

The W T O M O N I T O R

This introductory edition deals with the outcome of the recent Fifth Ministerial Conference held in Cancun, Mexico, on 10-14 September, 2003.

Dear Reader,

Our First Edition

The current multilateral trade negotiations now taking place at the World Trade Organisation remains one of the most ambitious undertakings of international trade negotiators. This ambitious agenda which aims to expand and further liberalise international trade under non-discriminatory, predictable and transparent conditions has presented more challenges than opportunities for small developing countries, such as those in CARICOM. One such challenge relates to the ability of developing countries to monitor and participate meaningfully in the negotiations. The availability of timely information relevant to the negotiations continues to be one of the major obstacles in the Region's efforts to effectively participate in the multilateral negotiations process, especially for non-Geneva-based Member States.

The WTO Monitor is one in a series of initiatives by CARICOM'S Ministerial Spokesperson on WTO matters aimed at keeping regional trade officials, policy makers and the public at large, informed on developments in the multilateral trade negotiating arena. It is hoped that this Bulletin will stimulate discourse that will ultimately enhance the capacities of officials to treat with trade issues, as well as to improve the content of future publications.

The WTO Monitor will be a bi-monthly publication. However, from time to time, as the need arises, The WTO Monitor will focus on specific trade-related matters.

Clement Rohee
Ministerial Spokesperson on WTO Issues

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A MOFTIC BULLETIN - ISSUED BY THE CARICOM MINISTERIAL SPOKESPERSON WITH RESPONSIBILITY FOR SUPERINTENDING THE NEGOTIATIONS AT THE WTO

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This bulletin has been prepared under the responsibility of the Minister of Foreign Trade and International Co-operation of Guyana in his capacity as CARICOM Ministerial Spokesperson on WTO Issues. It does not purport to convey in any way the views of the Caribbean Community (CARICOM) nor the Regional Negotiating Machinery (RNM)

WTO Negotiators go Back to the Drawing Board

The just concluded fifth Ministerial Conference of the WTO held in Cancun, Mexico, marked the half way point of the Doha Round of trade talks. The aim of that ministerial was to "take stock of progress in negotiations, provide any necessary political guidance and take decision as necessary." However, after five days of intense discussions and negotiations by ministers and trade diplomats from the now 148 member countries of the WTO, talks collapsed without the anticipated political guidance necessary to advance the multilateral trading process. Consensus was elusive in virtually every area on the agenda for the Cancun Ministerial Conference, with the Singapore issues – competition policy, investment, transparency in government procurement and trade facilitation – being the most contentious. For some, the outcome of the Conference was entirely predictable and therefore is no surprise, particularly when the wide gaps in the positions of members ever since the commencement of trade negotiations in November 2001 are taken into account.

Prior to the Conference numerous concerns were voiced by various members and groups of members regarding the number of unaddressed issues, and the ability of ministers to harmonise positions in the few days of the conference. Repeated appeals by developing countries for tangible progress on several issues, particularly on those that deadlines have been unmet prior to Cancun, had, for the most part, been ignored. According to one diplomat at Cancun, the multilateral trading system reaped what was sown over the past two years of trade talks.

Amid no consensus on the way forward coming out of Cancun, negotiations have moved back to the WTO Secretariat in Geneva. However, there seems to be a high degree of uncertainty with regard to the basis on which negotiations will proceed. The Ministerial Statement adopted at the conclusion of the Conference instructs officials to continue working on outstanding issues with a renewed sense of urgency and purpose and taking into account all the views

expressed. Further, ministers mandated the Chairman of the General Council, working in close cooperation with the Director-General, to coordinate the work in Geneva and to convene a meeting of the General Council no later than 15 December 2003 to take the action necessary to enable a successful and timely conclusion of the negotiations.

Much of the views expressed in Cancun have been articulated in Geneva and elsewhere. Therefore, paragraph 4 of the Draft Ministerial Statement which instruct officials to take into account the views expressed at Cancun in future deliberations in Geneva does not advance the multilateral process. At Cancun, the political commitment necessary to jump start the multilateral trade talks was severely lacking, particularly on the part of the major players of global trade. In the absence of more flexible mandates trade diplomats in Geneva would be faced with an uphill task at ensuring

December. Presently, there seems to be a lack of leadership in the WTO. In fact, the two major players in the global trade arena – the US and EU – have indicated their unwillingness to re-assume the leadership role they performed in the pre-Cancun process. The US and the EU seem to have diverted their resources on approaching internal issues, as well as alternative integration approaches to the multilateral channel.

The US appears resolved on advancing swiftly with its bilateral integration programme and, to a lesser extent, the impending establishment of a Free Trade Area of the Americas (FTAA). Recently, the US announced that it expects to initiate free-trade negotiations with, *inter alia*, Peru and Colombia (former members of the Cancun G-20 Group) in the not too distant future. Moreover, notwithstanding recent statements pledging commitment to the multilateral process, with the approaching presidential election in the US next year, it is the view of many that the US would be less disposed to assume its pre-Cancun leadership role.

The EU, on the other hand, is faced with its own internal expansion programme, which will see the addition of ten (10) new members. This internal expansion is expected to be concluded by 2004. The EU is also actively pursuing its bilateral agenda with the recent launching (October 2003) of Phase II of the Economic Partnership Agreements (EPAs) negotiations with the countries of African, Caribbean and Pacific (ACP) grouping. Further, it seems extremely improbable that the EU in particular will wish to

re-assume its previous leadership role in the Doha Round of trade negotiations for several reasons.

With the negotiations back in Geneva, the pressure exerted at ministerial conferences, especially by advanced economies will be significantly reduced. Developing countries are unambiguously opposed to the widening of the WTO jurisdiction to cover new issues such as investment and competition policy, *inter alia*. However, there is a school of thought which suggests that, had the format for the issues which were addressed at Cancun been different, as well as had the levels of ambition by developed countries, predominantly the US and the EU, in areas such as agriculture, non-agricultural market access and special and differential treatment for developing countries, been more attractive, the probability of them (developing countries) conceding on one, or even two, of the Singapore issue(s) was greater at Cancun than post-Cancun. The EU is cognisant of this reality, and recognises that for there to be movement in the Doha work programme the US has to be on-board. To recapture the US's interests in the multilateral process at this time would necessitate the EU to demonstrate it is willing to undertake greater commitments, particularly in the agriculture negotiations.

It therefore seems that the task of reigniting the Doha trade talks so as to ensure successful conclusion by 2005 will have to be the responsibility of developing countries. The G-20 Group of developing countries seems to be the most proactive in the post-tangible progress prior to the mandated deadline of 15

the multilateral trading system are essential to make this round a success. In the interim however, the large subsidies granting countries

of the WTO will continue to provide significant levels of trade-distorting support.

WHAT WAS AT STAKE IN CANCUN

By
Dr. Ian Mc Donald

The recent world trade negotiations in Cancun collapsed in large part because developing countries, realizing that they have been conned in previous negotiations, determined that it was time to stand up for a fairer deal. The 'haves' have been benefiting and the 'have nots' suffering and it was time to say so and insist on more equitable and development-friendly arrangements.

The past decade has been a disaster for a multitude of poor countries. In the 1990s fifty-four countries experienced a decline in average income. In that decade twenty-one countries actually slid backwards in terms of income, life expectancy and literacy compared with only four which did so in the 1980s. That was bad enough but the real fallacy in the claim that trade negotiations over the last ten years have been good for the world is that the developed countries have benefited in obscenely excessive disproportion from what has been negotiated. The world is being increasingly divided between the super-rich and the desperately poor. Consider: the richest 1% of the world's population now receives as much income as the poorest 57% while the income of the richest 25 million Americans equals that of almost 2 billion of the world's poorest.

Correcting such indecent imbalances in human welfare should be at the heart of any and all world trade/development negotiations. But that is far from what happens. What should be

an absolutely fundamental human impulse to repair injustice and favour the weak is completely lacking. At the heart of these negotiations continues to be the insistence by rich and powerful countries, and their multinational client corporations, that trade should be "liberalized." In practice this means opening up weak countries to the subsidized competition of strong countries. It has been the ruthless policy of the strong to take a lot and give a pittance.

The impact of one-sided liberalization on CARICOM has been seriously disruptive. We all know the "sordid saga of bananas," as the Belize Minister of Investment and Foreign Trade, Mr. Eamon Courtenay, called it in his speech in Cancun. The aid being offered to the Caribbean rum industry cannot begin to compensate for the raw deal inflicted, without notice or negotiation, on that important business. Rice is being treated even worse. The once vibrant Jamaican dairy products

-Cancun process.

However, the resolute efforts of all members of

are preserved in the Cotonou Agreement, there are developments in Europe and at the WTO which threaten what for long has been a lifeline for many ACP countries, including six in CARICOM. After all, casting aside lifelines, not securing them, has been very much the style of trade negotiations so far despite all the rhetoric about the need for "special and differential" treatment for small and vulnerable economies.

"Liberalisation" is giving CARICOM an almighty hammering:

CARICOM's adverse trade balance with the rest of the world increased three-fold from US\$978.6 million to US\$2898.7 million between 1990 and 2002. In the first four years after the inception of the WTO, 1996 to 1998, the trade balance deteriorated by over US\$1.9 billion. Even with the addition of services in which CARICOM traditionally has a positive balance, the adverse overall balance in 2000 was US\$648.8 million or ten times the US\$64.9 million in 1993.

CARICOM's earnings from bananas halved between 1990 and 2002, from US\$190 million to US\$95 million. The total earnings from sugar, bananas and rice fell by 25%, from US\$585.2 million in 1995 to US\$441.5 million in 2000;

A comparison of the performance of the 11 most important CARICOM domestic export products in 1995 and 2000 shows that: the

unit value of seven products was lower in 2000, in 5 cases by more than 25%; and the quantity of four of the products exported was lower, three of these being the case where the price was higher. These are averages. The situation for some CARICOM countries has been much more tragic. The economy of Dominica which depended on bananas for over 75% of domestic export, foreign exchange earnings and government revenue and over 15% of direct employment is on the brink of collapse with banana earnings falling from US\$30.5 million in 1990 to US\$12.5 million in 2000.

The small CARICOM economies whose financial and tourism services have also been adversely affected by the deliberate action of the rich OECD countries and by the events of 2001 are in particularly severe economic and social difficulty.

CARICOM negotiators went to Cancun well prepared and determined not only to add their voices to those seeking to ratify and extend the Doha promise of a "development" round of trade negotiations but also to make the urgent case for giving practical application to the long promised special and differential treatment for countries like ours.

After Cancun new initiatives will no doubt emerge seeking to impose the will of the already very rich. In responding we must not let our guard down even for one negotiating session.

WHO OR WHAT WAS RESPONSIBLE

After the collapse of talks at the Seattle ministerial conference in 1999, many questioned whether the multilateral trading body would have been able to recover. Miraculously, notwithstanding several apparent deficiencies, the WTO was able to shed the legacy of Seattle and launch a new and ambitious round of trade talks, commonly referred to as the Doha Round, in November of 2001. The round aims to redress the current imbalances in the multilateral trading regime by giving priority to the developmental issues, which are regarded as germane to the development and integration of developing countries into the multilateral trading system. However, to date, this objective is far from realisation. With the recently failed Cancun trade talks, the multilateral trading system is once again at the centre of controversy.

As frustration mounted in the final hours of the last day of negotiations at the fifth ministerial conference, it became apparent that the current political commitment was insufficient, particularly on the part of the major player of the global trading system. Numerous reasons have been articulated for the failure of Cancun to provide the political direction officials in Geneva craved for some time now. In some quarters, the order in which the items were addressed was viewed as the chief reason. Many asked the question, given the general opposition by developing countries for the jurisdiction of the WTO to be increased, why commence with the Singapore

issues? For them, the most logical path would have been to resolve those issues where there were seemingly emerging consensus, followed by the more contentious issues.

Others lay the blame on the decision-making procedure of the multilateral trading body. Some developed countries felt that developing countries were demanding too much. Developing countries, however, were of the view that the development dimension, which is supposed to be an integral component of the round was missing.

One is unable to compute, at this time, the damage that has been done to the image of the multilateral trading system. Much scepticism was expressed in several quarters prior to the Conference, and more specifically in the events leading up to the fifth ministerial conference, particularly with regard to the several mini-ministerial sessions that were convened in an effort to add impetus to the stalled trade talks. What is apparent, however, is that while it is increasingly improbable that the present round would be concluded at the anticipated deadline of January 2005, unless there are concerted efforts on the part of all members to resolve the long-standing impasses, the entire round, as well as multilateral trading system could be in jeopardy.

Pascal Lamy, EU Trade Commissioner

“Despite the commitment of many able people, the WTO remains a medieval organisation.....The procedure and rules of this organisation have not supported the weight of the task. There is no way to structure and steer discussion

amongst 146 members in a manner conducive to consensus. The decision-making procedure needs to be revamped.”

Robert Zollick, United States Trade Representative

“The harsh rhetoric of the ‘won’t do’ overwhelmed the concerted efforts of the ‘can do’. “The US would move

ahead on free-trade agreements with individual nations or regions.”

Ambassador Richard Bernal, Director General, CRNM

“The United States and Europe were not generous enough on reducing their agriculture subsidies or helping poor African countries dependent on cotton, or on understanding their difficulties in taking on such complex

trade responsibilities as investment.” “There is nothing for us small countries in this proposal. We don’t want any of this.”

Dr Supachai Panitchpakdi, Director General, WTO

“.....we must return to the task before us with renewed vigour, to complete this round of trade negotiations, which will continue at a low level at the group’s Geneva

headquarters.” If we fail, the losers will be the poor and weaker nations.”

Ransford Smith, Jamaica’s Ambassador to the WTO

“We do not subscribe to any view that Cancun’s failure was the result of developing countries intransigence or inflexibility.” “We also find curious the line of analysis by some commentators which almost seem to suggest that developing countries have a responsibility to be flexible and to keep the negotiations on track and on schedule

since, according to views, developing countries, and particularly the poorest among them, are likely to be major beneficiaries of the Round’s outcome. The somewhat patronising suggestion is in fact that developing country negotiators acted against their own best interests at Cancun.

FIFTH MINISTERIAL CONFERENCE OF THE WTO
CANCUN, MEXICO, SEPTEMBER 10-14, 2003

GUYANA

STATEMENT BY THE HONOURABLE CLEMENT J. ROHEE
MINISTER OF FOREIGN TRADE AND INTERNATIONAL COOPERATION

On behalf of the Government of Guyana, I would like to congratulate the Government of Mexico for hosting this very important Conference at an extremely critical time in the multilateral trading system. I would also like to express sincere thanks for the warm welcome and courtesies extended to my delegation. I also recognize the enormous efforts and dedication of WTO Director General Dr. Supachai and the staff of the WTO Secretariat in the preparation for this Conference.

It is extremely crucial for Cancun to advance the development agenda which we established at Doha nearly two years ago. It will not be sufficient for us to simply reiterate the decisions taken then nor would it be acceptable to revise the levels of ambition of the Doha Development Agenda (DDA) in a manner that undermines the just concerns and interests of the developing countries, particularly the smaller developing economies. In other words, levels of ambition must be tempered with existing socio-economic realities obtaining in each country.

At a minimum, we must pursue a positive and balanced agenda in which the special needs and interests of the small developing member

countries are comprehensively addressed. Based on the clear evidence and our experience since the establishment of the WTO, this Ministerial Conference needs to put the implementation issues, including the special and differential treatment matters, which we agreed to at Doha, on a fast track. Nothing less would be workable, otherwise we risk engendering greater imbalances in the multilateral trading system.

Initiatives being taken, as well as those already taken, by the small developing economies of the Caribbean Community (CARICOM) to diversify and adjust to the changing global economic environment require the full support of the international community, not the least of which are our developed country partners. As such, the trade liberalization we commit ourselves to must strengthen the development agenda and lift our populations out of joblessness and poverty.

Mr. Chairman,

The economies of CARICOM are fully committed to a fair and balanced rules based on multilateral trading system. Fourteen of the fifteen CARICOM countries are members of

the WTO, with the remaining one currently pursuing membership. These countries have all undertaken unilateral adjustments during the Uruguay Round and continue to do so under the WTO. These countries, which are extremely open and highly dependent on external trade, need the policy space to make the further adjustments for effective integration into the global economy.

My own country, Guyana, is confronted with numerous challenges as a highly indebted poor country (HIPC) in seeking to respect its obligations and pursue its rights under the WTO. We cannot overemphasize the urgency, therefore, for the WTO to move quickly beyond the exhaustive clarification of particular difficulties facing small, vulnerable economies in the international trading environment that has been taking place, to proposing and adopting specific recommendations and measures to ensure

their beneficial participation in the WTO and the multilateral trading system.

We should conclude our deliberations in Cancun by first deepening and even expanding the development focus of the multilateral trading system. Admittedly, we have made incremental steps in the past few years and the road from Doha to Cancun, though rocky in many respects, need not remain that way. It calls for political will from all of us and we should respond accordingly.

Various assessments have been done and the conclusions are unmistakably clear: concrete progress has to be made on the development agenda of the multilateral trading system in advance of the next ministerial conference. This is not a call by governments only, but indeed the wider civil society. We cannot afford not to hear and act quickly. Thank you.

STATEMENT FOR THE PRESS FROM CARIBBEAN COUNTRIES

The Fifth Ministerial Conference of the World Trade Organisation in Cancun, Mexico, at which all Caribbean countries were present, ended without agreement on the many key issues. Billed as a Conference to advance the Doha Development Round of Trade Negotiations, the Conference collapsed on the key issues for developing countries such as agriculture, non-agricultural market access, small economies and special and differential treatment, as well as on the so-called Singapore issues – investment, government

procurement, competition policy and trade facilitation measures.

The November 2001 Doha Ministerial Conference had agreed that these issues would only be pursued after explicit consensus on modalities for their negotiation. No such consensus was reached. Caribbean countries and other Members of African and Pacific countries, the LDCs group, and the African

Caribbean countries, whose key interests are in the areas of small economies, special and differential treatment, services, agriculture and non-agricultural market access, were string in their determination to have these development issues given priority consideration, consistent with the Doha Declaration and Decisions for a Development Round. There was little or no progress in these issues.

In bringing the Conference to a close, the WTO Ministers instructed their officials to continue working on the outstanding issues in Geneva with a renewed sense of urgency and commitment, taking into account all the views expressed in Cancun. To this end, they instructed the General Council to convene at Senior Officials level no later than December 15, 2003, to take the action necessary at that

stage to move the process forward to a successful and timely conclusion.

Caribbean delegations share the general sense of disappointment at the limited achievements of the Conference in spite of the best efforts of the hosts. Our Ambassadors and regional negotiators must therefore with resolve continue to engage their counterparts in Geneva and maintain their continuing active role in the process to advance the development interests of the region.

Finally, the Caribbean delegation would like to express their appreciation for the efforts of the Chair and for the hospitality extended by the Government and people of Mexico.

September 14, 2003

General Council's Chairman outlines plan for the way forward

At a meeting on Tuesday, 14 October, at the level of Heads of Delegation (HOD), the General Council's Chairman outlined his plan to advance the stalled Doha Round of trade talks. According to Chairman Carlos del Castillo, consistent with the mandate given by ministers at Cancun to resolve outstanding issues, he will hold consultations on four key groups of issues – agriculture, non-agricultural market access, cotton subsidies and the Singapore issues. Discussion will commence

on agriculture since that is the most important issues to the entire WTO membership. The consultations are expected to assume various formats. However, according to the Chair, he would strive to make the process as transparent as possible. In the interim, all formal special negotiating sessions, except the Dispute settlement Understanding negotiations, which is mandated for conclusion by May 2004, of the WTO have been suspended. The Caribbean Union strongly opposed the launch of negotiations on the Singapore Issues.

RELATED HIGHLIGHTS	MEETINGS OF SPECIFIC WTO BODIES
<p>EU Sugar Regime Challenge</p> <p>Four Caribbean countries, Barbados, Guyana, Trinidad and Tobago and Jamaica, have been recently granted third party status in the challenge by Australia, Brazil and Thailand to the EU Sugar regime. According to sources, the four countries will be seeking to elevate their status to Enhanced-Third-Party status, which would enable them to, <i>intra alia</i>, receive documents at the same time with the complainants and defendant.</p> <p>The challenge to the EU Sugar regime was formally launched by Australia and Brazil, and subsequently Thailand earlier this year.</p>	<p>Oct 20-22: WTO General Council</p> <p>Oct 29-31: WTO Committee on Trade and Environment</p> <p>Nov 5-6: WTO Negotiating Group on Market Access</p> <p>Nov 8 & 11: WTO special Session of the Council for Trade in Service</p> <p>Nov 13-14: WTO working Group on Trade & Competition Policy</p> <p>Nov 17-19, 21: WTO Special Session of the Committee on Agriculture</p> <p>Nov 18-21: WTO TRIPs Council</p> <p>Nov 24: WTO Council for Trade in Goods</p> <p>Dec 1-4 WTO Council for Trade in Services</p> <p>Dec 15-16, 18: WTO General Council</p>
<p>Sixth Ministerial to be held in Hong Kong</p> <p>At a meeting of the WTO General Council held on Tuesday, 21 October, Members accepted Hong Kong's invitation to host the next WTO ministerial conference. No date has been set for the next conference; however it is expected to be convened sometime before the end of 2005, since the WTO is mandated to hold a session of the conference every two years. The fifth ministerial conference was recently held in Cancun, Mexico, on 10-14 September 2003.</p>	<p>OTHER WTO ACTIVITIES</p> <p>Nov 10-14 Geneva Week</p> <p>Nov: 14: WTO Sect Seminar on Regional Trade Agreements and the WTO</p> <p>Nov 17: WTO Symposium on Intellectual Property and Technology Transfer</p>
<p>Canada To Allow Generic Medicine Exports</p> <p>In what is considered to be an historic move, the Canadian government in September announced that it intends to amend Canadian patent laws which would pave the way for generic pharmaceutical companies to produce and export patented drugs to countries with insufficient or no pharmaceutical manufacturing capacity.</p>	<p>DEADLINES</p> <p>Dec 15: Meeting of WTO General Council at Senior Officials Level to take the actions Necessary to enable a successful and timely conclusion of the negotiations</p>

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**The WTO
MONITOR**

**c/o Ministry of Foreign Trade
and International Cooperation
Tel. 592-226-5064
Fax. 592-226-8426
Email: minister@mofitic.gov.gy**

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