

## The Abortive Seattle Talks: A Third World Perspective

## The Future Scenario of Multilateral Trade Negotiations

(Concluding part of a two-part series)

by Prof M Ali Rashid

*Trade is a very important element in the growth strategy of the developing countries, particularly the least developed among them. Access to the markets of the developed countries is very important in this scenario. Retention of a strong rules-based WTO is therefore perhaps of greater importance to the developing and least developed countries than the developed ones. Bangladesh should go to Geneva with this thought in mind.*

THE major objective of the Seattle Ministerial Meeting was to fix the agenda of a future round of multilateral trade negotiations. After the long-drawn-out negotiations of the Uruguay Round, member states were somewhat concerned about the duration of the next round of MTN. There was, however, a general consensus that the new round should be limited to three years, so the time-frame of talks did not pose much of a problem. The issues to be discussed, that is determining the agenda items, was the real problem area.

As noted earlier, the Marrakesh Ministerial Declaration had already mandated three areas which should be reviewed by the year 2000, viz., agriculture, services and trade-related intellectual property rights (TRIPS). This is the so-called "built-in agenda" of a new round of trade talks. It was in the Uruguay Round that, for the first time in the history of GATT, multilateral disciplines were put in place in these three areas. So it was only natural that the Agreements in these areas were asymmetrical (between developed and developing countries) and suffered from other architectural problems. Moreover, there was the vital issue of further liberalization in these three areas. So, developed, developing and least developed countries are all anxiously waiting to negotiate on the "built-in agenda" items, and there is no difference of opinion in this regard.

Various Uruguay Round Agreements have not been implemented properly, or have been implemented in letter, but not in spirit. The Agreement on Textiles and Clothing, which is of immense importance to developing and least developed countries, including Bangladesh, is a good example of the latter category. The effect of improper or inadequate implementation of some of the UR Agreements has been to reduce the benefits of UR liberalization accruing to developing and least developed countries. So, a review of implementation of specific UR Agreements was accepted by consensus at the Geneva Ministerial Conference. The interest in the so-called "implementation" issues is almost solely shared by the developing and least developed

countries, for obvious reasons.

While there is no serious conflict of interest between developed and developing (including least developed) countries with regard to the "built-in agenda" and "review of implementation" and "other emerging issues". The "new issues" refer to the Work Programme initiated at the Singapore Ministerial Conference and include four controversial issues: trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation. It is important to note that no consensus exists that these issues should be negotiated in a new round, and hence a new consensus needs to be worked out before these issues can be incorporated into the agenda of new round of MTN. This is the point, which developing and least developed countries alike had been pressing at deliberations in Geneva in the warm-up to the Seattle Meeting.

This is not the place to critically examine the logic and the implications of the "new issues". Suffice it to say that the binding of multilateral disciplines in these four areas, if put in place, would place the developing and least developed countries, particularly the latter, in a disadvantageous position by not only opening up their economies to virtually unfettered movements of private foreign capital but also erode their sovereignty in the area of national economic policy-making. While FDI inflow and domestic competition policy are *prima facie* desirable economic objectives in developing and least developed countries, these countries should have the right to determine the sectors into which such capital inflows take place and should retain the right to control the entry of inherently destabilizing short-term capital into the economy

which may have disastrous consequences, as the recent East Asian crisis has amply demonstrated.

On the other hand, the risk of having unrestrained competition, particularly in a least developed economy characterized by weak and inadequate indigenous supply capacity, is that whatever domestic capacity exists would be unable to withstand the pressures of external competition and may simply be wiped out with serious attendant costs like unemployment. It is ironic that the developed countries are pressing for strengthening domestic competition rules so that the markets of the developing and least developed countries are opened up for their capital, but are silent about the anti-competitive practices of multinational co-operations such as transfer pricing, predatory pricing, collusive tendering, formation of export and import cartels, private sharing of markets, etc. This point, among others, would need to be strongly negotiated by developing and least developed countries when talks resume in Geneva.

"Other emerging issues" include new proposals for negotiation in the areas of trade and environment, trade and labour standards, and electronic commerce. As in the case of the "new issues" so also in the case of "other issues" there is no consensus that these should be included in the agenda of a new round of MTN. Hence, new consensus is required if these issues are to be included in the agenda of a new round. We have already discussed the protectionist intent behind linking trade with the environment and with labour standards. Developing and least developed countries would therefore have to continue to firmly oppose the inclusion of these "other issues"

in the agenda of the new round.

At Seattle the developed countries were perhaps hoping for a difference of opinion and subsequent development of a fissure in the rank of the developing and least developed countries which would provide them the opportunity to push through the "new issues" and "other issues" into the agenda. This apparently did not materialize, and a deadlock was reached. The suspension of talks at Seattle should not therefore be viewed as a "failure" from the viewpoint of the developing and least developed countries but rather, on the contrary, it indicates a success of sorts since the unified front put up by them succeeded in blocking, at least for the time being, the inclusion of issues in the agenda which would hamper their trade and development interests if these subsequently became part of binding multilateral trade rules.

The suspended trade talks will be continued in Geneva in the new year. What shape these may take is, at this point in time, a matter of speculation. For one thing, the developed countries may hopefully let up in one or two areas, hoping to push through some of the other issues in trade-off for, *inter alia*, a more effective and meaningful implementation on their part of specific Uruguay Round Agreements of particular interest to developing and least developed countries. There is already some indication of this; the joint communique of a meeting of trade delegations of the US and the EU held in the middle of December in Washington refers to an "inclusive round" of future trade negotiations which observers in some major developing countries have interpreted as being a less rigid stand compared to the previous proposal of a "comprehensive round."

## Turkey's Pragmatic Decision on Ocalan's Fate

by Harun ur Rashid

*Turkey is a respected and responsible member of the international community and it is expected that Turkey would not wish to see unnecessary backlash as a result of carrying out the death penalty on Ocalan*

TURKEY'S recent decision to put on hold the execution of Kurdish rebel leader Abdullah Ocalan (50) represents a wise and forward-looking thinking. The Turkish Prime Minister Bulent Ecevit canvassed with his parliamentary colleagues to suspend the execution till the European Court of Human Rights would decide on the death sentence to which Ocalan's lawyers had preferred an appeal. It is unlikely that the Court will confirm the sentence.

Ocalan, the leader of the Kurdistan Workers Party (PKK), was arrested in February 1998 in a dramatic fashion in an underground operation in Kenya. The Kurdish rebel leader was desperately sought for the last 15 years by the Turkish authorities as he led an armed struggle for the independence of 10 million Kurdish people living in south eastern part of Turkey. It was understood that Ocalan was sheltered in Greek Ambassador's residence in Nairobi (Kenya) for about 12 days after he had fled from Europe and Greece claimed that, against its advice, Ocalan left the premises on 15 February 1998 with the intention of going to the Netherlands but vanished on the way to Nairobi airport. Unconfirmed reports suggested that Kenya police tricked Ocalan and handed him over to Turkish undercover agents.

Why did Turkey come to this decision? There are several possible reasons.

Mr. Ecevit has been a political leader from left-wing poli-

tics in Turkey. He became Prime Minister in 1974 when his Republican People's Party (RPP) dominated a short-lived coalition. Between 1975-1980 Ecevit and Suleyman Demirel of the Justice Party, now Turkish President, alternated in office at the head of a coalition. Mr. Ecevit is known to have personal opposition to the death penalty and this might have influenced him to plead to his colleagues to suspend the death sentence passed on Ocalan by the Turkish Court.

Turkish policy towards the Kurds led to complaints by the Council of Europe, although the US avoided direct confrontation with Turkey over human rights record. Turkey's recent hope of the membership of the European Union would be dealt a severe blow if Turkey would go ahead with the execution of Ocalan. All European countries have abolished the death penalty while Turkey did not, although it did not carry out any death sentence since 1984.

There is a view that Ocalan's execution would make him a martyr to the Kurdish cause. Severe civil unrest is likely to sweep in Europe if the death sentence is carried out. About 500,000 Kurds live in Germany alone, apart from a large number of Kurds in Italy, the Netherlands and Austria. It may be recalled that violent demonstrations erupted by Ocalan's arrest in 1998, particularly in Germany. European nations do not want to see the repetition of such violent protest in their countries.

A view prevails that

Ocalan's reconciliatory move to the Turkish authorities to end the PKK's armed movement has alienated a section of his militant supporters and they would like to see the execution go ahead to enable them to continue their armed struggle for their independent homeland. Turkey does not want to be involved again to control the Kurdish PKK insurgency by stationing more than 300,000 soldiers in the Kurds-dominated areas in the country.

Finally, there are countless statements about the need to protect the human rights of a person. If there is anything that has unanimous support of the international community, it is the need to ensure an impartial public trial on criminal charges to be seen as fair by the international community. The trial of Ocalan is being criticised as unfair in some quarters. According to them, Ocalan should have been tried by an international tribunal comprising of judges from neutral countries. He should have been given the opportunity to engage best lawyers from foreign countries to defend him at such a trial.

Turkey is a respected and responsible member of the international community and it is expected that Turkey would not wish to see unnecessary backlash as a result of carrying out the death penalty on Ocalan. Prime Minister Ecevit's decision on Ocalan's fate has gained widespread accolade in the international community.

The author, a barrister, is former, Bangladesh Ambassador to the UN, Geneva.

## Media Marriage Kicks off 'Internet Century' — for Some

The world's biggest corporate merger has put the Internet at the heart of the world's media industry. The huge deal heralds a new era of communication but may disappoint those who hope the Internet will give power to ordinary people.

Dayia Kishan Thussu writes from London

THE massive merger between America Online (AOL), the leading Internet company, and Time-Warner, the world's largest media and entertainment conglomerate, will transform the Internet. But a question mark remains over whose interest the merger serves — a question with serious implications for developing countries.

The deal, valued at \$350 billion, marks the coming of age of the Internet as the next stage of communication, bringing together television, film, radio, publishing and computing into one medium. It is already being described as heralding the dawn of "the Internet century."

In this marriage of the old and the new media, AOL will provide its Internet subscriber service via Time Warner's huge cable network, while Time Warner will use AOL's customer base to gain new consumers for its various media products. By sharing their resources, the two companies can dominate the cyberworld and encroach on the market share of rivals in media, entertainment and the Internet provision business.

The fear is, however, that the merger will reduce choice. United States media historian Robert McChesney is among those who challenge the idea that the so-called "information society" is giving consumers any degree of choice in the first place.

In his new book, *Rich Media, Poor Democracy — Communication Politics in Dubious Times*, McChesney says that the major beneficiaries of the Internet age will be the investors, advertisers and a handful of mainly US-based media, computer and telecommunications corporations. Such a concentration of power among unelected corporations could undermine democracy.

Mega mergers are seen as further consolidating this trend. Concerns about the increased power of the media conglomerates is widespread. Describing the newly announced deal as "Online Leviathan", an editorial in *The Times* of India predicted that a few big companies will shape the information and entertainment choices of millions of people all over the globe.

Now some fear that the gateways to the Web, opening up the information highway for all to use, will instead be controlled by the big players. As the smaller Internet service providers (ISPs) are swallowed up, this new medium, which has been used by a myriad of alternative media and political groups and non-governmental organisations, is in danger of

## Global giants

World's 10 largest companies: by market value

|                      |         |                |         |
|----------------------|---------|----------------|---------|
| Microsoft            | \$577bn | General Motors | \$164bn |
| General Electric     | \$497bn | Ford Motor     | \$147bn |
| Cisco Systems        | \$362bn | Mitsui         | \$145bn |
| AOL/Time Warner      | \$350bn | Mitsubishi     | \$140bn |
| Wal-Mart             | \$305bn | Itochu         | \$136bn |
| Exxon Mobil          | \$293bn | Royal Dutch    | \$128bn |
| NTT                  | \$287bn | Shell Group    | \$128bn |
| Intel                | \$274bn | Marubeni       | \$124bn |
| Vodafone             | \$261bn | Sumitomo       | \$119bn |
| MCI World Com-Sprint | \$224bn | Exxon          | \$117bn |
|                      |         | Toyota Motor   | \$109bn |

\* Current takeover value

being corporatised. AOL is already the largest Internet service provider in the US. It owns the well-known ISP, CompuServe, as well as Netscape, the most widely used browser among 'Netizens' worldwide.

Its informal style helped to make AOL famous. It promoted on-line "chat rooms" and gave the world the message "You've got mail", later the title of a successful Hollywood film about love in virtual space. Not surprisingly, the Warner Bros film was extensively promoted by AOL to its 20 million subscribers.

Time Warner's extensive fibre-optic cable networks in the US mean that AOL can offer a service 100 times faster than traditional phone lines, cutting the time needed to download movies, music and 3-D graphics.

AOL/Time Warner can draw from the huge library of more than 5,700 Warner Bros feature films, or thousands of record labels produced by Warner Music, one of the world's biggest music companies. For children it offers Cartoon Network and for sports fans the leading magazine *Sports Illustrated*.

In news and current affairs, the group boasts such global brands as *Cable News Network* (CNN), the international 24-hour news channel, *Time* magazine, the world's oldest and one of the most influential newsweeklies, and *Fortune*, the magazine for the global corporate elite.

A further question mark hangs over exactly who will have access to the new technology.

users in 1998. Industry analysts expect this figure to grow manifold in the coming years. It is no wonder then that the major media and communication companies are scrambling to get on-line.

There is little doubt that the Internet has emerged as the fastest growing tool of modern global communication.

At the same time, the US alone has more computers than the rest of the world put together. With less than five per cent of the planet's population, it accounts for more than 26 per cent of global Internet use. In contrast, South Asia, home to nearly a quarter of humanity, has less than one per cent of the world's Internet users, according to the UNDP.

Overall, less than three per cent of the world's population — generally male, middle-class and fluent in English — is part of this cyberculture. English is used in almost 80 per cent of websites, although fewer than one in 10 people worldwide speak the language.

The deal has also sparked off speculation about similar moves by other Internet and media companies.

Already, global players such as Microsoft, the world's biggest corporation in terms of market value, has taken stakes in telecom operators and is allied with AT&T, America's biggest telecommunication corporation. Speculation is rife whether Yahoo! will buy Disney or CBS Viacom.

According to some commentators, the Internet is still in its Stone Age and the scope for colonising cyberspace is virtually limitless. AOL chairman Steve Case admitted as much: "We're all scratching the surface" of the Internet's potential,

he told journalists after the deal.

— GEMINI NEWS  
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## TOM &amp; JERRY

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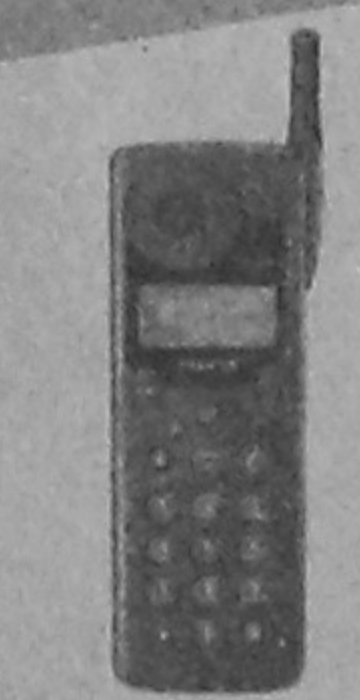
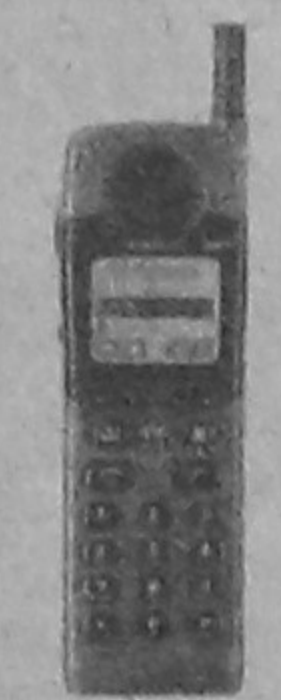


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