

9-14-2006

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Recommended Citation

Leffert, Mike. "Regional Producers Sidelined As Big Nations Dominate, And Sink, Doha Round." (2006).
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Regional Producers Sidelined As Big Nations Dominate, And Sink, Doha Round

by Mike Leffert

Category/Department: Central America

Published: 2006-09-14

A July 24 World Trade Organization (WTO) meeting in Geneva, Switzerland, whose aim was to restart the so-called Doha Round, ended in failure, smashing the hopes of less-developed countries of making some headway against the developed countries on issues of agriculture and trade.

The hopeful then turned toward Brazil, where on Sept. 9 a meeting of the G-20 countries held the possibility of agreement leading to resumption of WTO talks, but there again the outlook was bleak. Central American and Caribbean producers, along with small countries around the world, remain vulnerable to ruin, unable to compete with the heavily subsidized agricultural products of rich nations.

The July gathering featured meetings on the fine print of agricultural negotiations, sanitary measures, and mechanisms for resolution of differences. But for defenders of regional interests, those were not the real issues. Jose Talantino, director of the Fundacion para el Desarrollo (FUNDE) of El Salvador, said what was on the table was "opening the US and European markets without questioning their agricultural policies. With this scheme, there can be no progress. What is lacking is the political will by the US and Europe for this opening to be genuine."

The situation left Federico Steinberg of the department of economic analysis of the Universidad Autonoma de Madrid (UAM) to posit three possible outcomes from this point:

Cutting agricultural protections with modest tariff reductions and aid measures to the developing countries.

Extending the Doha round for a more ambitious agreement. This seems unlikely under the direction of the much battered and seriously weakened WTO, which has only a record of failures so far.

Collapsing the round and reforming the WTO, calling an end to the negotiations. This would end the attempt to fix global-trade rules and lead to further international tensions. Subsequent trade agreements would then be bilateral and regional in scope.

Same table, different conversations Though they are all sitting at the same table, the developed countries are not really negotiating the same variables as are the developing countries, said Guatemala's former foreign minister Edgar Gutierrez. He said that for the strong countries the entire matter has ceased being a strictly economic issue. "This issue now is seen as social strategy. If the US and the EU [European Union] abandon the agricultural subsidies, they lose food security, meaning that they leave a vital survival factor in the hands of our countries, and they are not about to become dependent on that." Rather, there is a sub rosa agenda at play here. "It seems to me there is tacit acceptance that these negotiations are not going anywhere soon. Surely they will be reopened," said Gutierrez. "Meanwhile, the US first and then the EU are exploring the alternative route, which are the free-trade agreements, which gives them more power over the legal order of

their counterparts, [exploits their] asymmetrical economies, and [provides] better security for the investments of their corporations." If there is an alternative agenda for the undeveloped countries already ensnared in free-trade agreements with behemoths, said Byron Garoz of the Coordinadora de Organizaciones no Gubernamentales y Cooperativas (CONGCOOP), "ideally, it would be to renegotiate the Central America Free Trade Agreement (CAFTA), or at least the chapter that refers to agriculture." Garoz said that the region ought to concentrate on south-south trade, where the differences are not so severe. Concerns about the WTO and its consequences in the region are not limited to Central America. The nations of the Caribbean Community (CARICOM) have taken the position that the WTO continues to ignore the needs of small-island developing states. "Most CARICOM member states are not listed among the Least Developed Countries, according to the WTO, but we are all small, we have open economies, which make us very vulnerable, and therefore we believe that the world trading agreements should take into account our special circumstances," said Dominica's Foreign Affairs and Foreign Trade Minister Charles Savrin. The big against the small Even in the US, nominally the country that benefits most from current WTO policies, small agricultural producers suffer their effects. "The current system has been devastating for small-scale farmers all over the developing world and hasn't worked for family farmers in the US either," said Carin Smaller, Geneva Office Director of the Institute for Agriculture and Trade Policy. Smaller cited studies by the World Bank, several UN agencies, and the Carnegie Foundation for International Peace concluding that the rich countries' agribusiness interests would reap the benefits of the present policies, while benefits projected for the poorest are steadily shrinking. "WTO members can no longer pretend that this new evidence does not exist. We know a lot more than we did ten years ago when the WTO began. People will no longer accept an outcome that will continue to devastate rural communities and undermine access to decent working conditions," Smaller said. She advocated a turn toward multilateral trade rules that focus on "improving livelihoods, increasing employment, and providing the space for poor countries to develop their economies." This is another item that the WTO can no longer pretend does not exist. Aggressive advocates for policies aimed at improving people's lives have effectively suppressed the pretensions of the larger nations, beginning with the collapse of the Cancun negotiations in 2003 (see NotiCen, 2003-09-18). But they have not been able to take the next step, that of actually bending the agenda their way. The Brazil meetings indicated the reins are still in the hands of the giants. The more powerful nations have been positioning the negotiations as a battle between protectionism and free trade. The evidence of the studies, however, tells a different story, one in which the largest grain trading, pharmaceutical, banking, and other multinationals have gained at the expense of nearly everyone else. In agriculture, says the UN Food and Agriculture Organization (FAO), "progress has slowed significantly in Asia and stalled completely worldwide" in the last 15 years. The World Bank had at one time projected future gains from the WTO regime at US\$832 billion. But more recent studies found extremely limited possible gains from the Doha round. The most likely scenario would yield only US\$54 billion by the year 2015, with developing countries getting no more than 16% of those gains, or 0.14% of projected developing country GDP. During the decade of WTO policies, the percentage of people in Latin America and the Caribbean living in poverty has increased. From 1960 to 1980, average per capita income grew by 82%, over 4% annually. From 1980 to 2000, the years during which governments of the region began implementing globalization policies, per capita income for the region grew just 9%, or less than .5% per year. On Sept. 11, after two days of high level G-20 talks, EU Trade Commissioner Peter Mandelson said that high-level talks to get the ball rolling again would not be possible until the end of the year or next year. He said a WTO ministerial meeting could not be scheduled until after the November midterm elections in the

US. Only then would the ministers of the 149 member-nations be able to decide "if a resumption is possible." Mandelson blamed the US for blocking the talks so as not to have to slash subsidies for US farmers. The US in turn blamed the EU for substantially the same thing. Mandelson said that the larger emerging-market nations, Brazil, China, and India, "have been cutting their tariffs over the last decade because it makes economic sense," but "Doha asks them to take one more step multilaterally." WTO director general Pascal Lamy called the collapse of the negotiations a "serious accident," and said that all the parties at the Rio meeting supported continuing talks, but he was not sure the elements were in place. They are up against something of a deadline. US President George W. Bush only has fast-track authority until mid-2007. Fast track gives him authority to negotiate an agreement that can be submitted to the Congress for an up or down vote without amendments. The president remains unpopular in the US, and he is thought to be something of a pariah in the November elections, which could significantly change the legislative complexion. The most optimistic view of the situation was that of Brazil's Foreign Minister Celso Amorim, who said, "I am certain that, with each moment that passes, the round draws closer to the ideal result. We could wrap it up within a foreseeable time frame." But Amorim's advisors told the media that the time frame he was talking about might be between the end of 2007 and early 2008, after Bush's authority to make a deal expires. US Trade Representative Susan Schwab, also present at the G-20 meeting, said there is no question that the Doha Round "is in serious trouble." She added, "On the other hand, there is evidence among developed and developing countries alike that it is worth the effort the extra effort to resuscitate the talks." Members of the G-20 are Argentina, Bolivia, Brazil, Chile, Cuba, Egypt, Guatemala, India, Indonesia, Nigeria, Pakistan, Paraguay, South Africa, Tanzania, Thailand, the Philippines, Uruguay, Venezuela, and Zimbabwe.

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