

# WTO ON THE ROPES

## THE WORLD TRADE ORGANIZATION IS BEYOND REFORM IT'S TIME FOR ALTERNATIVES



by Jean-Yves LeFort

**T**he Doha Development Round came to a grinding halt in July and World Trade Organization (WTO) negotiations, suspended indefinitely, are unlikely to get back on track. Not that they ever were on track. This particular round of negotiations was launched in 2001 with the stated purpose of benefiting developing countries. In reality, it wasn't about development at all. It was about prying open new markets for rich multinationals. The world's poorest nations never got a chance to put forward their issues.

We can blame Europe and the United States for this failure. From the outset, they turned the trade talks upside down. In regard to agriculture, the U.S. and Europe put very little on the table, offering deals that would have allowed them to continue subsidizing their own farmers and, thanks to some convenient loopholes, even increase subsidies. In the area of non-agricultural market access (NAMA), they demanded that industrializing economies in the South cut tariffs by 60 to 70 per cent while offering to cut theirs by only 20 to 30 per cent. Many

feared, with good reason, that this would lead to de-industrialization in the South – hardly a good outcome if development is your goal.

### HYPOCRITICAL LOOPHOLES

Even the so-called duty-free and quota-free market access offered to products from Least Developed Countries (LDCs) at the Hong Kong ministerial meeting in December 2005 was hypocritical. It conveniently contained a loophole that allowed rich countries to block any product from poor countries with a competitive advantage: textiles from Bangladesh, for example.

Finally, the impoverished countries of western Africa couldn't get the United States to drop \$4 billion per year in cotton subsidies that have severely depressed world prices, costing the poorest farmers in Africa millions of dollars in lost revenue.

Some WTO watchers see the absence of a vote on the suspension of trade talks as an indication that negotiations are ongoing among the six big players, away from media attention and the scrutiny of the organization's lesser members.

Specifically, these people wonder if a deal may be cobbled together before the U.S. government loses its Trade Promotion Authority (TPA) in July 2007. Formerly known as "fast track," the TPA limits the ability of U.S. Congress to make amendments to trade deals. If this executive power is not renewed (a probable scenario), the U.S. will be unlikely to get any agreement stemming from the Doha round before the next presidential elections in 2008.

### TOO MANY LOSERS

The reality is that the WTO failure reflects the failure of the entire neo-liberal free trade agenda. The idea that liberalizing domestic markets can miraculously reduce poverty has been proven wrong over and over again. If it were true, Haiti would be one of the fastest growing economies in the world, and sub-Saharan Africa would be enjoying record growth. A vast body of research, including studies by the World Bank and United Nations, confirms that the gap between rich and poor has grown both between and within countries. The neo-liberal agenda creates few winners and far too many losers.

The collapse of the Doha round of negotiations provides an opportunity to set a new course for global trade. Some of the alternatives to neo-liberalism are theoretical while others are very practical, but they all represent something that was missing from the WTO's rigid agenda – diversity. Economic development through corporate-friendly trade rules has led to huge profits for large corporations and growing poverty for everyone else, including most governments.

It's fine to say that a strong multilateral institution like the WTO is necessary to regulate trade in a globalized world. But let's direct an equal effort to strengthening and enforcing multilateral agreements on the environment, labour and human rights.

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