OF ROUND AND DOHA

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Despite being billed as "Bretton Woods 2" the G20 leaders meeting in Washington in November came up with little of substance. World leaders agree to instruct their trade ministers to try to conclude the Doha Round by the end of the year, as they believe this would help to stimulate the global economy.

The Doha Round was supposed to be a development round. Leaders of Western countries see it differently. They see it as a device to boost the global economy. And this is the second time that Doha has been used this way. Look at how the Round came to be launched.

The World Trade Organisation's (WTO) meeting in Seattle in late 1999 was called to launch a new round of trade liberalisation measures. It failed. It failed basically because developing countries were united in their view that trade liberalisation was not helping the poor.

The first few months after the Seattle meeting found trade liberalisation advocates in a state of shock. The realisation dawned on WTO officials that developing countries had been treated badly and that they had fences to build. Mike Moore, the then WTO director-general, began to talk in earnest about making the next round of talks a "development round" for the poor. "Development-related issues are at the forefront of the new work programme," he said. Developing countries felt the tide was moving their way.

Developing countries wanted changes in WTO rules to make the Round to be launched in Doha, a genuine development round. But in the months preceding Doha, there was huge concern among them about the stance of Western countries. The Malaysian ambassador in Geneva, said, for example: "It is abundantly clear the differences in positions are intractable. We run the risk of a 'Seattle Two' if we continue with the all-or-nothing course....It is clear we are in a state of impasse. We characterise the situation as discouraging, discomforting, demoralising and even depressing".

On August 31 and September 1, 2001 a WTO "mini-ministerial" was held in Mexico. Seventeen countries were invited to attend. But the meeting made little progress. Then 10 days later came 9/11. It is not possible to over-estimate the importance of this for what happened in Doha. 9/11 injected a new impetus into the West's preparations for the Doha meeting and was a major factor leading to the launch of a new round.

The US and EU used 9/11's aftermath to push the need for another round. Robert Zoellick of the US and Pascal Lamy, then of the EU, claimed that a new round would revive the world economy from recession and will send a positive signal to the stock markets. Note the priorities. Developing countries felt the situation was being used to manipulate them into accepting a new trade liberalising round.

Seven African countries - Kenya, Mozambique, Nigeria, Tanzania, Uganda, Zimbabwe and Zambia - asked the WTO secretariat to carry out a study of the impact of trade liberalisation before launching another trade round. Structural adjustment policies they said, did not offer much flexibility in their tariff-cutting exercises. Their request fell on deaf ears.

As the arguments moved to Doha, developing country delegations in Geneva were unhappy about what they believed was the biased role of the WTO Secretariat, with Mike Moore promoting negotiations on a much broader agenda than all its members are willing to accept, and the power used by the EC and US in particular to change country positions and break developing country coalitions.

A few days before Doha started, the Indian trade minister Murasoli Maran threatened to leave the WTO because developing countries had no part in shaping the trade agenda.

When the Doha meeting started, the atmosphere was weird. In the aftermath of 9/11 and the riots in Seattle, nothing was left to chance. Every quarter of a mile or so along the roads, a heavily manned road block complete with armed guards held up the vehicles; police cars were dotted in between blocks while helicopters circled overhead. In the tight security not a single protest was seen. The US delegation had brought their own security guards and journalists attending US press conferences were "double-frisked" at gun point.

On the streets virtually no one was to be seen. The only thing that moved were limos taking trade ministers from the WTO's member countries to the meeting's venue, and buses carrying lesser mortals to the conference centre, a large hotel.

When the meeting started, developing countries were again united in standing up for the kind of trade round they wanted. But they were subjected to considerable arm-twisting by Western countries to agree to launch a new round. The arm-twisting paid off.

Eighteen hours after the meeting had been scheduled to end, ministers concluded with a declaration that launched a "work programme...'to address the challenges facing the multilateral trading system' - in other words a new round of talks to liberalise world trade. The round covers agriculture, services, textiles, tariffs on industrial goods, electronic commerce, and limited aspects of the environment. But talks on agriculture, services and textiles would have gone ahead anyway. They did not require the launch of a "new round". The deal reached in Doha was such a compromise that a *Financial Times* leader described it as "almost meaningless".

The truth about Doha is that it was a farce from the start. It never was a development round. It was launched in an atmosphere of arm-twisting and fear. With the global economy still jittery after 9/11, ministers of developing countries were persuaded not to risk eroding of confidence by failing to agree. But they received so very little out of it. If 9/11 had not happened, nobody thinks there would have been a Doha Round.

It was Barry Coates, director of the World Development Movement who pointed out: "developing countries had made more than 100 concrete proposals to make WTO rules fair to the poor. Very few of these were taken on board in Doha. This makes a mockery of the idea of a development round to help reduce poverty".

What happened in July this year at the WTO's mini-ministerial meeting when negotiations broke down, was symptomatic of the problems. The immediate cause was disagreement between rich and poor countries over the degree to which poor countries should be allowed to safeguard their farmers from imports. The WTO has a device known as the Special Safeguard Mechanism. This is a system that allows developing countries to raise their import tariffs to protect their farmers if imports surge over a certain level.

This July, developing countries said that what they were being offered by Western countries was not good enough. For it would only have allowed them to safeguard products after they had imported a considerable volume, sometimes 40 per cent. It could have meant that for some products, domestic production would be wiped out before they could stop imports. This was not acceptable, and the talks collapsed.

This issue goes to the heart of what the Doha Round was supposed to be all about—people-centred development. If poorer countries are to develop they need to pursue policies that improve food security, increase incomes and improve livelihoods. But there are other issues on which there are differences between rich and poor -including rules and procedures governing manufactured goods, the service industries, and specific agricultural products such as cotton and bananas. Developing countries again want changes that help not hinder their development efforts. The WTO is unfit for this purpose.

Developing countries could cooperate to trade lower volumes for higher returns. Take coffee, for example—between July 1975 and the March 1977 the world price rose from £500 a tonne to £4000 a tonne. Why? Because coffee exports fell by 25 percent.

Fairtrade—setting a new pace for international trade. In 2007 the volume of Fairtrade goods sold in Britain more than doubled over 2006. Fairtrade products have now expanded far beyond food and drink. The question is increasingly being asked -why cannot all trade be fair trade? The opposite of fair trade is unfair trade. Fair trade shows the positive role that trade can play in development.

Food sovereignty—growing food for local people rather than for export, ensuring that farmers, rather than TNCs, are in control of what and how they farm; ensuring that communities have the right to define their food and agricultural policies to suit their social and economic circumstances, in line with their cultures and environments, encouraging local investment in local markets and genuine agrarian reform. □□□