procedures that constrain the more powerful countries, developing country analysts such as Aileen Kwa, Geneva representative of Focus on the Global South and author of the expose "Behind the Scenes at the WTO", point to rich country governments' systematic intimidation and coercion of Southern countries in the last few years in an attempt to pry open their markets, hiding behind a thick veil of non-transparency.

Indeed, developing countries must cease allowing themselves to be boxed into such false choices and start working on real alternative arrangements, such as creating regional economic blocs or restructuring economic existing ones such as Mercosur and Asean to serve as effective engines of coordinated economic progress via policies that effectively subordinate trade to development.

### **Failure is Success**

One cannot discount that despite their deepening differences, the US and the EU may still pull together to coerce developing countries into approving new initiatives in trade and trade-related liberalisation in Cancun.

However, the increasingly likely scenario is a ministerial that will produce no agreements for significant new liberalisation and essentially reproduce the stalemate in Geneva. For developing countries constantly under siege to open their markets or cede control of areas thus far the preserve of national policy-making --like investment and competition-- to the Washington and Brussels-dominated WTO, a failed, stalemated ministerial is the best outcome. It gives them the breathing space to organise and coordinate their defense and allows them and global civil society the opportunity to mount the reversal of corporate-driven globalisation that even the free-trade mouthpiece Economist sees as a very real threat to the future of capitalism because of the "excesses" of global capital. (END/COPYRIGHT IPS)

(\*) Walden Bello is professor of sociology and public administration at the University of the Philippines and executive director of the Bangkok-based Focus on the Global South

---