

What you should know about the WTO

HONG KONG MINISTERIAL MEETING

In December 2005, trade ministers from Canada and the other 147 World Trade Organization (WTO) member countries will gather in Hong Kong for a crucial meeting, where they will make decisions that will impact Canadian agriculture, public services, natural resources, and the environment. This series of fact sheets is designed to help you understand what's at stake during this meeting, and why civil society groups are concerned about the WTO and its influence over policies and priorities in Canada and in the developing world.

What's at stake?

The Hong Kong Ministerial is the sixth meeting of the 148 WTO member countries, since the WTO's inception in 1994. It is a key moment because the ministerial is the WTO's ultimate decision-making body, and two of the last three ministerials, Seattle in 1999 and Cancun in 2003, ended in failure.

The current round of negotiations is called the Doha Development Round. As the name indicates, it was launched at the Doha Ministerial in Qatar in 2001. It represents a promise made by developed countries to place the needs and interests of developing countries at the heart of the WTO negotiations. But the Doha development round has turned into a vehicle for rich countries to push their corporate friendly rules on Third World countries. Not surprisingly, negotiations haven't progressed very far because developing countries are no longer willing to sign deals based on empty promises. If the Hong Kong Ministerial fails, the WTO will be seriously weakened.

Key issues

This round of WTO talks will focus on agriculture, services and industrial tariffs. These three issues are linked to each other, because developments in one area affect outcomes in the others.

Corporate influence

Multinational corporations want to operate across borders with a common set of rules and with minimal interference. Large companies and some governments have formed a "partnership," working together to promote corporate-friendly rules within the WTO. The United States was the first country to formalize such a relationship – allowing U.S.-based companies to work through the government to challenge other countries' trade barriers. Big business has a direct voice, if not an official one, in shaping the rules of the WTO.

Double standards

Officially, each of the WTO's 148 member countries has one vote in a system built on consensus agreement. In reality, some countries are "more equal" than others. The United States and the European Union are always part of a select and limited group that gets to determine the agenda for the rest of the membership. In the past, Canada and Japan joined the EU and the U.S in this select group (known as the QUAD) to make key decisions. Currently, Brazil, Australia and India are part of a new group called the Five Interested Parties (FIPS) who meet behind closed doors to exercise a kind of executive power.

Dispute resolution

Much has been said about the WTO's dispute settlement mechanism. Any member country can challenge the laws and regulations of another member country, if they feel WTO rules have been broken. Even though these rules might protect health, environmental or social standards, panels of unelected experts, who consider only commercial matters, have the power to adjudicate these claims and hand out punishment. A losing country generally has three options: change its laws to conform to the ruling, face economic sanctions, or pay permanent compensation. Economic powers like the United States often use a fourth option: they refuse to comply and ignore the ruling.

For more information about the WTO, and for suggestions on how to promote fair trade in your community, check out www.canadians.org, or call 1-800-387-7177.