

Spectre of regional trade pacts hangs over WTO

AFP, Cancun, Mexico

A WTO ministerial conference underway here, torn by internal wrangling and denounced by protesters and activist groups, is facing another threat: regional trade pacts.

Several key delegations, notably the United States and Australia, have warned that if their objectives are not met through a multilateral trade accord, which is the subject of debate in Cancun, they will pursue their interests through regional agreements.

For committed multilateralists in the World Trade Organization such warnings are ominous.

"Regional trade agreements (RTAs) can pose threats to a coherent and active multilateral trading system," the WTO's 2003 trade report said.

"A proliferation of ill-considered and partial RTAs could turn fears of shortcomings in the multilateral framework into a self-fulfilling reality."

ity."

The report also maintained that trade pacts between blocs of countries can raise transaction costs, strengthen the hand of protectionist and anti-trade liberalization forces and harm the interests of smaller, weaker economies left out of such arrangements.

A penchant for regional trade solutions can make for some unlikely bedfellows, such as the United States, the world's leading free marketer, and Malaysia, traditionally hostile to slam-bang US-style capitalism.

Just days before Wednesday's opening of a five-day conference here to spur progress toward a new global trade agreement, US Trade Representative Robert Zoellick said Washington would go it alone by seeking one-on-one pacts if the WTO failed to secure an accord by January 1, 2005.

"We will find countries that want to open up markets with the United States," Zoellick told a press confer-

ence in Washington, noting that President George W. Bush had signed legislation to implement free trade deals with Chile and Singapore.

"I hope they will be in the WTO. But if they are not, we are not stopping. We are moving ahead with the countries that are willing to go."

For entirely different reasons, Malaysia too has recently made clear its continuing interest in regional agreements while at the same time expressing a willingness to give the WTO a chance.

"The multilateral system is still seen to be corporate-driven rather than development driven, with powerful nations and corporations wielding great influence," Malaysian Deputy Prime Minister Abdullah Badawi told the Pacific Economic Cooperation Council earlier this month.

"While committing ourselves fully to the WTO we realize the limitations of multilateral trade

agreements like the WTO."

Australian Trade Minister Mark Vaile has likewise said Australia would pursue bilateral arrangements if it gets no satisfaction from the multilateral framework.

Australia already has such agreements with Singapore, is negotiating a deal with the United States and Prime Minister John Howard has expressed interest in a similar arrangement with China.

But Canberra and eight other agricultural exporters are in addition threatening to walk away from the current WTO round if no headway is made here toward eliminating government subsidies to farmers in rich countries.

Australia and its allies, backed to some extent by the United States, are facing stiff opposition to their demands to slash subsidies from Europe and Japan.



A front view of the opening ceremony of the Fifth World Trade Organization Ministerial Conference at the Cancun Convention Center in Cancun, Mexico on Wednesday. Bangladesh Commerce Minister Amir Khosru Mahmud Chowdhury, one of the vice-chairmen of the conference and coordinator of the least developed countries (LDCs) is seen on the dais (3rd from right). The main task of the WTO meeting will be to take stock of progress in negotiations and other work under the Doha Development Agenda.

UN tells developed nations to eliminate farm subsidies

PTI, United Nations

A top United Nations official has called on rich nations to eliminate the estimated billion dollars a day in agricultural subsidies that "grossly undermines" the future of millions of people in the least developed countries.

Representatives at the 146-member World Trade Organisation ministerial meeting in Cancun should "take concrete steps in the common endeavour to overcome poverty and underdevelopment amongst the teeming millions of the most disadvantaged and vulnerable countries in

the world," under-secretary-general Anwarul Chowdhury said in a message.

Chowdhury, UN High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, mentioned cotton in Africa as being prominent among the subsidised products and welcomed a joint proposal by Benin, Burkina Faso, Chad and Mali to establish at Cancun a mechanism for phasing out support for cotton production in high developed countries.

"It is high time that something meaningful and worthwhile is done at

Cancun and the on-going Doha Round of trade negotiations in that regard," he said, referring to the many years of efforts by the least developed countries to win greater market access and special provisions to reverse their marginalisation in the realm of world trade.

Chowdhury said a recent series of meetings on the least developed countries emphasised the importance of global partnership for enhancing the role of trade in development and transforming it into a powerful engine for growth and poverty eradication.

Can't do Cancun, can do Cancon

BBC ONLINE

Militant farmer Jose Bove, banned from the world trade talks in Cancun, is taking his protest instead to the tiny French village of Cancon.

He will hold an alternative summit in the hilltop hamlet, because of restrictions on his movements after his conviction for destroying a field of GM crops.

Cancun, Mexico, has little in common with Cancon, France. Cancon is billed as Mexico's country's most exciting resort city, packed with hotels and restaurants and claiming to be "a non-stop party if you know where to go".

Top local attractions include nuts, plums, cooked meat and foie gras.

Despite Cancon's previous lack of international status, Mr Bove's presence will plunge it into the global media spotlight - to the delight of at least some locals.

"It's marvellous," local councillor Jean-Jacques Libourmet told the French daily newspaper Le Parisien.

"I've been trying to get my village known for 30 years and now it's happened overnight with Jose Bove coming. I'm so happy."

The hamlet's two hotels are being bolstered by villagers hiring out their spare rooms to the anticipated 5-10,000 visitors.

"The phone just hasn't stopped ringing," said a member of staff at the deluged Cancon tourist office.

Sheep-farmer Mr Bove served five weeks of a 10-month prison sentence for destroying the GM crops.

He first rose to international prominence after wrecking a partly-built McDonalds restaurant near his farm at Millau in south-western France.

Textile workers' tales of woe

BBC ONLINE

Trade talks began in Cancun, Mexico. Rich and poor nations are trying to strike a global trade deal amid suspicion by developing countries that commitments to open markets by the rich will not be fulfilled.

Textile workers from the UK and from India give their account of working conditions and hopes and fears for the future in the sector that is the biggest source of manufacturing exports from developing countries.

KAREN BROWN AND EILEEN GRIFFITHS, Nottinghamshire, UK

Karen Brown and Eileen Griffiths both work as machinists at Faun Ltd in Sutton, Nottinghamshire.

The firm, set up in 1957, manufactures lingerie, swimwear and nightwear for high street stores and designer labels.

As well as the factory in Nottinghamshire, which employs 70 people, the firm also operates two plants in Morocco.

Managing director Ann Vinter says the UK workforce has been scaled down from 200 one year ago, with all the high volume business going to cheaper places such as Morocco or China.

Karen Brown joined the factory straight after leaving school.

It was good money for us, when we left school everyone went into the factories, it was what you did. Now working in a factory is embarrassing, it has gone out of fashion.

It's not as secure anymore. There's no overtime money so the wages aren't as good, but we don't know anything else.

Eileen Griffiths has worked at the firm for many years. We used to love coming to work when we had big orders.

It makes it worse when we see the company is taking our work abroad.

What sort of reward is that? They [the Government] catered for the men when the mines closed but there's been no help for those of us who lost jobs in textiles.

NARESH SHRAVAK, Ahmedabad, India

Forty year old Naresh Shrivak has been a textile mill worker in Ahmedabad - the so-called Manchester of the East - for the past 23 years.

Naresh considers himself lucky to be on the pay rolls of the mill which pays him a monthly salary of 4500 rupees (£60 a month).

He lives in one room in a slum close to his work place that his father, who was also a mill worker, had purchased from his life's savings of approximately £900.

I can not dream of purchasing a house with my earnings. My colleagues have to shell out up to £12 as rent.

Had my two children not been getting free education in charity institutions I would not be able to pay for their education.

Going to the cinema is a dream nurtured by my wife and family. They have to contend with what we have.

Naresh works on night shifts at a denim processing unit. He spends two hours daily managing a co-operative credit society for the mill workers.

This society collects small savings from labourers and provides them financial assistance when they have an accident, house repairs or a wedding to pay for.

Being an educated opinion leader of his community, Naresh knows a little about the World Trade Organisation, but he rues the attitude of his employer.

They should tell the labourers what is happening and how labour can contribute in the process of this so-called globalisation.

\$6m steel fencing to fend off protesters

THE GUARDIAN

The Mexican authorities have thrown up a ring of steel around vast swaths of what is one of the world's largest tourist playgrounds to protect the 8,000 delegates, journalists and accredited press groups arriving for the five-day World Trade Organisation meeting.

Up to 5,000 police have been deployed along the 15-mile stretch, which is home to dozens of luxury hotels, multinational restaurant chains and gawdy discos, as well as the convention centre where the WTO's meeting is taking place.

Roadblocks have been set in place, with up to six miles of steel fencing and barricades erected at strategic points, and sniffer dogs have been deployed in key buildings. Two ships from the Mexican navy can be clearly seen in the clear blue waters off the main beachfront and smaller motor launches are patrolling inland lagoons.

CIA personnel are present in Cancun, according to local papers, to ensure the safety of dignitaries.

So far the bill for security is reported to be around \$6m (£3.7m).

The gathering of hundreds of protest groups and activist organisations has been kept outside this secure perimeter - in Cancun town itself.

Yesterday a coalition of these groups, and a number of NGOs, voiced fears over a reported statement from the local police commissioner in which he vowed to match protesters "blow for blow".

In a joint statement the coalition said: "We call on President [Vicente] Fox to publicly guarantee the safety and human rights of all who come to speak out for global justice."

The coalition said the last time protesters took to the streets in Cancun to demonstrate, at the 2001 World Economic Forum, dozens needed medical treatment after clashes with police.

Antonia Juhasz, from the

International Forum on Globalisation, said the show of force this week was no less than intimidation.

"The intention of all this security is to frighten people," she said.

Jen Ahnam, 26, from Humboldt County, north of San Francisco, was among a group of more than 100 fellow activists from northern California.

"People are a little apprehensive. They are concerned the police have demonstrated that they can be very oppressive. We are going into this with a feeling that we all have to be prepared. We want to protest but not antagonise."

The interior minister, Santiago Creel, said: "We will respect, of course, freedom of expression and freedom to protest, but we will also ensure the law is strictly obeyed."

That strictness did not extend to any attempt to arrest protesters who exposed themselves in front of the warships on Cancun's beachfront on Monday.



PHOTO: AFP

Anti-globalization protesters clash with riot police on Wednesday in Cancun, Mexico during a demonstration against the Fifth WTO Ministerial Conference which is taking place at the Cancun Convention Center. At least two people were injured, one of them seriously, on the first day of the conference in violent clashes between Mexican police and protesters who tried to force their way through a barricade blocking the route to the conference venue.

Cancun: Expectations of developing world

HOSSAIN ZILLUR RAHMAN

The 5th Ministerial of the World Trade Organisation (WTO) got underway on Wednesday in the Mexican city of Cancun, a Caribbean beauty spot. The debates promise to be fierce, the diplomacy brutal, the grandstanding of experts very loud and the demonstrations unremitting. The outcome though is a different matter. The stakes are very high but so is the pessimism. Northern double standards and the corporate juggernaut will be in full swing and what fight the developing world can effectively put up is anybody's guess. The strength of the streets may turn out to be crucial.

There will be no dearth of issues in Cancun. But four issues promise to hold centre-stage. First is the issue of removal of trade barriers on agriculture and eliminating farm subsidies, an issue central to the interest of the developing world. Of equal importance for the developing world is the second issue of TRIPS and the need to contain and redress its in-built bias towards patent-holding multi-nationals. Virtually no progress has been made on the promises made on these issues at the last Ministerial at Doha. At the eleventh hour, on August 30 to be precise, a small concession was made regarding life-saving drugs and one doesn't yet know what blood money poor countries may have to pay in terms of opening up their service sectors.

There are two other issues which are likely to force their way onto the centre-stage, issues directly opposed to the interests of the developing world in general. First is the issue of investment, one of the so-called Singapore issues. The first attempt to ram through a Multilateral Agreement on Investment (MAI) by the corporate world came in 1999 but it was successfully stopped by civic protests.

There is every chance that a new attempt will be made at Cancun and every reason for countries like Bangladesh to be on their alert to prevent any such possibility. For the lay person, it may appear counter-intuitive why investment should be such a red-herring for WTO debates. In reality, investment is merely the code-word for a policy offensive which will lay bare developing world economies to all categories of predatory capital flows which masquerade as investment.

The other red line is about expanding the scope of GATS - general agreement on trade in services - to areas such as water and education. Better that no agreement emerges from Cancun than the corporate strategists triumph in arm-twisting the developing world into agreements which can only promise permanent marginalisation.

The globalisation debate has come a long way since Seattle. Few will argue that the debate is really one of for-and-against globalisation. Countries like Bangladesh have as much a stake in improved trade access as does the developed world. What will be fought over, what should be fought over in Cancun is for the soul of the globalisation process. Will the narrow interests of a corporate cabal dictate the process or will the diverse interests of

ordinary peoples around the world hold the centre-stage?

It is a fight which has to be fought in earnest and with intelligence. Easy alliances are likely to be a false dream. The corporate strategists will be relentless in their divide and rule policy. The developing world has to fight back in kind. Bangladesh is one of the three vice-chairmen of the conference and we can only pray that our commerce minister is able to maintain a coherent position in the likely boiler-room atmosphere of the conference.

An unexpected dilemma confronting developing countries may come from the reckless streak of unilateralism, which has become a hallmark of the Bush administration. The WTO in recent times has twice ruled against USA on steel tariffs and on the FSC issue and influential voices within the administrations are quite prepared to scuttle the WTO. This may not necessarily be the best outcome for the developing world. US Trade Commissioner Zoellick has also been pursuing another strategy, to give greater priority to bilateral trade agreements.

Several are already in the offing, Chile and Singapore within this year, Central America, Morocco and Australia next year. The intent of these strategies follows the same corporate logic, namely to deny the developing world the multi-lateral space to pursue the goal of fair trade. For the developing world, this is a real-life dilemma: the WTO cannot be allowed to be corporate-driven, at the same time marginalizing the WTO altogether may also mean a potentially vital loss of multilateral space.

Bangladesh cannot hope to go far to secure its advantages from global trade by relying only on feel-good rhetoric. Local media made much of the Dhaka Declaration and its focus on the right of movement of natural persons. Centre for Policy

Dialogue-organised civil society meet also made much of this issue. Beyond the feel-good inclusion in some text somewhere, what real operational potential is there for the pursuit of such a 'right' through the WTO process?

In a post September 11 world where security considerations have come to dominate as never before, it is the domestic security policies which is determining the scope for such movements. The more revealing statistic here is that neither September 11 nor the Iraq war has seen any slackening in the rate of external migration from Bangladesh. With Malaysia lifting its ban on Bangladeshi labour, this sector can only grow.

My solidarity lies with the thousands of Mexican peasants who have made their way into that beautiful tropical resort to voice their moral cry. If the corporate heat gets too much, the better outcome for us is to scuttle any agreement and live to fight another day. But let us not indulge in too much pessimism. One thing, however, which we must not do is to remain content with feel-good rhetoric which our bureaucrats and elite civil society excel in.

The issues are real and the terrain not the easiest. Brazil, India and twenty other developing countries have reportedly formed a new block calling themselves the G20. These are the arenas in which we have to aim to make our presence felt. Cancun will not be the end of the road specially if an unfavourable agreement can be avoided. I don't expect Amir Khosru Mahmud Chowdhury to return with a big plate. No matter. What we must expect, however, is a new sense of mission.

The writer is an economist.