



Except for Newfound Unity Among Third World Nations, There Were no Surprises: The WTO's Fifth Ministerial Conference Collapsed Over the North's Agricultural Protectionism

Álvaro J. de Regil*

The World Trade Organization's Fifth Ministerial summit in Cancun, Mexico collapsed when rich nations attempted to impose their agenda by seeking to negotiate the "Singapore issues" before negotiating the long-disputed agricultural subsidies and other agricultural protectionist barriers that they maintain. The WTO's summit was supposed to fulfil the spirit of the Doha Trade Round, which was labelled the "Round of Development" by establishing the Doha Development Agenda (DDA), which was in turn supposed to be completed at the end of 2004 during the next ministerial meeting possibly in Hong Kong. Thus, Doha—in contrast with the Uruguay Round where the South agreed to major concessions, opening its markets to manufactured goods and accepting a whole set of intellectual property rules—is supposed to be the South's round. In this way, the main focus of the DDA is to reach an agreement to eliminate, within a reasonable timetable, all agricultural subsidies and barriers that rich countries have used to block and impair the South's agricultural sector, a vital element in the development of many nations in the Third World.

The summit collapsed when the EU, the US and Japan attempted to impose an agenda that focused on new investment rules. These rules were drawn during a 1996 meeting in Singapore and are of special concern to developed countries. There are four major topics: foreign investment, competition policy, government purchases and trade facilitation. These issues include some of the same issues contained in the Multilateral Agreement on Investment (MAI) defeated a few years ago, to the point that some people have labelled them "the child of the MAI". The collapse came when African countries walked out from the meeting refusing to discuss these issues before the North's agricultural protectionism could be discussed and enough progress achieved to warrant the actual launching of the new Doha Trade Round.

In a so-called free market ethos, the North's refusal to liberalise its agricultural sector, since the beginning of the post-war era, has been the deepest thorn in the construction of a level-playing field trade system. Currently, the North spends over \$300 billion dollars annually in subsidies to its farmers, to protect them from the South's agricultural exports and in many instances to destroy the livelihoods of millions of farmers in the South who cannot even compete in their own domestic markets with the exports of the North's farmers and agri-businesses mega-corporations of the likes of Cargill. The U.S. has a \$150 billion dollars annual farm bill to protect this sector, which is far more than the GNI of many poor nations. The EU provides, among others, \$2 dollars a day to each of its cows, which is twice as much the amount that over 1.2 billion people (the poorest one-fifth of the world's population) have to survive each day. Japan has agricultural import tariffs as high as 1000%, such as in the case of rice. Yet, the North continued with its old abusive ways.

Many of the South's delegates complained that the North was resorting to the same old tricks of delaying the discussion of agriculture whilst putting pressure to discuss the issues that were of keen interest to them. India, South Africa, Malaysia and many others were especially angered by the European Union's position of conditioning "concessions" on farming in exchange for dropping their opposition to the launch of investment talks. Indeed, the South complained that the issues the South wanted to incorporate in the meeting's agenda were being routinely ignored. A draft agreement was prepared, but the South rejected it

because it regarded it as openly benefiting the North's agenda whilst failing to resolve the question of farm subsidies and setting timeframes for commitments already agreed upon in the DDA. There was an attempt to reach a compromise by eliminating two of the Singapore's issues, but whilst the South insisted on eliminating all of these issues, Japan and South Korea insisted on maintaining them. As a result, if there was any honest interest in the North to support true development in the South and a sustainable trade system, the fact is that its intransigence polarized trade negotiations as never before, since the creation of the so-called trade system in the late 1940s.

In this way, the Fifth Ministerial collapsed and puts the viability of the Doha Round and of the WTO itself in doubt. The EU cynically accused the WTO of becoming an ungovernable institution when Pascal Lamy, the EU Trade Commissioner, repeated its accusation of operating in a medieval fashion. As for the US, it has already announced that it intends to push forward on bilateral and regional border-opening agreements, outside the WTO, to create a coalition of countries that are enthusiastic supporters of the United States' trade agenda, whilst some members of its congress, such as Iowa Senator Grassley, want to punish countries refusing to support the US' trade agenda. Thus, despite some of the North's rhetoric, such as the "give and take" call to negotiate of Peter Allgeir from the US, the fact is that the North maintains the same win-lose attitude that has historically characterized it. The meeting failed, to be sure, because the developed world showed, not surprisingly, an absolute lack of political will to create a true free and sustainable trade system.

Indeed, the only somewhat surprising event was the newfound unity of the South. A new group of 23 nations, which includes China, India, Brazil and Mexico and accounts for 56% of the world's population, formed a block that was able to resist the pressure from the North. Thus, when the African nations, the first to walk out from the meeting, announced they were leaving the summit in frustration, the 23 nations supported them and joined them. About 90 of the so-called "developing" nations supported the end of the Conference due to the extreme polarization of views.

Many NGOs attending the event rejoiced at the failure of the Conference. Others felt that everyone lost. The fact is that much of global civil society supports the development of free trade. Nonetheless, we envision trade as a key element of sustainable development and not as the privilege of old and new colonial empires. This means that trade has to be a catalyst to integrate large sectors of domestic economies into the benefits of trade through market access and local content integration through domestic production chains. Nothing to do with global corporations-based trade –as in intra-company trade– with minimum local content using cheap labour in the factories of the free trade zones of the South. This especially means that the North can no longer insist on placing barriers on the South's agricultural exports and on distorting global and local commodity markets with subsidies, collapsing the prices to the point that the vast majority of the South's farmers lose their livelihood and see the already impoverished lives of their families worsen. Thus, trade has to be equitable and practiced under the same rules; it has to be permanently commensurate to the capabilities of poor countries to compete on equal terms and with the benefits accruing as much to the poor and domestic companies as they do to the multinationals. In democratic societies, trade must be a vehicle for equitable development and not one medium for oligopolies to increase shareholder value.

Yet, the North insisted on bulldozing the South to accept its own rules and practice an extreme Darwinian capitalism. In the past there were the colonies of the old monarchies from Europe, later there was the centre-periphery relationship where the oligarchies from the South partnered with the North to exploit resources and people. Now the North practices a global corpocracy, the globalisation of untrammelled freedom for global corporations and institutional investors and the exclusion of the rest including large segments of its own population. Its pretension is to impose absolute freedom for the movement of capital, freedom of access to consumers, freedom to impose intellectual rights on things that have always been of the public domain –as in intellectual rights on traditional medicine and medicinal plants. The North also demands freedom to sue governments at all levels for protecting the environment or consumers or for attempting to exercise the sovereign right to procure the welfare of all ranks of society, as in real democracy. Thus, it demands freedom for corporations to exploit labour at will and use it as a disposable commodity

and freedom to set their own voluntary rules of corporate social responsibility. In summary, the North, with the cooperation of its partners in the South, pretends to do away with the little real democracy that exists and impose a top-down corporocracy, North and South, for the benefit of the few at the expense of the many.

Since the launching of NAFTA, behind closed doors, the plight of the average Mexican and the misery of one-fifth of Mexico's population, which depends on agricultural production, are an emblematic case of North and South governments working in partnership to advance the demands of corporations. It turns out that NAFTA already contains many of the elements rejected in Cancun by many southern governments. This is because the failed MAI used NAFTA as the model for its drafting and the "Singapore issues" are a by-product of the MAI. Nonetheless, despite the failure of NAFTA to improve the welfare of most Mexicans, the behaviour of the last three Mexican governments has consistently moved to protect the corporate interests and ignore the demands of many of its social sectors. In the recent past, the current government attempted to champion to the rest of Iberian America the embracing of the new agreement that would launch the Free Trade Area of the Americas as a true continuation of NAFTA. Its behaviour is a rather illustrative case of the top-down corporocratic globalisation that northern governments are poised to impose with the cooperation of the southern elites. Indeed, the pathetic refusal of the current government to use some of the few safeguards of NAFTA –as in the case of fructose as a sugar substitute for the soft-drink industry– and its insistence on privatizing the energy sector, exposes its true colours, which border on cowardice and treason.

In this way, it is definitely better to have no new trade agreements than to have a win all – lose all accord. It is also encouraging to see the apparent newfound unity of the largest so-called "developing" nations of the group of 23 –including Mexico– and of many other Third World nations, but their commitment and endurance remains to be seen. This will definitely be a key factor in the future trade battles that will come, for the North will surely flex its muscle in an attempt to impose its will. Nonetheless, the most critical factor in this struggle is the pressure that a united global civil society, both North and South, will be capable of exerting on each government in order to force all of them to reach an equitable deal. This deal must establish a trade system that generates true and sustainable development and reduces the overwhelming poverty of billions of people in the world. Only the people, organized as civil society, can have the power to force governments to behave democratically and work to procure the common good of all ranks of society. The so-called democratic governments of the 21st century do not work for the public good, to be sure, because the public matter has been privatised and they discussed it in private with the centres of economic power. This is because the political process has been corrupted with enormous amounts of corporate money flowing into the political campaigns of many politicians in power. Therefore, we have yet to see if after over half a century of trade rounds we are capable of making our governments work to establish a trade system that is sustainable and accountable to the people and only the people, especially to the billions of already dispossessed.

* Alvaro J. de Regil is Executive Director of The Jus Semper Global Alliance