

Poor states reject "futile" bid for new WTO rules

REUTERS, Cancun

Developing countries dismissed on Thursday as futile a bid by the European Union and other richer states to launch negotiations at Cancun on new trade rules in areas such as investment.

The European Union, under heavy pressure over its lavish farm subsidies, has said it needs agreement to negotiate new rules to give it more room for maneuver on agriculture.

But a group of developing countries, which said they spoke for nearly half the WTO's 146 members, rejected any link between the issues and said they were not ready to start formal talks on new regulations that would just be a burden to them.

At Cancun, ministers are seeking to bridge deep divisions, particularly over farm trade, and inject new momentum into free-trade talks, which have already missed a number of deadlines.

"This is an exercise in futility," Malaysia's trade minister, Rafidah Aziz, told a news conference. "The countries who want to launch are in a minority," she added.

When they began the WTO's Doha Round of free-trade negotiations in the Qatari capital in 2001, ministers agreed to delay until Cancun a decision whether to include four new areas in the talks, which are due to conclude by the end of 2004.

These new 'Singapore issues,' so named because they first surfaced at a ministerial meeting there in 1996, would set out guidelines on investment, competition policy, government procurement and what is known as trade facilitation -- basically customs procedures.

The EU, supported by Japan, Switzerland and South Korea, among others -- all of them on the defensive over protectionist farm policies -- say rules are needed to give a level playing field for foreign investors and companies operating abroad.

Japan told a closed-door meeting that launching the negotiations was crucial to the round and any refusal to start would amount to "backsliding" on the understanding ministers reached at Doha.

"Business people need these rules ... and the WTO must cope with the reality of the modern world," trade sources quoted a senior Japanese official as saying.

But the developing countries, with the vociferous backing of nongovernmental organizations, say they would impose unnecessary burdens on poorer states and want to postpone negotiations for a later trade round.

Ministers agreed at Doha that any decision needed the "explicit consensus" of members -- meaning unanimity.

"We should concentrate on other areas where there is possible convergence of views," said Aziz, who was flanked by ministers from 15 other developing countries, with a number representing regional groupings, including the African Union.

Despite the hard-line positions of the opposing camps, diplomatic sources said there could still be a compromise, possibly involving a deal to launch negotiations on just two of the issues -- trade facilitation and government procurement.

"There is a greater degree of consensus on ... government procurement and trade facilitation," said U.S. Deputy Trade Representative Peter Allgeier.

The steelworkers battle it out

BBC ONLINE

Trade talks have begun 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 countries will not be fulfilled.

The steel industry has been at the centre of a dispute over world trade after the US slapped high tariffs on many developing countries who are now successfully competing in this modern industrial market. Those subsidies have recently been ruled as illegal by the World Trade Organisation, but the US has launched an appeal.

CHARLIE STOCK, blast furnace keeper, Wheeling-Pittsburgh Steel, Ohio, USA

Charlie Stock, 52, married with three grown-up children, works for Wheeling-Pittsburgh Steel in Steubenville, Ohio in the blast furnace.

The company has just come out of bankruptcy. He has worked for them for 34 years, now at the top labour rate five which is paid a basic \$17.10 (£12) an hour - though he adds that there are also benefits, overtime and incentives to add in.

Scheduled work hours are 40 per week, but everyone is doing about 56 hours a week at the moment as the company restructures.

When I started in 1969, every parent thought their son would follow them into the steel industry. But from the 1970s, when my son was growing up, things were already in decline.

My dad worked in the industry from 1949 to 1975 when he died. Steel mills in those days were not the high paying jobs they are now. But it was a good life and it was always a stable.

The best thing about this job is the people. The worst thing is the stress of not knowing what's going to happen.

We have taken pay cuts for the almost the past 15 years. People have suffered. People have contributed largely to save this company and save these jobs.

Without this industry, this area will cease to be if you take the steel mills out of this valley. For every [steel] worker there are six other jobs dependent on him.

It's not an old industry any more - in 34 years we have gone from melting pellets to high technology. The days of just heavy labour are gone.

We can compete with anybody in the world with our products, if it really is a level playing field.

But you have to consider the cost of living and human rights in these countries. Our forefathers fought so we wouldn't have to give these things up.

We should at least produce our own steel for our own people.

The government should protect its own people.

With Brazil and China I believe they should have a right to compete, but a large portion of steel should be used in their own countries.

I don't believe tariffs are the way of fixing anything, [but] since the tariffs went in, we have had a complete overhaul.

The steel mill has modernised and we have just given up 650 jobs to be able to begin to compete.

People at Wheeling-Pittsburgh can say we are safe for a year, but we have to look forward. We are safe for the immediate future but we need the tariffs to get further into the future.

I don't think this country should put itself at the feet of its enemies. No matter how hi-tech we get, somebody has still got to produce steel for the planes, for the tanks and for the bullets.

We cannot defend ourselves without steel. I can't think of any company that doesn't use steel somewhere.

URIEL VILLAS BOAS, President of the Steelworkers Union of Baixada Santista, Brazil

Last March, soon after we heard about the American safeguard measure, we decided that we should all get involved; government, companies and unions.

So we arranged with the American union leaders to visit the American steel mills.

Going there, we understood perfectly well why they had taken such measures [imposing tariffs on imports]. The Brazilian steel mills are much more competitive than the American ones, so they are trying to protect their jobs while using outdated production methods.

President Bush promised them in the campaign that he was going to protect the steel industry. When he was elected, there was a barbecue for more than 1,000 steel workers.

Soon, he signed the new legislation, establishing a quota tariff on Brazilian exports of slabs and a tariff of 30% on exports of plates, hot-rolled flat products, cold-rolled flat products and corrosion resistant steel flat products.

The American companies say that the Brazilian government gives advantages and subsidies to the Brazilian steel mills. But the allegation is false.

They were once state-owned, but had all been privatised by 1993.

Since then, the private owners have invested heavily to improve the production system.

The Brazilian steel plants are very modern - and that is not good for us workers, as the production is mainly mechanised and they need fewer workers.

We also have the advantage of having a much cheaper iron ore - we only have to import coal.

All stages of the production are geographically close in Brazil: the mines, the mills and the ports to export the steel products.

Also, the workforce is much cheaper, earning on average \$400 (£250) per month.

At the end of this month, we will receive a delegation of American steel workers. They are coming to visit the plants and make contact with the industry association.

They are worried because they are losing their battle with the World Trade Organisation.

But the final decision might come only when the three-year period of the safeguard is over. In other words, we may win but we won't get anything from it.

I think it's a paradox that the Americans impose tariffs, not only on steel but also on other Brazilian products. At the same time, they heavily subsidise the agriculture products that are exported to us.

If the market were free, other sectors of American industry, like the carmakers, would have cheaper materials and their cars would be more competitive.

It's a contradiction inside capitalism. Our fight is for capitalism to be respected.



South Korean anti-globalization activists pay homage on Thursday in Cancun, Mexico to fellow countryman Lee Kyang Hae at the spot where he committed suicide on Wednesday during a demonstration against the Fifth World Trade Organization ministerial conference which is taking place in the Mexican resort. The militants mourned the suicide of their compatriot and demanded the WTO to end its five-day conference.

EU reneges on pledge to third world

THE GUARDIAN

The European commission was Thursday night secretly preparing to sabotage plans to help poor countries trade their way out of poverty, as backstairs wrangling dominated the opening day of the World Trade Organisation's talks in Cancun, Mexico.

A confidential paper not shown even to member governments, including the UK, revealed that the commission was planning to water down the already modest concessions on offer to the world's poorest countries in the talks.

British officials were left in the embarrassing position of borrowing a copy of the leaked EU paper from aid campaigners so that they could find out what the commission was planning.

"We aren't aware of the status of this paper and we weren't consulted on it," said Margaret Beckett, Britain's agriculture secretary.

In an attempt to safeguard the interests of its six million farmers, the commission is seeking to remove all mention of eliminating export subsidies from the WTO meeting's final declaration. The move has enraged developing countries, who won a pledge from

the west two years ago that phasing out payments which allow subsidised western produce to be dumped on world markets would form a centrepiece of the so-called Doha development round.

"The EU still claims it wants this to be a development round," said Adriano Campolina Soares, of ActionAid. "Yet for all its fine language, the EU's proposals attack developing countries in every area of the talks."

The news emerged as a coalition of 21 developing countries, led by Brazil, sought to prevent the US and the EU from taking over the agenda with their own joint proposals. Joined by China and India, the group said it represented more than 60% of the world's farmers, whereas the EU and the US accounted for less than 1 per cent.

The WTO's director general, Supachai Panitchpakdi, was Thursday night trying to defuse the growing row.

WTO sources said a draft negotiating text prepared by ambassador Carlos Perez del Castillo of Uruguay was only a starting point, even though it largely reflected the position of the EU and US.

Brazil has proposed an alternative text, but WTO officials fear that

the meeting could be bogged down in a lengthy procedural dispute and end in failure.

Europe was looking increasingly isolated as the talks kicked off. As the focus for the developing countries' anger over agriculture, it was facing an uphill struggle to achieve its main objective at the talks - a new global deal on investment and competition policy, and protection for its traditional food names, such as parma ham and prosciutto.

The US, by contrast, was preparing last night to offer concessions on cotton to some of the poorest African countries, one of the key demands being made by development agencies. The US spends £2.5bn a year supporting its 25,000 cotton farmers, which campaigners say depresses world prices.

Privately, trade sources say the EU's chances of securing a deal in investment are slim while it is seen as the main obstacle to reform of agriculture.

"Unless the EU changes its position it will be the undertaker of the development round. Each broken promise bangs another nail in the coffin," said Oisín Coghlan of ChristianAid.

Inaugurating the meeting, Mr Panitchpakdi said it was time for the

WTO's 146 members to agree on removing barriers to trade. "There comes a time when rhetoric has to be backed by action," he said. "We should learn from the past and face the reality that we cannot keep postponing decisions."

In a speech read to the gathering, the UN secretary general, Kofi Annan, accused the richest countries of leaving billions of people in poverty and misery by their unfair trade policies.

"The EU is ready to play ball," the European agriculture commissioner, Franz Fischler, said. "[But] we cannot take a general commitment that we can phase out subsidies on everything."

The US trade representative, Robert Zoellick, whose country has put forward a joint plan with the EU for farm reform, said: "Many of us believe maybe the European Union can move more and we've emphasised we're willing to talk about very sizable cuts [in subsidies] if we get [more] market access."



Ramon Rosales (R), the Venezuelan minister of Production; Arun Jaitley (3rd from R to L), the Indian Minister of Commerce and Industry, and Rafidah Aziz (4th from R to L), the Malaysian Minister of Commerce and Industry at a press conference announce the refusal of 16 countries to begin negotiations on the so-called "four new themes," including the liberalization of transnational investments, in Cancun, during the 5th Ministerial Summit of the World Trade Organization in Cancun, Mexico, on Thursday.

Cambodia, Nepal get WTO green light

REUTERS, Cancun

Cambodia and Nepal, two of the world's poorest nations, got the green light on Thursday to join the World Trade Organization, but Cambodia said it had had to pay a heavy price for entry.

"We believe that the package of concessions and commitments that we have to accept certainly goes far beyond what is commensurate with (Cambodia's) level of development," Commerce Minister Cham Prasidh told WTO ministers.

He said the Asian state, whose main products are textiles and rice, had pressed forward with accession because of signs that the Geneva-based trade body was changing and beginning to give greater weight to poor states' concerns.

"If we were not confident that the WTO was taking care of the interests of the developing world, we would not join yet. We would wait," Cham said.

"We are joining because we see a positive trend in the WTO since Doha and that's the reason why we've speeded up our accession negotiations," he said in reference to the Qatari capital where the 146-state WTO launched the current round of free trade talks.

The two are the first LDCs (least developed countries), the world's 49 poorest states, to join the body since its launch in 1995.

Cambodia, which only recently emerged from years of political upheaval and violence, said it hoped to complete the ratification process -- before the six-month deadline next March 30. It will become the WTO's 147th member 30 days later.

"All accessions, whether big or small, are about creating equal opportunities for growth and prosperity," said WTO Director-General Supachai Panitchpakdi. "It is also a signal that WTO member governments are serious in their commitment to improving developing countries' and least developed countries' participation in the world trading system."

But Cham said WTO member states had frequently forgotten Cambodia's LDC status in the entry negotiations when making demands in such areas as tariff cuts.

"For the sake of national reconciliation and peace in Cambodia, we paid heavy prices and now, for the sake of world integration, we had to pay another before we could join the

WTO," he said. Nepal, with a population of 23 million and per capita income of less than \$1 a day, is heavily dependent on agriculture, which provides 80 percent of employment and 41 per cent of economic output. Most of its trade is with India.

For Cambodia, a rapid but risky entry into the WTO

AFP from Phnom Penh adds: Cambodia's entry into the WTO in Cancun, which along with Nepal's is the first by a least developed country (LDC) since 1995, has raised hopes for the kingdom's economic development but also concern among experts who fear it may not be properly prepared.

Cambodia, which opened its economy to the world a decade ago, has spent the past two and a half years on fast-track negotiations for admission into the World Trade Organisation (WTO).

Prime Minister Hun Sen has made WTO accession a priority, seeing it as a triumphant symbol of Cambodia's return to the international arena.

"If we are kept outside, we are likely to suffer," said trade minister Cham Prasidh, one of the chief

architects of the accession deal which becomes effective shortly after being ratified by Phnom Penh, at the latest in March 2004.

The proponents of the deal hope that WTO entry will push Cambodia to shake itself free of corruption, adopt an effective legislative framework for business and reduce the high costs of services such as energy, transport and insurance, all of which choke competitiveness.

"The government has committed itself to implementing reforms aimed at offering a solid legal framework for business," said Sok Hach, director of the independent Economic Institute of Cambodia.

"And if the country does not do so, it will be accountable at the international level," he added.

Overcoming these obstacles to business could return competitiveness to the country, which already profits from one of the world's lowest labour costs -- 45 dollars a month in the garment industry -- the expert said.

"Our objective is to capitalise on our LDC status by attracting factory construction, particularly from Southeast Asian countries, which are losing their competitive advantages, little by little," minister Cham Prasidh said.