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If you would like to contribute material to the bulletin, please contact Pat Ranald by email at pranald@piac.asn.au. Our website is www.aftinet.org.au

Please note that Pat Ranald will be away on leave from 19/12/01 to 25/1/02. Please send any queries about AFTINET membership or administration to Sarah Mitchell smitchell@piac.asn.au

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1. MAI Resurrected: Report on Brussels Meeting of fair trade activists by Pat Ranald

One hundred and twenty fair trade activists from civil society groups from around the world met in Brussels on December 6-9. They analysed the outcomes of the WTO Doha meeting and discussed campaign issues for 2002. I attended the meeting on behalf of AFTINET. The main issues arising from the meeting were:

a) *WTO non-transparent process and arm twisting of developing country governments*

As reported in Bulletin 32, the WTO meeting was extended for a day of marathon negotiations by a small number of countries (the "green room") in order to reach compromises on deep disagreements between the US and EU and developing country governments. Both developing country governments and civil society observers outside the meeting condemned the bullying tactics and threats on aid and debt relief which were made in order to secure agreement. Trade activists who attended the Doha meeting reported that there had been more consultation with developing countries than before, but their views were not included in the draft documents.

This process was so frustrating that the Indian Commerce and Industry Minister Mr Murasoli Maran took the unusual step of making public comment about it to a conference of the World Economic Forum and the Confederation of Indian Industry held on December 4. *The Hindu* newspaper of December 5 reported that he said with "pain and anguish" that "any system which in the last minute forces many developing countries to accept texts in areas of crucial importance could not be a fair system"

"Only a handful of members were asked to participate in the so-called green room meeting. The remaining members had virtually no say" he said. He added that during on-stop negotiations, texts were appearing without sufficient time to be examined by the delegations. ..The tactics seemed to be to produce a draft in the wee hours and force others to accept"

Mr Maran suggested that there should be a new system at WTO, including the requirement that "no new text will be put for adoption without the delegations getting sufficient time to study the text"

See also the sign-on statement by civil society groups in item 2 of this bulletin.

b) *MAI back from the Dead: Investment, Competition Policy Government Purchasing and trade facilitation now on the WTO agenda but not confirmed for negotiations until 2003.*

Developing country governments and civil society groups strongly opposed negotiations for WTO agreements on the new issues of investment, competition policy and government purchasing (procurement).

Investment

The proposal for an investment agreement resurrects the infamous draft MAI, which was prepared by the governments of the industrialised countries in the Organisation for Economic and Development (OECD). The confidential draft was leaked onto the internet and provoked a civil society campaign which contributed to the collapse of negotiations in 1998.

The draft MAI removed the power of governments to place limits or conditions on transnational investment in any industry (such as limits on foreign investment in the airline or telecommunications industry). It outlawed any obligations on transnational investors to contribute to local development and to have any industry development policy which favoured local over transnational investors. It prevented Australia from having local content rules for film and television. It supported the privatisation of some public services through competitive tendering to transnational investors. It also gave corporations the legal power to sue governments if laws or policies were contrary to the MAI rules. This is the infamous investor-state complaints mechanism which is modelled on a similar complaints process in the North American Free Trade Agreement. US companies have used this process to sue the Canadian and Mexican governments for millions of dollars on the grounds that health and safety and environmental regulations damaged their investments.

The only difference signalled so far between the WTO proposals and the MAI is that the WTO agreement would enable governments to nominate industry sectors to be included in the agreement, whereas the MAI included all sectors unless they were specifically excluded. The US is pushing for the right of corporations to sue governments, but the EU does not support this.

Competition Policy

A WTO agreement on competition policy was promoted on the grounds that it would use anti monopoly provisions to curb the power of transnational corporations where one or a few dominate the market in particular industries. But our experience of competition policy in Australia is that the anti monopoly provisions are relatively weak and have not been used effectively against private corporations. The strongest parts of the legislation are aimed at public enterprises and services, like electricity, water and public services to create "competitive neutrality" between them and private companies. This means they must put commercial goals and profitability above service quality and access for low income people.

Competition policy also reinforces the dangers of privatisation through the trade in services agreement, since this agreement claims that it does not include public services unless they operate on a commercial basis or in competition with other service providers.

Competition policy will mean that public services must operate on a commercial basis and so are more likely to be covered by the GATS.

Government Purchasing (Procurement)

In many developing countries and in Australia, governments use their purchasing of goods and services to encourage local industry development, through encouraging local firms to bid for government contracts. In Australia, transnational bidders are sometimes required to develop relationships with local suppliers, use local products or train local people. A full WTO agreement on government purchasing would outlaw all of these arrangements. No preference could be given to local firms and transnational firms could not be required to contribute to local development in any way.

Because of opposition to a full agreement from developing countries, the proposal is that the discussions be confined to "transparency" in government purchasing arrangements. However, the

meaning of this is yet to be defined and both the EU and the US certainly intend to proceed to a full agreement over time.

Trade facilitation

Trade facilitation refers to the streamlining of customs and other practical procedures which deal with imports of goods and services. This can involve random sampling of incoming goods rather than more detailed checks, and the use of new technology. This could affect health and safety and quarantine procedures. Developing countries do not have the resources to invest in the new technology. More information is needed about the implications of this.

Undermining democracy

WTO agreements on investment, competition policy and government procurement would move these huge areas of policy from the national to the international level, out of the reach of democratic accountability. These include decisions which affect many areas of our daily lives: privatisation of public services, environmental and health regulations, local industry development, local content in film and television. This undermines the very fabric of democracy. Why would governments agree to this? Perhaps precisely because they know that, as the polls show in Australia, many of these changes like privatisation do not have popular democratic support. By signing away their decision making powers to the WTO, governments can still privatise, but can claim that the WTO made them do it!

Still room to campaign against new issues up to 2003

Because of resistance by developing country governments, there was no agreement to begin negotiations on new issues immediately.

The compromise was that these issues remain on the WTO agenda for preliminary discussion of the processes of negotiations, but the real negotiations will not take place until after the next Ministerial Meeting in 2003, "on the basis of a decision to be taken by explicit consensus".

The WTO Conference Chairman, Qatari Minister Youssef Hussain Kamal, made the following interpretation of what this means

"Let me say that with reference to and "explicit consensus" being needed in these paragraphs for a decision to be made at the fifth Session of the Ministerial Conference, my understanding is that, at that session, a decision would need to be taken by explicit consensus, before negotiations [on the new issues] could proceed.

In my view, this would also give each member the right to take a position that would prevent negotiations from proceeding after the fifth Session of the Ministerial Conference, until that member is prepared to join an explicit consensus"

This gives time for both developing country governments and civil society groups to further campaign against these issues.

c) Environment issues, Trade in Services, TRIPS and Agriculture.

The Brussels meeting participants were very disappointed with the environmental clauses in the Doha statement. There will be negotiations on the relationship between WTO agreement and Multilateral Environment Agreements. But the outcomes will only apply to governments which are parties to the environment agreements. Some commentators see this as a disincentive for governments to sign environment agreements. Workshops on environmental issues at the Brussels meeting underlined the need for research, monitoring and campaigning on trade and Multilateral Environment Agreements. This will focus in part around the Rio plus 10 UN Environmental meeting to be held in Johannesburg in August.

There is also a general commitment to reduce or eliminate both tariff and non tariff barriers to trade in environmental services, without definition of what these are. Again some fear that this will include water services and dangerous waste products. If these services are treated only as traded goods, public ownership or regulation of by governments them could be open to challenge as barriers to trade. Workshops at the Brussels meeting also stressed need to campaign against the commercialisation and privatisation of the world's water resources and promoted the international Treaty to share and Protect the Global Water Commons. See www.canadians.org for more information.

Negotiations will proceed on the existing agreements: on Trade in Services (GATS) on Agriculture and on Intellectual Property Rights (TRIPS). There will also be negotiations for further tariff reductions on goods.

The Brussels meeting discussed the need to continue and intensify campaigning on the GATS negotiations which are attempting to extend the coverage of GATS to public services and to reduce the power of governments to regulate services. There will be clearer proposals on this by June 2002 with negotiations due to finish in 2003.

Developing country governments held out for a clear statement in the TRIPs and public Health Declaration that the existing agreement does not and shall not prevent governments from "taking measures to protect public health and to promote access to medicines for all". These measures can include the production of cheap generic medicines. However, the position on importing of generic medicines is still ambiguous. There were no specific commitments on the issues of the patenting of life forms, biological diversity and the protection of traditional knowledge of indigenous people and farmers: these remain to be considered as part of ongoing discussions on the TRIPs agreement.

Developing countries secured some general commitments that negotiations on agriculture would recognise their specific needs for food security and rural development. There is also a commitment to "reductions, with a view to phasing out" all forms of export subsidies on agriculture. Export subsidies are used by the EU to reduce the prices of their food exports which can then undercut prices for local farmers. This wording was a compromise after the EU resisted a commitment to total elimination of export subsidies.

For a more detailed analysis see the website of the Institute for Agriculture and Trade Policy website www.wtwatch.org

The proposals put by unions for consideration of labour rights issues have been ignored. The brief paragraph on core labour standards only makes note of work being done by the International Labour Organisation (ILO) on the social dimension of globalisation. The ICFTU has condemned the WTO refusal to address these issues and the decision to move towards negotiations on investment see www.icftu.org for the full statement.

2. Campaigns for 2002

The AFTINET working group met on December 17 and discussed initial campaign ideas. We will meet again on January 30 to finalise our plans. We will campaign against the resurrection of the MAI (investment competition policy and government procurement) and link these to the ongoing campaign on GATS. We will prepare new campaign material and probably launch it in March, when there are a number of key WTO meetings AID/WATCH is doing a specific campaign on Water which will also link with these issues. Here are some dates for you to note

Jan 31 WTO Trade Negotiating Committee meet

Jan 31-Feb 5 World Social Forum in Brazil

March 11 Services meetings in Geneva

March 22 World Water Day
April 17 International Peasant's day
May 1 Mayday workers' protest day
June 30 Governments lodge GATS commitments.

3. AFTINET needs a Treasurer

Carolyn Allen, who has done a great job as AFTINET's honorary treasurer, is overseas. If you can use Quicken or MYOB, we could really use your help. Please contact Sarah Mitchell smitchell@piac.asn.au for more information.

4. Sign on Statement on Doha outcome and process from Civil society groups

The following statement was drafted by Martin Khor from the Third World Network and discussed during a meeting in Brussels on 6-9 December attended by representatives of over a hundred organisations.

It deals with the outcome and process of the Doha Ministerial Conference. The participants at the Brussels meeting were appalled at both the results of Doha as well as the manipulative processes, to which many NGOs were witness.

Other civil society groups are invited to sign the statement.

If your organisation wishes to sign the statement please send the following message to the Third World Network at twnet@po.jaring.my

'My organisation (name, address and country of organisation) wishes to sign the statement International civil society rejects WTO Doha outcome and WTO manipulative process'

PLEASE DO NOT SEND IT TO AFTINET!

INTERNATIONAL CIVIL SOCIETY REJECTS WTO DOHA OUTCOME AND THE WTO'S MANIPULATIVE PROCESS

International civil society represented by the undersigned organisations, having assessed the process and outcome of the WTO Ministerial Conference in Doha, reject the legitimacy of the Doha Ministerial Declaration as the result of an outrageous process of manipulation that is totally unacceptable for an international organisation.

"EVERYTHING BUT DEVELOPMENT" OUTCOME

The results of Doha have been shamelessly touted by developed countries and the Secretariat as a "development agenda" or a "development Round". In our view, nothing could be further from the truth. Indeed, the Doha Declaration and its work programme can best be called "Everything But Development." It is a development disaster.

The Declaration has committed the WTO to negotiate agreements on the four "Singapore Issues" (investment, competition, transparency in government procurement, trade facilitation) after the 5th Ministerial - despite the opposition of a large number of developing countries and thousands of NGOs and social movements worldwide. By advancing the march of these topics into the WTO system, Doha has brought nearer a development disaster of great proportions as the proposed new agreements would close off many development policies and possibilities and result in re-colonisation and unprecedented powers to global corporations at the expense of sovereignty and people's rights and needs.

Fortunately several developing countries, at the last moment, were able to obtain a compromise in the form of a Chairman's statement that an explicit consensus is needed before negotiations

can proceed on the four issues. We believe that this statement is the authoritative decision on the Singapore issues. We call on all governments in the discussions ahead to reject the start of negotiations and to remove these issues from the WTO.

The Doha Ministerial Declaration also:

- (a) does not make any significant progress on developing countries' implementation concerns, and thus the immense problems arising from the existing WTO agreements will intensify;
- (b) does not make a real commitment to reduce agriculture subsidies and dumping of artificially cheap food exports to developing countries, and does not offer meaningful protection to Third World farmers, thus enabling the decimation of farmers' livelihoods;
- (c) does not resolve any of the negative consequences of the TRIPS Agreement, including biopiracy and prevention of the fulfilment of basic consumer rights, despite the political statement on TRIPS and public health (which does not add legally to the rights of states to take public health measures);
- (d) launches negotiations for market access on industrial products which will pressurise developing countries to further reduce their tariffs, and threaten many with further deindustrialisation, closure of local firms and job losses;
- (e) facilitates the liberalisation and privatisation of natural resources such as water in the guise of eliminating barriers to environmental goods and services, and this threatens people's rights worldwide to water and other natural resources.
- (f) Reduces and trivialises substantial development concerns as matters of technical assistance and "capacity building" in an attempt to push developing countries on to negotiations.

MANIPULATIVE TACTICS AND DISCRIMINATORY PROCESS MUST BE CONDEMNED

The major reason for the disastrous outcome was the manipulative and discriminatory process that has brought more shame to the WTO, its Secretariat and the major developed countries.

A vast number of developing countries had opposed negotiations on the new issues and industrial tariffs as well as the establishment of a Trade Negotiations Committee and a "single undertaking". This opposition was clear before and at Doha. And yet, their views were consistently brushed aside and in the end the countries were pressurised to accept a Declaration which did not reflect their positions.

A set of manipulative tactics and non-transparent, undemocratic processes was planned and used by the WTO Secretariat and the major countries to push through the interests of the latter.

Before Doha, the manipulations included:

- (a) The production of two drafts of the Declaration by the Chairman of the General Council and the Director General that mainly reflected the developed countries' views and did not contain the positions of most developing countries, despite their many protests and specific proposals.
- (b) The transmission of a draft Declaration to Doha by the General Council chairman and the WTO Director-General despite the protests of many developing countries that their views were not reflected; and their demands that at least an annex or cover letter reflecting their views were also totally ignored;

(c) The tactic of conducting consultations in which views of Members were sought but only the views of one set of countries were presented in a Draft Declaration that did not contain options nor show the differences of views, and thus pretended to be a consensus text, thereby putting developing countries at a grave disadvantage at Doha.

At Doha, the manipulations included:

(a) The undemocratic and untransparent appointment by the Conference Chairman of six "friends of the Chair" as "facilitators" with powers to consult and draft on selected contentious issues. All the "facilitators" came from the pro-New Round camp of countries. No rationale or criteria for the discriminatory selecting of the facilitators nor approval for the system was sought before hand.

(b) The façade of conducting consultation on various issues was maintained, but again the views of a majority of developing countries (especially on not wanting negotiations on the new issues) were ignored in the two new drafts of the Ministerial Declaration that were produced in Doha.

(c) The holding of a final Green Room meeting for only 24 countries on the night of November 13 which lasted till 5 a.m. during which intense pressure was applied to countries opposing the new issues. The criteria of which countries were chosen, why, by who, and the process of negotiations in the Green Room were not agreed to nor known.

(d) The production of an avalanche of drafts and texts during the Conference, without any transparent process as to who produced them, and on what basis; and the emergence of a "final draft" on 14 November which countries were pressured to accept.

(e) The intense time pressure under which the developing countries were put under, forcing them to accept decisions for which they had no or little time to consider properly.

(f) A combination of "carrots and sticks" and the misuse of economic and political power by developed countries applied to several developing countries was also part of the pressures.

CONCLUSIONS

Given the above processes, the outcome of Doha, especially the Ministerial Declaration and the work programme, does not have public legitimacy.

We condemn the non-transparent, discriminatory and rule-less or arbitrary methods and processes presided over by the WTO Director General and the Secretariat and directed by the major developed countries. Such behaviour and processes are particularly disgraceful for an international organisation that boasts that its core principles are transparency, non-discrimination and the rule of law.

We therefore commit ourselves to raise public awareness worldwide on the disastrous implications of the Doha outcome, and the processes of shame that produced the outcome.

We also commit ourselves to fight against the disastrous aspects of the post-Doha work programme of the WTO and against the undemocratic nature of the WTO system.

We reaffirm the principle that the world is not for sale and our priority to promote people's rights worldwide and to protect Nature. The world trading system, and the world economic system in general, must serve people, especially the poor, and not continue to be distorted to serve big corporations and an elite minority.