

2005 WTO Annual Public Symposium

“WTO After 10 Years: Global Problems and Multilateral Solutions”

Rapporteurs’ Report

Prepared for International Trade Canada

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I. Introduction

On 20-22 April 2005, the World Trade Organization (WTO) Annual Public Symposium - "WTO After 10 Years: Global Problems and Multilateral Solutions" (Symposium) took place at the WTO headquarters in Geneva, Switzerland¹. More than 1700 registered participants from all over the world attended the event, including more than 100 Canadians.² Interest in the symposium was so high that the registration list closed one week prior to the event.

All Canadian participants were also invited to take part in two side events hosted by the Canadian Permanent Mission in Geneva. The first event took place on 20 April following an invitation of the Ambassador and Permanent Representative of Canada, Mr. Don Stephenson, to attend a breakfast meeting. The second event consisted in a debriefing session on 22 April. Both these side events are reported in more detail below.

One note of caution about this report: although the rapporteurs strived to be as objective and comprehensive as possible in the preparation of this report, it should not be construed as an exhaustive account of what was said during the Symposium and the side events. The primary goal of this report is to highlight some of the most salient issues discussed, and report on the perspectives expressed by Canadian speakers and participants either during the formal events (where the Canadian quote may be attributed) or in the corridors (where the authors promised no attribution).

Given that many sessions were held simultaneously, the presentations and subsequent exchanges that took place during sessions attended by one of the rapporteurs benefit from a more detailed account in this report. But, thanks to the input from other Canadian participants, a summary account of some of the other sessions has also been included in the report. Except for the comments made "on the record" and any moderator summaries of formal presentations, the views expressed by participants at the Symposium and side events are not attributed; nor are the comments and notes of those who provided feedback to the rapporteurs on their initial draft summary (for which we offer our thanks). The reader should bear in mind the various speakers whose presentations are reported herein may not have reviewed the report nor flagged any inaccuracies. Finally, this report should not be construed as expressing the views of the rapporteurs, their organizations nor of International Trade Canada.

¹ Official website of the Symposium:

http://www.wto.org/english/news_e/events_e/symp05_e/symposium_2005_e.htm.

² The list of registered Canadian participants is attached to this report as Annex A.

II. Breakfast Meeting for Registered Canadian Participants

As mentioned above, the Canadian Permanent Mission in Geneva organized a breakfast meeting that all registered Canadian participants were invited to attend. The meeting took place at the Canadian Permanent Mission in the morning of 20 April prior to the formal opening of the Symposium. The breakfast was an opportunity for all participants to meet each other, get a briefing from the Ambassador on the current status of WTO negotiations and exchange views and ask questions.

Ambassador Don Stephenson opened the meeting by welcoming the participants and introducing the various representatives from the Canadian government present in the room as well as the rapporteurs who were to prepare this report. He also welcomed Mr. David L. Anderson, Member of Parliament for Cypress Hills - Grasslands (Saskatchewan). Ambassador Stephenson then commented on the context in which the current WTO negotiations round is taking place before summarizing the results of the Senior Officials Meeting (SOM) hosted by Canada on 18-19 April. SOMs are hosted by different WTO Members each time and each host determines the invitees and topics for discussion. This SOM included representatives from some 32 countries and focused on the core issues of the trade agenda: agriculture, goods and services, plus rules and trade facilitation as well as development. Ambassador Stephenson then indicated that a “first approximation” of Hong Kong outcomes will take place in July; these modalities or the mocking up of broad outlines for final commitments will be prepared as guidelines for the concluding negotiations at the Hong Kong Ministerial Conference next December.

An exchange with participants then ensued. In the exchange, negotiators indicated that the reluctance of the US and EU to truly engage in the agricultural negotiations poses one of the biggest challenges negotiators face at this time and that pressure needs to come from industry. One participant noted that 31% of world trade is now generated by developing countries; he noted Chinese trade has now surpassed Japan's. In response to a representative of a western grains group on Canada's position on market access and sensitive products, a senior federal official responded that we were aggressively pressing for higher cuts on higher tariffs; and that while we are seeking some flexibility on sensitive products, the number must be limited; he further noted that Canada is seeking flexible treatment for supply managed products. Another question focused on the issue of the “differentiation” among developing countries. Ambassador Stephenson indicated in his answer that given the sensitivities surrounding this issue, not much progress was to be expected in the short term; he noted the irony of us having to compete against “developing economies” in China, India and Brazil in some sectors where they are world leaders. A representative of the dairy sector wanted to know

whether or not the Sutherland report³ had been put on the shelf given that no follow up action has been reported. Ambassador Stephenson indicated that discussions are taking place to organize a retreat where the report and the implementation of some of its recommendations would be discussed. He also stressed that WTO members wanted to make sure that concerns with internal reform issues not impede the current negotiations.

III. The Symposium

A. Heard during the various sessions

The Plenary Session⁴

Dr. Supachai Panitchpakdi, director-general of the WTO, opened proceedings on Wednesday, April 20. ⁵ Supachai set the context for the symposium as being one of reviewing what has taken place to date within the WTO and examining what needs to be done to complete the Doha Development Agenda (DDA) round. Emphasis was placed on the need to more effectively integrate developing countries into the global trading system, a subject that would be taken up in two panels on trade facilitation and weak and vulnerable economies (see below). The trade policy review mechanism was highlighted as a useful mechanism in this context, providing the data needed to shift policies to further liberalize trade.

Supachai's statement failed to cast a positive light on the current situation in the WTO. Discussion of completion of the DDA was undertaken with the conditional form of verbs, the phrase "if the Doha round is completed in Hong Kong" most notably being used instead of "when the round is complete". Explicit mention was made of the imperfections of the current WTO system, which prefaced the importance of the Sutherland report on reforming the WTO and need for members to seriously address its recommendations.

Concerns of the developing countries were also specifically addressed. The WTO director-general appeared to soften IMF/World Bank stances on trade liberalization, admitting that trade liberalization will not solve the development challenges facing the

³ "The Future of the WTO: Addressing Institutional Challenges in the New Millennium: Report of the Consultative Board to the Director-General Supachai Panitchpakdi", available on line:

http://www.wto.org/english/thewto_e/10anniv_e/future_wto_e.pdf.

⁴ The WTO has posted the program and presentations at:

http://www.wto.org/english/news_e/events_e/symp05_e/symp_devagenda_prog_05_e.htm.

⁵ The WTO has posted the introductory remarks of Dr. Supachai at:

http://www.wto.org/english/news_e/spssp_e/spssp38_e.htm

worlds poorer countries. Trade was instead presented as an important element in a larger equation. Poverty was thus positioned as an important reason to push the DDA forward because completion of the current round would create the necessary conditions for widespread growth.

Supachai explicitly acknowledged the growing complexity of trade talks. Progress in the first half of 2004 on major log-jam issues such as agriculture and G-90/G-20 vs. EU/US positions was held up as a sign for hope in 2005. This was, however, tempered with clear statements that the WTO has reached a point where a wide range of issues have become inextricably interlinked, adding a massive new level of complexity to the negotiation process. This rising level of complexity may corroborate his claim that there is general consensus within the WTO membership that the DDA should wrap up in 2006, i.e. a bit of wiggle room past the December 2005 Hong Kong negotiation session.

José Manuel Barroso, president of the European Commission, offered the first of two plenary addresses.⁶ Barroso stated that the only alternative to the multilateral rules-based system of the WTO is the “law of the jungle”, and as far as the EU is concerned this round must better integrate LDCs into the system of trade in the world. He was concerned with the pace of negotiations, and insisted Hong Kong cannot be another missed opportunity to get a deal. Both agriculture and NAMA issues are critical and there must be political will to move forward on Doha in a “balanced way across the board”. The EU is especially interested in getting a deal on NAMA but less so on Agriculture. In what appears to be rapidly becoming a common theme in European discourse, and certainly one that was repeated in a number of sessions, Barroso positioned the EU as the positive example that the world should follow. The WTO was presented as an institution that should be defended and made stronger, because it has global reach and the effective enforcement mechanisms necessary to keep trade free.

Barroso forcefully advanced the claim that it is now fully accepted that trade and development go hand in hand. This logic was advanced in a number of panels; in one it was suggested that it was only due to unilateral trade liberalization that China has been able to grow as quickly as it has.

According to Canadian participants, two items about development and the DDA emerged as particularly interesting from Barroso’s statements. First, it was put to the audience that the EU should be the leader on development issues and work harder to help Africa. Several subpoints emerge here. Exploration of alliance formation and the Lomé convention is certainly one avenue to investigate i.e. that the EU sees itself as the natural centre of gravity for developing African countries, a position that might ultimately stand in direct competition with emerging trade-based African development programs from the US. Particular mention was made of the preferential access to the EU that

⁶ The WTO has posted the introductory remarks of José Manuel Barroso at: http://www.wto.org/english/news_e/events_e/symp05_e/speech_barroso_e_f.doc.

many African producers receive, a status directly challenged by various Dispute Settlement Understanding (DSU) challenges such as Brazil's sugar case. The second major point related to the importance of the G-20 and G-90 in the WTO process and the EU's welcoming of these coalitions as partners for discussion in resolving the various impasses that plague the WTO. A Canadian observer noted the lack of even vague and speculative exchange between Barroso, Kagame, and Supachai, which in retrospect seems rather strange given that the WTO DG used his remarks to set the symposium up as an event for open and active exchange of ideas without the burden of national commitment.

Paul Kagame, president of Rwanda, presented the developing world's impressions of and aspirations for the WTO.⁷ Kagame corroborated the sense of trepidation for the future of the DDA given by Supachai. While the potential contribution of trade to development was not questioned, Kagame did pointedly ask if development was really at the heart of the DDA. He asked if negotiations are driven only by Uruguay draftsmen who provided market access for a few. The answer, Kagame suggested, should not be framed in terms of what the agreements say, but the actual measurable results and shifts in trade flows and economic growth. He talked about how many countries are not yet participating in global trade growth - Africa has 12% of the world population yet does less than 2% of international trade. Trade and investment, not aid, are the engines of development for the poorer countries. A level playing field so that countries can capitalize on their natural advantages is necessary. World security is compromised by lack of trade opportunities. Subsidies and distortions from them hurt developing countries, but Africa has barriers to trade itself within their countries that must come down to allow trade - everyone in the world must give and take to get an agreement.

Kagame urged linkage between reforms and aid to LDCs, noting LDCs must be engaged and the dialogue must lead to win-win outcomes, which for LDCs means substantive trade enhancement, developed infrastructure and reduction in poverty; he challenged LDCs to reduce tariffs "as they said they would." The Doha Round and DDA are a "contract between developing countries and developed ones to fulfill goodwill intentions of trade". A fair, market-orientated, rules-based trading system must be achieved - tangible gains not just talk.

It is not just the responsibility of the developed countries, but the "rapidly developing countries of the south" to carry forward the aspirations of the developing countries. Africa and the LDCs must fight corruption and barriers within their own countries as well. A predisposition to compromise and flexibility in negotiations should not be seen as a weakness - there must be give and take to get a successful completion of the DDA in 2006.

⁷ The WTO has posted the introductory remarks of Paul Kagame at: http://www.wto.org/english/news_e/events_e/symp05_e/speech_kagame_e.doc.

A key point made by Kagame was that changes in world trade rules are pretty much irrelevant for countries unable to exploit these new regulations due to issues of trade facilitation, i.e. major infrastructural and institutional shortcomings. In effect, issues related to trade facilitation emerge as a new form of trade barrier, one that might prove as equally distorting as subsidies and tariffs.

Kagame also mentioned increasing South-South trade, a point advanced by the Brazil over the last two years. This point to a major difference in philosophy within the larger community of trade thinkers and practitioners, where most discussions at the Symposium emphasizing North-South trade linkages and more or less ignoring or minimizing the prospect of South-South trade flows. Kagame challenged the large emerging market economies such as Brazil, China, and India (all key members of the G-20) to assume four key roles in fostering South-South trade flows:

- 1) lead and coordinate international negotiations;
- 2) expand South-South trade;
- 3) absorb exports from the poorest of the LDCs; and
- 4) start outward flows of FDI to the poorest LDCs.

Kagame's comments revealed a large sense of disappointment with the existing system and a growing perception that the DDA was a contract between the richest and poorest countries, a contract which the North appears to be on the edge of breaking. His call for an increased role by the emerging market countries was an implicit challenge to the existing international economic order; he recommended use of the institutional structure and negotiating process of the WTO to realign global political economy ties. The New Economic International Order (NIEO) of the 1970s is the obvious reference point here. Kagame's understanding of the realities of competing national interests in the South, implied a fundamental scepticism about the potential for equitable completion of the DDA.

The opening plenary was followed by concurrent "high level sessions". One was on "Trade, Economics and Growth" and the other on "WTO's Institutional Challenges".

High Level Session on Trade, Economics and Growth

Jean-Pierre Lehmann, director of the Evian Group, moderated the session and opened on a downbeat. Current WTO discussions were critiqued as not being sufficiently focused on real world problems and where the world is going. Particular reference was made to the challenges that will be created by demographic shifts in the developing world, leading to the equation: no economic growth equals huge pressures on the global trading system. Lehmann noted that he left Cancun enormously disappointed and is fairly certain that he will leave Hong Kong disappointed - expressing little hope for success.

Abdou Diouf, secretary general of the Francophonie, turned attention to the institutional structure of the WTO; he challenged those who “mindlessly criticize” the organization, pointing out that the WTO is an instrument of the member states and that they should work together to make it a better organization. More particularly, he called for a more cohesive approach to development within the context of the WTO, one that would allow phased introduction of trade liberalization measures to ensure that LDCs were not hammered by the process. Some burden for this change was placed on the LDCs, who were called upon to take a pro-active role in advancing this agenda. One such device recommended was a turn to regionalism; as an intermediary step it would allow the LDCs to distribute work, pool their resources and effectively use existing WTO institutions (i.e., DSU) to advance their interests.

A Canadian observer noted major problems with how states view the current institutional structure of the WTO and the critical problem that issues such as trade facilitation could well present for advancement of the DDA. Improving trade facilitation is a major challenge for LDCs and irritant for developing countries. Although regionalism is presented as a useful way of collectively responding to the challenges and opportunities of the WTO, how will the region work without the institutional and physical infrastructure needed to give grass-roots civil society and economic underpinning to the regional structures, he wondered.

Lehmann picked up on Diouf’s plea for greater understanding the WTO and pointed to the merit of using the WTO - “a legitimate and trusted institution”, to keep trade routes open and thus remove any potential spark for war; his current example being the possibility of a trade war between Japan and China.

Victor Chu, Chairman of the First Eastern Investment Group, was presented as the private sector voice on the panel. The WTO was presented as a prime catalyst for economic growth, policy change and social stability, with China being presented as the key example. Chu noted China now has US\$650 billion in currency reserves and US\$1800 billion in savings. Current challenges include the volatility of commodity prices, fear of Asian flu, resolution of problems between China and Japan, rising interest rates, insurance for Private Public Partnerships, China’s need to channel infrastructure investment (DEC) into its western hinterland, and the need for more effort to develop “social entrepreneurship”.

Chu noted the high cost of financing trade will be problematic. He referred to imminent rises in interest rates, exchange rate changes and the logistics of international exchange, issues of trade facilitation for many countries. Chu set out three ideas to facilitate LDCs economic growth: 1) international disaster insurance to deal with events like the recent tsunami; 2) channel more FDI into the weaker WTO countries; 3) reform capital markets so that they operate on a regional, not just national level.

Edward Leamer, University of California, Los Angeles (UCLA) Professor, addressed three themes: global inequality; the transition to a post-industrial economy; and outsourcing. He started with the observation that there has been a radical opening of national economies, opening the way for the surge in multinational corporation (MNC) penetration around the world. While global wealth has increased and the share of income of the rich and the poor, in general, grew, he noted the middle class has been left behind, particularly in the developed world. He made this hypothesis on the global movements of factories, most production plants don't really move unless a particular product is standardized and its production "routine-ized". Otherwise he contended production sites stay close to the location of the intellectual input needed to create the product. This is central to understanding US concern over TRIPS and the outsourcing of R&D work, i.e. if you lose the intellectual aspects of a production process you are in danger of losing the whole thing.

The US was identified as being the most successful transient to a post-industrial country, going from 20% of employment in manufacturing in 1960 to 11% today. Now the US is focused on intellectual and service areas such as finance, consulting, and entertainment.

Outsourcing, he suggested, has a long history extending back to the colonial pattern of sending materials and parts to other places for processing before returning them to market. That governments should intervene to prevent outsourcing is largely futile because it is going to happen anyways. He forecast the intellectual transfers associated with outsourcing will take place and form an important part of the process of global economic growth and intellectual innovation.

Mariama Williams, Institute for Law and Economics Jamaica, took up the outsourcing argument in the concept of Trade Related Intellectual Property rights (TRIPS), Non Agricultural Market Access (NAMA) and gender issues. She pointed to the current tensions in NAMA as a sign that the gains from outsourcing are slowing down and that the extent to which production can be globally distributed is reducing. Williams worried that developing countries pushing for NAMA cuts would force LDCs back to exporting only raw commodities.

The chief problem she has with the WTO is that it views trade from only one perspective - comparative advantage, but this is not the concept that is in operation. She argues the WTO is framed on the basis of competitive and absolute advantage, with negotiations taking place in a decidedly mercantilistic and competitive atmosphere. Countries aggressively attempt to defend their particular interests and create/maintain advantages that they have that will allow them to seek a larger portion of the global economic cake.

Williams argues that there remains an excessive concentration on the nation-state as the unit of analysis within the WTO framework, and that this emphasis on national gain is not consonant with an agenda that purportedly seeks to completely open international trade. This explains why development is such a problematic issue for the WTO; it would compel developing countries to surrender some of the absolute and competitive advantages that they have accrued in order to allow the LDCs to use their comparative advantage.

On the trade and gender inequality front she made the point that gender is also a macro, not just a micro economic issue. Gender influences patterns of consumption, which in turn influences the larger macro characteristics of the economy. Of particular importance is the reproductive nature of gender issues. Focus on reproductive as well as productive economics, viewed on a societal level, does permeate through the writings of United Nations Development Program (UNDP) and United Nations Research Institute for Social Development (UNRISD), but appears absent from the very technical approach to trade taken in the WTO corridors and meeting rooms.

The evidence she presented suggests that as countries go to higher levels of development the lower wage jobs given to women disappear and are taken by men. To move towards a sustainable global trade agenda she recommended a renewed social contract between rich and poor countries, and that trade be made one of, not the corner stone of development.

High Level Session on WTO's Institutional Challenges

This session was moderated by **A. Bassir-Pour, Geneva Correspondent for *Le Monde***.

Kim Hyun-Chong, South Korea's Minister of Trade spoke about the proliferation of Free Trade Agreements (FTAs) and how they are proliferating because multilateral talks are moving too slowly, and how it is much easier to get agreements between a few parties on a few things than everyone on everything. He felt that although the spread of FTAs can't be stopped, they could actually help prepare liberalizing countries form more multilateral agreements. With regard to development, the LDCs must get their farmers to gear up production so that they are contributing to the GDP, at least to the level of 1% of GDP, with fewer farmers simply producing for subsistence. Special treatment and exemptions for LDCs must not be on a permanent basis - countries eventually have to "bite the bullet" and reform is painful. Curtailing union power and reducing corruption helped S. Korea to become a global marketer. He spoke about political leadership in

negotiations, warning that while Ministers can give guidance, technical detail work in trade negotiations must be done by the trade negotiators.

Peter Sutherland, former GATT & WTO Director-General (DG) spoke about the DDA. He believes that countries that hold up multilateralism do so at their own risk; the developing world “wants in” to world trade. The declaration contains concessions to LDCs, and these can be seen as a problem. LDCs cannot expect to be forever given abstentions from the rules everyone must follow. Sutherland’s report, entitled *The Future of the WTO - Addressing institutional challenges in the new millennium* recommends meetings be held outside of the “crisis meetings” often seen in trade negotiations at Geneva - Geneva can be a “lawyer’s paradise”, and an injection of real life needs to occur. There is a need for regular meetings between high-level financial ministers from each country explaining their trade position and why they are taking it. Problems within each country like war and disasters must be laid on the table so everyone can see where negotiators are coming from and what solutions can be found. Real world problems of farmers and people within countries have to be understood at the WTO so not just trade issues can be solved - trade is only part of the whole.

Rev. Njongonkulu Ndungane, Archbishop of Cape Town, spoke about the need to reduce poverty - half the world’s population lives on less than US\$2/day. Success of the DDA will be measured in an increased quality of life, not quantity of money gained. Only interdependence of countries can bring true world security. Globalization is here to stay, but needs institutions to manage it and give it a human face and sensitivity.

Renato Ruggiero, former WTO DG spoke about how trade inspires growth and in time growth will solve poverty issues. GATT in 1948 included only 23 countries - WTO now has 148 countries with 80% in the developing category. In the DDA round the trade situation for the least of the LDCs must be solved at a bare minimum. Both China and India benefit from more open economies, gaining 8% and 6% per year while constituting 40% of the world’s population. To get an agreement we must concentrate our resources on solving the technical issues and strengthen the role of the dispute settlement mechanism of the WTO.

James Bacchus, former member of the WTO Appellate Body, addressed the issue of transparency and how the world views the WTO. The WTO is seen as being driven by a few powerful countries, and there seems to be no visible emerging consensus between countries. In dispute settlement he is concerned that the WTO doesn’t seem to uphold the existing trade rules, yet now wants to make new ones. The WTO needs to show its human face and open the doors to scrutiny by the public. He favours opening hearings to the press so long as it doesn’t jeopardize the findings of panels or appellant bodies.

During the rest of three day Symposium, some 23 Workshops were held on a wide variety of themes, with between 5 to 6 concurrent sessions held each morning or afternoon. Full details on speakers and presentations are available on the WTO site http://www.wto.org/english/news_e/events_e/symp05_e/symposium_2005_e.htm. A well-attended cocktail reception was held just outside the main conference room at the end of the first day of meetings. This was an occasion for all participants to exchange views on the day's events, in a more relaxed atmosphere.

Agriculture

Agriculture was a central theme of the Symposium, with five workshops devoted to various aspects of this critical issue in the context of current trade negotiations. The following summary focuses on those sessions with significant input and participation of Canadians.

Workshop # 3 “Completing the Doha Round - Who needs to do what to ensure success?” was an interesting mix of Development and Agriculture issues. Organized by the National Foreign Trade Council, and Moderated by Canada's former Ambassador John Weekes, a diverse array of speakers, representing NGOs (Oxfam and International Centre for Trade and Sustainable Development), Agribusiness (Caterpillar from developing countries and Confederation of Indian Industries from LDCs), and trade-dependent farmers such as Liam McCreery, President of the Canadian Agri-Food Trade Alliance. To the question “what's the hurry in completing Doha?” many responded that we must maintain momentum for aggressive reforms,—expressing fear that the already cautious EU and US would turn instead to bilateral trade agreements and circumvent our multilateral progress to date and jeopardize WTO's legitimacy. Several representatives noted it has taken a full 19 years to implement Uruguay Round reforms. CAFTA opposed Food Aid being used as a market development tool. Broad consensus seemed evident re the desire for LDCs to achieve opportunities to grow through “trade, not aid”. Comments from Russian, Africa, UK and Greenpeace - all suggested satisfaction with the issues raised and speaker insights. As summarized by moderator Weekes: all agreed that 2005 is a critical year for Doha and WTO's credibility, that major agriculture reform is essential, that the challenge of regionalism will grow if the LDCs (with 31% of trade) are frustrated by the caution of developing countries, in particular EU and US (40%).

Workshop # 4 “Agricultural Dumping, Import Surges and the Price Crisis -What Reforms are Needed?” was moderated by Alexandra Strickner of the Institute for Agriculture and Trade Policy. This panel had presented a particularly narrow view of agricultural issues: any liberalization and expansion of trade was by definition bad, as were any structural shifts in domestic agriculture prompted by globalization. While noting most commodity prices are in crisis, as FAO and others have shown, with

commodity growers unable to cover their cost of production with market prices, in developed and developing countries alike, the proponents argued subsidies were a symptom of the problem - not the root cause.

It was noted that the G-33 has made specific proposals to end the damage to their rural economies caused by the dumping of under-priced commodities in world markets. These measures, including a special safeguard and exemptions from tariff cuts for certain designated special products, continue to meet resistance from many countries.

The panellists argued for protecting a measure of domestic policy space for countries to adapt their trade policy to meet their broader development goals, using the examples of soybean production and the trade in so-called chicken waste (dark chicken meat rejected by consumers in rich countries). American panellists, L. Mitchell (Nebraska Rural TV) and D. Ray (University of Tennessee) were reported as advocating continued price supports for US soybeans.

During discussions of EU chicken exports, it was explained that EU likes only the chicken breast, which is sold at a profit to Europeans. The rest of the animal (dark meat being defined as "chicken waste") is exported to Africa and creates a bonus profit. It is cheap because the cost of production is covered by sale of the breast. There are no direct subsidies on the production or sale of the meat. Support comes in the form of indirect subsidies on things such as roads, grain production subsidies, and things such as water and electricity. The end result is very cheap chicken for a number of sub-Saharan countries and the effective annihilation of indigenous chicken producers. Brazil is very feared for exactly the same reasons as the EU, where lower Brazilian labour costs substitute for EU input price supports.

Workshop #6 "Outstanding Issues in Agriculture and Impacts on Farm Policies" was organized by the International Federation of Agricultural Producers, and moderated by IFAP President Jack Wilkinson (former President of Canadian Federation of Agriculture, or CFA). The initial panel of speakers included the WTO Ambassadors from Australia, Bangladesh, European Commission (for EU), Switzerland and US. Wilkinson opened the session by stating that the national farm organizations IFAP represents are not all anti-trade, but they know a good trade deal from a bad one." The Ambassador views regarding the Doha Development Agreement were respectively pro-, pro-, cautious, anti- and cautious. Swiss Ambassador, speaking for G-10 (some say G-8: Bulgaria, Iceland, Israel, Norway, Japan, Korea, Switzerland, Taipei), admitted their label as "rabid protectionists". All agreed Market Access was the key issue, i.e. the conversion of protective duties to ad valorem equivalents, AVEs, en route substantial cuts. Agriculture Negotiations chair T. Groser was quoted as identifying 35 outstanding issues of which "market access /AVE conversion is the gateway issue". There was considerable acrimony amongst the five.

The subsequent panel of speakers included farm leaders from Canada (Robert Friesen, CFA), EU (Committee of Agriculture Organizations), New Zealand (Tom Lambie, Federated Farmers), Uruguay (Comision Nacional de Fomento Rural), Philippines (Federation of Free Farmers Cooperatives) and the Southern African Confederation of Agricultural Unions, or SACAU. Mr. Friesen strongly advocated farmer empowerment; he chastised WTO re ignorance re trade rules (and lack of compliance) and the function of marketing institutions. While pro- market access efforts, he defended continuance of domestic supports. The EU rep (Doornbos, Netherlands) maintained the EU had put substantial offers to the LDCs, all conditional on the LDCs generating equivalent concessions in export credits, food aid, STEs, and the balancing of the three pillars. He boasted that EU was the pro-reform leader in two of the pillars, lowered domestic supports and increased export competition. New Zealand's Lambie gave a spirited promo for freer trade and less government supports and interventions. Uruguay's Lopez suggested WTO disciplines could not be applied to poorer countries; food security and farm income supports were paramount in his view. Philippines' Montemayor used a boxing analogy, complained "the lightweight LDCs are being told by the heavyweight boxers (EU and US) B who frequently hit below the belt, to drop our gloves (i.e. give up protection for special products); you'll lose, but you should be "proud losersc" he attributed to the Big Two. Zambia's Vashee noted agriculture is 30% of the SACAU economies; he suggested they could live with tariff reduction so long as developing countries committed to transitional adjustment payments. From the floor: Japanese (protectionist), US (anti-EU), France (WTO must police spending shifts among boxes). Response from Ambassadors: Australia's Spencer vigorously counter-attacked the Japanese re protectionism; US and EU Ambassadors more gently chided their Swiss and Philippino counterparts to move forward with reforms.

Workshop # 12, "Trade Policy and the farm income crisis in the context of WTO negotiations" had significant Canadian presence. The workshop was organized by the CFA and moderated by Canadian Ambassador Stephenson, with CFA President Friesen, UPA President Laurent Pellerin, and Canadian consultants, Daniel-Mercier Gouin and Peter Clark, as speakers; over 50 delegates from Canada's supply managed sector (or SM-5) and 14 from its free trade sector were in attendance. Other speakers were an American Professor (U. of TN), an American NFU president, an African farm leader (Senegal), a Norwegian NFU VP, and an Australian Farmers Federation President. Again detail on the various talks are posted on the WTO website.

Friesen led off with a lengthy list of concerns, asking why are only farmer monopolies being hit; why not other monopolies? He suggested the WTO had targeted the CWB and would then attack all agricultural coops. Dr. Ray, University of Tennessee, noted two components of agricultural policy, the Policy of Plenty, and the Management of Plenty; he noted various nations had dropped the latter policy in the late 80s, leading to chronic over supply and depressed prices. Ray concluded that the WTO does not

understand that world-wide excess capacity will be an ongoing problem as agricultural technology expands output faster than population growth and export growth. Dave Frederickson, US National Farmers Federation, noted farmers and ranchers are not single-minded when it comes to trade; he suggested US \$360 billion in public intervention still leaves 800 million malnourished. Norway's Kari Redse described her agricultural economy as "15 cows on 15 hectares, with cost levels 6 to 7 times that of efficient producers". Allan Burgess (Australia National Farmers' Federation) suggested 90% of the benefits of DDA adoption will come from improved market access, and noted Cairns members were concerned that stopping the Doha Talks would be an injustice; 50 years ago other sectors were opened up to freer trade and he emphasised Cairns group farmers want the same opportunity - for diversification and for access to capital. UPA's Pellerin provided statistics demonstrating the acceleration of concentration in agrifood system (4 US firms control 80% of beef slaughter, 4 control 60% of chicken processing, 4 control 69% of seed varieties, and 3 major food distributors feed 90% of Quebec's consumers. "Our industry is feeding people, and we need special treatment" Pellerin concluded. Professor Gouin, Université de Laval, compared CA, US, EU (France and Netherlands), Australia and New Zealand respecting milk production costs, pricing, price supports, etc; his presentation was curtailed account time allocation. Peter Clark, Toronto consultant, argued against acceptance of the DDA, quipping "will the framework of the Five Interested Parties be accepted by the 150 disinterested ones?" He attacked US agricultural policy, noting Canada had to generate \$2 billion in emergency income payments to offset the hurt from US agricultural payments.

The question period was lively. There were sharp exchanges between the Dutch and Senegales re cotton processing and dumping, between Japan and Australia re protectionism, and the impassioned cry of the French: "I don't want to eat only at McDonaldsc" Various criticisms of the above speakers were voiced both from the floor and later during the Canadian debriefing at the Symposium's conclusion; observers complained that the panel was not balanced in terms of speaker viewpoints, i.e. it was branding Canada as protectionist, to the detriment of the 90% of production whose prices - established through international trade, would strengthen from elimination of subsidies. Irregardless, the CFA must be commended for its efforts and organizational work, including provision of a detailed 70 page workbook (in English) with French and Spanish translations. Ambassador Stephenson concluded the session with the observation that "there were many diverse points of view among farm groups, even from within Canada"

Trade in Cultural Goods and Services

Workshop #1, "Trade in Cultural Goods and Services; Assessing the compatibility between trade rules and UNESCO's cultural diversity convention" was organized by the International Network for Cultural Diversity (INCD) and moderated by its executive director, Garry Neil. The workshop featured presentations Jane Kelsey,

Professor of Law, University of Auckland and member of the INCD Steering Committee, Roy Mickey Joy, Rotational Representative, Permanent Delegation of the Pacific Islands, Jacques Béhanzin, Secretary General of the Panafrican Federation of Directors, Benin and Garry Neil. The seminar attracted more than one hundred participants for a lively three-hour discussion. A detailed summary of the session is available in an INCD newsletter at <http://www.incd.net/docs/newsletterapril2005E.htm>

Trade and Environment

The European Commission organized **Workshop #7 10 years of Trade and Environment in the WTO: What has been achieved, and what next?** The moderator was Rupert Schlegelmilch, DG Trade, European Commission. Among the speakers, Mark Halle, European Representative and Director, Trade and Investment, represented the Winnipeg-based *International Institute for Sustainable Development* (IISD). Richard Tarasofsky, a Canadian now working at the *Royal Institute of International Affairs* (RIIA), also known as *Chatham House*, in London, England, was another speaker.

Mr. Halle's presentation offered two perspectives on the progress made at the WTO on trade and environment issues: he proposed that one can see the glass half full or half empty. Some, he said, may argue that environmental issues seem to be off the agenda at the WTO and that no one is really pushing the issues. On the other hand, it can be argued that environmental issues are better addressed now that they have percolated into the core issues such as agriculture, non-agricultural market access (NAMA), trade facilitation, development, trade-related intellectual property rights (TRIPs) and the rules negotiations. He underlined that negotiations are not the only measurement of progress and that one should also consider the fact that environmental issues have somewhat crystallized and, as a result, have become unavoidable. Also, environmental issues have progressed through the dispute settlement process in cases such as the Tuna-Dolphin, Shrimp-Turtle and Beef hormones one. Finally, Mr. Halle mentioned that it was striking that the President of the European Commission, his H.E. José Manuel Barroso, had not mentioned the environment once in his opening speech.

Mr. Tarasofsky's presentation was entitled *Trade and Environment: The Good, the Bad and the Ugly*. According to him the good news is that the announced major conflict between trade and the environment did not materialize. On the contrary he said, there is a much better understanding now of the various facets of the trade and environment linkages and, improvements have taken place both inside the WTO - through increased transparency (access to information and amicus briefs) - as well as outside the WTO - through the biosafety protocol and non governmental initiatives such as labelling and certification. The bad news is that there is a lot of instability still in the trade and environment field. The politics has lagged behind the trade and environment jurisprudence. Important issues have yet to be resolved (e.g. the relationship with

multilateral environmental agreements (MEAs), technical barriers to trade (TBTs) and, the TRIPs-CBD relationship). He fears the chill effect, resulting from the fear of being too bold in using trade measures for environmental purposes, is still present. The ugly part, he said, resides in the fact that there has been little progress in making trade and environment truly supportive, i.e. going beyond conflict avoidance. For instance, although greenhouse gases in the atmosphere are reaching dangerous levels, fossil fuel production is still subsidized. As well, the economic system is still not geared towards tackling poverty. Trade, for example, is about “increasing exports”, not improving rural livelihoods. In conclusion, Mr. Tarasofsky called for a shift in paradigm in the context of WTO negotiations. We need to move away from the logic of “any deal is a good deal” and better assess the deals from a wider systemic perspective, he said. Finally, he mentioned that governance at the WTO will be a key issue in the coming years, European leadership is desperately needed, and that progress will obviously be incremental but that a little more boldness from the WTO membership, and other international bodies is required.

Transparency, Participation and Trade

Workshop #5, Transparency and Participation in the National Trade Policy

Process was organized by the Winnipeg-based International Institute for Sustainable Development, or IISD. Mark Halle acted as the moderator. **Robert Wolfe, Associate Professor at the School of Policy Studies, Queen’s University, in Kingston, Canada** was one of the speakers. His presentation was entitled *Transparency and Participation in the National Trade Policy Process: the Canadian example*.

Mr. Wolfe presented the results of a study he conducted in the context of a research initiative launched by IISD. The premise of the study was that transparency and participation are part of seeing “development as freedom” and that participation can contribute to sustainable development by ensuring that the needs of growth, the environment, and social cohesion are all considered by policymakers. If trade policy is made in the light of day, there is a better chance that it will serve all citizens. For Mr. Wolfe, trade policy officials cannot make up their country’s “interests” - they need to hear from their citizens and their firms who are engaged in trade as importers and exporters, or producers and consumers. What problems do economic actors encounter? What new opportunities do they wish to pursue? Where are the rules as codified in the WTO discordant with their daily practices in the trading system? How are market practices interfering with the aspirations of citizens? His presentation examined these issues in the context of one WTO member, Canada.

The first part of the presentation provided background on consultations in Canada, in general, and then on the institutional structure for and history of trade policy consultations. After a description of what we know from survey research about public attitudes, the final part of the presentation began the process of asking whether the

consultations make a difference to the legitimacy or effectiveness of policy. Mr. Wolfe concluded that on well-defined issues, like new tariffs, where officials know who the producers and consumers are, and everyone knows their “interest”, existing mechanisms work well, if sometimes at greater expense and effort than necessary. On issues that are less well understood, which can include issues new to the negotiating agenda, or issues where Canadians differ on what is at stake (as in a trade-off between the environment in a developing country and Canadian commercial interests), or on issues that engage large numbers of Canadians, Wolfe suggested it is not clear that existing mechanisms are or can be a substitute for the normal political process. In the ensuing discussion, views were exchanged on the complementarity and systemic linkages between consultative and political processes and the role of elected representatives.

Small and Vulnerable Economies in the WTO

Workshop # 11 was “The Small and Vulnerable Economies in the WTO and the Doha Negotiations”. Sponsors were ABEPG (Asociacion Boliviana de Economia Politica de la Globalizacion) and AITIC (Agency for International Trade Information and Cooperation). **Esperanza Duran, executive director of AITIC,** explained that small and vulnerable economies were facing specific challenges in the international trading system, a topic quite controversial within the WTO. The fear is that new categories of countries will be created, further complicating existing trade rules and setting up new areas for division and preferential rules. What the dominant countries want to avoid is a “graduation” of the WTO implementation process, which they fear explicit recognition of small and vulnerable economies would cause.

Susanne Kohler, executive director of ABPEG, gave a grassroots Bolivian proposal for addressing the challenges presented by trade liberalization. She suggested small economies don’t need a new classification within the WTO framework, but need practical and immediate measures that will allow them to participate in the global trading system; not the same thing as aid, but closer to technical assistance with trade facilitation.

Alvaro Moscoso Blanco, the permanent representative of Bolivia to the WTO, pointed to this session as the end point of a number of events for Bolivia. He highlighted the importance of the issue to the WTO’s Committee on Trade and Development. The problem: the split between the growing levels of international trade and the decreasing share of this trade enjoyed by small and vulnerable economies. He referred to what Paraguay, Bolivia, and the Caribbean had done on the issue in vague terms, including the submission of proposals to the Committee on Trade and Development, which was in turn supposed to pass recommendations on to the ministerial level meetings.

There are eighteen WTO members who consider themselves to be small and vulnerable. On 18 January 2005 they submitted document SEW12 which:

- 1) identified the characteristics of small and vulnerable economies;
- 2) identified the trade related problems faced by this group; and
- 3) offered potential systemic responses to these problems.

Several characteristics are common in these economies: scarcity of market; poor infrastructure; lack of product diversification; high transportation costs. These have combined to effectively marginalize these countries in world trade.

One Canadian participant observed what we effectively have here is the emergence of another issue-specific negotiating coalition within the WTO, focusing on a series of issues for small and vulnerable economies that are very low profile in comparison to NAMA, but which given the consensual nature of the WTO could stop the whole process. It is important to recall the dynamics of April/May 2004 when the economically weak members of the G-90 almost collapsed the entire DDA round.

Trevor Clarke, Deputy Representative from Barbados, focused on paragraph 35 of the DDA, suggesting the problem was that trade related issues for small economies received very little attention before the DDA - despite their prominence in fora such as the IMF, World Bank, ACP, UNCTAD, FTAA, etc. It wasn't until 1998 that there was some success on the issue, getting it put as a standing issue on the WTO agenda and the inclusion of some important language in the Seattle text. That, however, collapsed, and they had to start over in Doha. They didn't quite get what they wanted, but it was progress. (See DDA paragraph 35).

The point here is that the group of small and vulnerable economies have been pushing for a long time to get their issues included on the agenda. In this context Hong Kong ministerial becomes a critical event; something concrete is expected from major members of the WTO. When asked if a failure to adequately address these issues could be a potential deal breaker she hedged her response by pointing to the prospect of holding out for progress, but ultimately seeking ways to work most effectively with their close partners. Identity of these close partners was left unaddressed. She was not sure how their concerns would come up in talks, but noted that they had been tabling documents for a long time, with proposals which covered all sorts of areas - NAMA, agriculture, economic constraints, simplification of rules, and the accession of LDCs. Political will to bring about an agreement is the key factor. The response from the small

economy partners to the initiative is key to how much they are willing to put on the line to make the whole thing come to pass and how hard they will push the issue.

The presentation by **Francisco Alvarado, minister counsellor for Guatemala**, was in the same vein. Again, the emphasis was on finding a way to positively include these countries in the global trading system, not find a way to set them apart from it. Some initial steps suggested:

- 1) Doha round negotiations should not increase imbalances created by the Uruguay round; Therefore special attention should be given to the small and vulnerable economies;
- 2) The talks and measures should take into account the special interests and characteristics of small and vulnerable economies;
- 3) Institutional characteristics should be observed;
- 4) Goods, services, and agricultural liberalization should acknowledge the interests of small and vulnerable economies; and
- 5) Attention should be given to high costs of transport and logistics in Trade Facilitation discussions.

One concern that came up in the open discussion was that there had been scant contribution from other countries on this issue, with the sincere hope that it would feature more prominently in Hong Kong. As always, the key is political will to bring about change. The theme that emerged from the question and answer session was that trade is synonymous with commercial exchange with the core (i.e. developing countries in the North), suggesting that notions of South-South trade and its expansion simply don't get serious attention from others.

Sheila Page, Overseas Development Institute, rounded out the session with a summary of a lengthier paper. She made a series of points about Special and Differential Treatment provisions for developing countries ("S&D") and small and vulnerable economies:

- 1) S&D should increase the benefits of trade and the trade weight of the small and vulnerable economies;
- 2) S&D is not a substitute for overseas development assistance - there is more to development than trade;
- 3) S&D should promote integration of countries into the WTO and increase their participation in trade; and
- 4) S&D must avoid excessive costs to other countries.

In particular, she noted that any form of S&D within the WTO should be bound, making it consistent with the WTO in 2005, not the GATT. She defined two key criteria regarding the small and vulnerable economies:

- 1) any inclusive organization (read: WTO) must build in flexibility; the GATT was a club of similarly minded countries; this is not the case today in the WTO - members now want a universal organization; two options: a) loose, non-restrictive rules, or b) internal flexibility; and
- 2) a S&D system must reflect the affected countries' own interests, not a vision of their interests imposed from the North.

Eligibility for S&D does not need introduction of a new category into the WTO framework; that would be foolish and create yet more confusion. The S&D system needs to directly erode the preferences that are harming the smallest economies by encouraging countries to diversify their export-oriented economies into new areas.

Page cautioned that the "WTO is about negotiations. It is not a developmental organization." This point gets back to a common theme noted in many discussions about the institutional capacity of the WTO to deal with the larger horizontal questions and issues that are beyond its mandate.

Trade Facilitation: A Tool for Development

Workshop #16: Trade Facilitation: A Tool for Development, was organized by the **UN Economic Commission for Europe (UNECE) and the Agency for International Trade Information and Cooperation, (AITIC)**. **Carol Cosgrove-Sacks, director of UNECE's trade, development and timber division**, highlighted the role they are playing in discussions on trade facilitation and efforts to advance the issue. Her unit is focused on telecoms and services as well as standardization and regulatory convergence. The general gist of this session was that a WTO trade facilitation agreement of some kind is needed. The question is what form this agreement will take and whether or not countries are actually willing to sign on to it.

Alexey Kaulbars, Director in the Russian Ministry of Economic Development and Trade, gave a summary of what Russia has done in terms of trade facilitation and preparation for entry into the WTO.

Jean Kubler, acting chief of the UNECE global trade solutions branch focused on the issue of trade facilitation and the work of organizations such as the World Customs Organization. He argues regional approach to trade facilitation is needed because the context of the underlying issues is critical to addressing the problem. The goal is to achieve efficiency in transactions, reducing the costs of logistics as a percentage of the item traded; e.g. the % of GDP given over to logistics in the US (10.5%) vs. Brazil (15.0%). This really matters if we consider how much more the US trades than Brazil.

Trade facilitation is the transportation and customs clearance of a product. You need to take a cross-border view to the issue; it increases customs revenue and corporate revenue, creates a more efficient environment for business, forces companies to compete rather than hide behind slow customs procedures, and increases security by increasing knowledge about what is going where. To bring this all about national and regional approaches must balance and be coordinated.

Trade facilitation is another issue that is key but often overlooked in the DDA. Significantly, the panel was organized in part by the same group that set up the small and vulnerable economies panel (Agency for International Trade Information and Cooperation).

David Wakeford, chief executive of Simpler Trade Procedures Board (SITPRO), gave a rundown of why trade facilitation was a good development tool and how it has evolved throughout the WTO process. The concern he expressed is that as the WTO matures it is getting bogged down in a persistent set of issues, which include trade facilitation. The issue matters because it is like the lungs for international trade, actually being the key element that allows the oxygen of products and cash to circulate around the world. A WTO agreement on trade facilitation is needed because it will bring coherence to approaches to the concept and create the political will necessary to bring about domestic reform in a number of countries. (Again, we have the externalization of an imperative for domestic policy change, a device that member states can use to push through policies that might otherwise be akin to political suicide - (Canadian for example the end of the Crow Rate subsidy for grain transport). Such a deal would also bring some technical assistance to those countries that need it. In particular, trade facilitation deals must address the particular concerns of land-locked countries, perhaps going so far as to create guaranteed corridors to the ocean with detailed and enforceable mechanisms to ensure that these corridors are not arbitrarily closed. Trade facilitation requires input from big business, a key user of trade facilitation services. But, when creating the standards that will be used for discussion and implementation of trade facilitation care must be taken that these regulations are not overly specific or wide so that they become a barrier to expanded trade in the future.

Tony Hill, former Jamaican ambassador to the WTO, asked what has stopped developed countries from pushing for inclusion of trade facilitation in WTO rules. On the other side of the equation Hill asked why would LDCs sign onto provisions that they need help to implement if there is a chance that the developing countries or WTO might withdraw the technical help needed to implement the provisions.

Rigoberto Gauto Vielman, Paraguay's ambassador to the WTO, gave a detailed presentation on trade facilitation and his country's stance on the need and problems with trade facilitation for small land-locked countries:

- 1) the costs of setting up new procedures;
- 2) strikes, equipment breakdown, misunderstanding of regulations;
- 3) lack of a streamlined system to deal with transiting goods;
- 4) random inspections;
- 5) abuse of inspection powers;
- 6) absence of transparency and predictability over the transportation mode;
- 7) updating databases, keeping updated info on companies; and
- 8) problems in communication between customs authorities in a customs union.

WTO talks aren't likely to resolve the particular problems that land-locked countries have. To find solutions a regional solution is needed. This includes things like integrated documentation and regulatory procedures. What Paraguay wants are regulations on a global level that would allow land-locked countries to take offending countries before the WTO's DSU. While stating that Mercosur was in great shape, the Ambassador took pains to avoid leaving the impression he was complaining about Argentina and Brazil not allowing Paraguay to wield influence.

SOLIDAR: Women Talkç Decent Work: Decent Life

Workshop #19, SOLIDAR: Women Talkç Decent Work: Decent Life, was organized by SOLIDAR, with speakers from PES Women, SEWA (Self-Employed Women's Association), One World Action, IUF, Alianza Chilena por un Comercio Justo y Responsable, WTO, International Institute for Environment and Development, OWA, PLADES, TUC, and SOLIDAR/IFWEA/Global Network.

The recurring theme for most of the women that presented was the same. They stated that the status quo for women in developing countries was not acceptable and that they must go forward with women's rights issues concerning equality and access to the marketplace. Women are the ones most affected in the poverty issue.

Nazneen Kanji of IIED, India, made a very impressive presentation. She stated that up to 93% of the women in developing countries are involved in the "informal economy" which involves businesses run from inside their home, sub-contracted work or work in agriculture alongside their husbands. These women are required to work for 8-12 hours above and beyond looking after the needs of the husband and family. For this they receive little or no pay. The husband has absolute control of her life and is very reluctant to give up that power. These women have no credit, little support from government or

social programs and no-where to turn for help. Illiteracy runs rampant in home-based businesses and education is costly and socially unacceptable in many of the poorer regions. The textile industry in India is second only to agriculture and there are 35 million people involved. Work is being done to certify skills of home-based workers and to develop an appropriate pay system. This will be costly and difficult to implement because of the social issues standing in the way of change, Kanji noted. Trade liberalization is incredibly important to these developing countries because low cost imports greatly affect the lives and economy of the regions. Women want and need a more pro-active role in policy making in the LDCs because without this power, social consciousness will decrease instead of progressing and women's rights will be further stifled.

One Canadian participant attending this session remarked how personally stimulating and thought provoking the session proved to be, wondering if she would be as courageous as they were under the same circumstances. When your freedom and even your life is at risk for speaking against the status quo, she wondered how many Canadian women would continue on the path that these women have taken.

Mercantilism vs. Trade Liberalization: Time for a Change of Mindset

Workshop #22: "Mercantilism v. Trade Liberalization: Time for a Change of Mindset" was organized by the Evian Group. Moderator, **Carlos Braga, senior advisor to the World Bank**, noted that the WTO has always used the principle of reciprocity to drive negotiations. This is supposed to encourage the formation of coalitions between exporters and consumers to encourage further liberalization. But it can also work in the opposite, mercantilist, protectionist direction. Two thirds of tariff reductions have come unilaterally, and a lot through structural adjustment processes. Twenty percent of these reductions have come through the Uruguay round. The question, then, is whether or not the mercantilistic approach to trade talks is still the best way to go forward. Have we exhausted the possibilities of a reciprocity-based approach to negotiations?

Herbert Oberhansli, head of economics and international relations at Nestlé, argued that the effectiveness of WTO quid-pro-quo negotiating styles was thinning out. He argued that many countries don't want to undertake these measures or offer them unilaterally because they are working with a reciprocal mindset, seeking a similarly valued concession from others in exchange for it. This points to the embedded mercantilistic approach of the WTO.

The problem here is that it is importers who have to carry the costs of heightened transaction costs. This is most hurtful to SMEs, and ultimately the consumer who purchases the product. The Nestlé goal is to remove politics from this economic issue. A useful point he did make, though, was that we don't really understand the importance

or role of imports in developing countries. This is something that we might well look at in the context of the banana DSU complaint and Ecuador's inability to make use of the DSU decision. He urged more south-south trade.

Razeen Sally, head of the **International Trade Policy Unit at the London School of Economics**, set out what he viewed as three founding principles of the WTO: 1) multilateral reciprocity; 2) reliance on international institutions; 3) reliance on compromise between social democracy and trade liberalization. The internal contradictions of these three principles create the tensions visible in the international economic system today. Significantly, Sally did not point to an increase in global governance as the answer. Instead, he went back to classical liberalism, to major countries leading by example and allowing markets to sort out the opportunities, not states. While the mercantilistic expedient of GATT was credited as having been successful at starting the process and getting things to a fairly advanced state, the realities of the WTO now make it difficult for it to continue being successful. The problem is essentially one of numbers. With every country having equal weight in a consensual decision making process, and the forming of various cross-interest coalitions, it is unlikely that agreement can be reached. In his view, what the WTO needs is:

- 1) focus on market access;
- 2) leadership by the "adults", 50 key countries with 5 core leaders;
- 3) a more modest, sectoral approach that focuses on the do-able: on rule improvement, and on transparency; and
- 4) abandonment of the populist, open WTO, for an inter-governmental club where accountability should occur on the domestic political front.

Within this context FTAs are a useful stepping stone to larger liberalization processes. Here much attention was given to the Asia-Pacific and the emphasis on sectoral agreements. The problem with FTAs, though, is that they divert attention away from the WTO and allow governments to avoid pursuing things like comprehensive structural economic reform at home. Indeed, both FTAs and the WTO are not useful vehicles for pursuing structural economic reform. The argument Sally makes is that unilateral liberalization is the most effective route for pushing reforms, with China being offered as a (dubious) case. He concluded by noting that for the WTO to work it needs to have more modest goals and instruments that facilitate reform.

Gonzalo Fanjul Suarez, Spanish Oxfam, offered a biting commentary on the evolution of the DDA. The first point he made is that we need to focus on the increase of trade and isolate the process from the various ideological currents running through WTO-related discussions. The mercantilistic approach dominating the WTO is leading to a style that almost permanently stops development. The discourse of the DDA is held up as an example, with the pressure on concessions for NAMA amounting to something

close to a straight-out lie. Such offers little to developing countries and would in fact combine to systemically entrench and protect existing EU and US agricultural support structures. This seriously hurts the credibility of the WTO in the developing world because it then begins to look like a double-dealing forum. Suarez suggests that the DSU is going to change the face of the WTO, with cases such as sugar, cotton and maybe soya pointing to a new use that LDCs can make of the WTO to advance their interests independent of the negotiation process.

Developed countries are attempting to use Regional Trade Agreements to short-circuit the WTO process and guarantee things they think important. The key example cited here is the cookie-cutter US FTA that is being shopped around the world on a take-it or leave-it basis. This agreement has TRIPS provisions that wouldn't get through the WTO negotiating process.

B. Heard in the corridors

The Canadian Agri Food Trade Alliance held a Reception at the Canadian Mission on April 20, co-hosted by Ambassador Stephenson. The gathering, which also included foreign dignitaries, proved an excellent forum for the CAFTA President to announce the launch on April 19 of the Global Alliance for Liberalized Trade in Food and Agriculture (GALTFA). The GALTFA issued a declaration: "the undersigned 39 organizations representing agriculture and food producers, processors, distributors, retailers and consumers from 15 countries and 5 continents, issue a call to WTO members to commit to an ambitious work plan in order to reach a comprehensive agreement on agriculture for the 6th meeting of WTO Ministers."

The Canadian Federation of Agriculture also held its reception at the Mission a day later, upon completion of their organized session titled, *cPolicy and the farm income crisis in the context of WTO negotiationsc*. The balanced trade position taken by the CFA espouses to eliminate all export subsidies, dramatically reduce domestic support and bring countries to an equitable level of market access improvement.

One participant pointed to what was termed a "defensive" attempt by the CFA and SM-5 to preserve the status quo and protect the Canadian market from import competition, particularly with respect to supply management; he contrasted the above with others whose "offensive" aims were to gain better market access for agricultural exports and create a more even subsidies playing field. It was felt that Canada's so called "balanced position" where we want access for some agricultural sectors, and protection for other agricultural sectors is an untenable position that is not supported by other countries.

It was clear, from the discussions however, that with strongly divergent positions within the Canadian agricultural community, Canada risks becoming isolated from the main WTO groups who are driving the negotiations. It was suggested that time has therefore

come for Canada to reconsider its initial position in light of these developments, or risk becoming increasingly marginalized in these negotiations.

C. Heard from across the street

A peaceful demonstration took place right outside the WTO compound on the initial day of the Symposium. About 100 demonstrators, armed with banners and portable PA systems gathered across the street from the main entrance to the WTO complex to voice their concerns over the WTO.

Proportional police forces were deployed at the various entrances of the WTO buildings. (Some 300 were hidden throughout the building and grounds) No clash between protesters and police were reported. Neither the work of the Symposium, nor the cocktail, seemed to be negatively impacted by the demonstration.

IV. Debriefing Session Organized by the Canadian Permanent Mission

All registered Canadian participants were invited by the Canadian Permanent Mission to a debriefing session at the WTO following the end of the Symposium. Some 50 Canadians also participated in the meeting via teleconference. This session provided an opportunity to exchange views about the Symposium and the current WTO negotiations. The debriefing was led by Adair Heuchan, Advisor, Canadian Permanent Mission to Geneva, assisted by Terry Collins-Williams, Director General, Multilateral Trade Policy, and Steve Verheul, chief agricultural negotiator, who answered questions from the participants.

For the benefit of those not present during the breakfast meeting reported above, the debriefing started with a summary of the SOM meeting and of the current negotiations. Canadian officials had an opportunity to give participants a sense of overall progress on the round, prospects in coming months and timing for conclusion of the Round.

Then the session turned to the WTO symposium itself at which time the Chair asked the two rapporteurs Marc Paquin of Unisféra International Centre and Douglas Campbell, Campbell Agri Business Strategists Inc., to kick off the discussion on the symposium. The comments heard during the debriefing were generally positive. Many participants took the opportunity to thank the Canadian government and the Permanent Mission for facilitating engagement prior to and during the event.

In no specific order, the following was heard during the exchanges that ensued:

- All sessions were well attended. From an organizational point of view everything went fairly smoothly, except for the fact that some rooms were too small to accommodate all those that wanted to attend a given session.

- Although the official topic of the symposium was “WTO after 10 Years: Global Problems and Multilateral Solutions” most of the discussions focused on the Doha Round, with much attention devoted to agriculture (current issues).

- The program has expanded and evolved since the first Symposium was held in 2000 as an experiment, and has since demonstrated its usefulness in stimulating interest and constructive dialogue on the issues. In the past, groups with defensive interests attended the Symposium. This year, those favouring trade liberalization participated in greater numbers.

- There was a fairly good Canadian representation. However, some felt it was unfortunate that more American and Brazilian delegates and senior officials did not attend the Symposium, given the importance of these two countries to the current negotiations.

- There were many good presentations and participants expressed their views in more effective ways than in past years. The most successful sessions were those where different points of views were expressed, and therefore it is important to have balanced panels to benefit from these events. Most interveners were well versed in the intricacies of the trade-related issues discussed during the session. The various issues seem to now be well understood, they seem to have crystallized, allowing for more mature discussions.

- Unfortunately, no concluding session was organized by the WTO. Such a session, where one rapporteur per session would briefly summarize the key issues discussed during a session, would be very helpful in allowing participants to get an overview of key themes and ideas expressed during the various concurrent sessions. In its current format, impossible for one person to attend more than a quarter of all sessions.

- One has to remember also that the Symposium is more than the formal sessions. It is an opportunity where parallel activities and networking is taking place.

V. Final Observations and Acknowledgements

It was observed that many of the intended Symposium delegates, senior staff within the WTO hierarchy, appeared to book that week off as “holiday time”, rather than “insight time”. It was recommended that if the WTO truly wanted more than just the appearance of engagement, its top officials should be there.

Many WTO officials were away during the week of the Symposium, returning home given that the WTO work was suspended on April 19. As a result, the symposium somewhat takes place in the absence of many of those it intends to inform.

There were no Summary commentaries of specific sessions. These—we believe would have been especially helpful to all delegates as they could not physically cover the 23 workshops concurrent within the 4 time slots, and may have missed key threads in the tapestry.

Finally, we wish to thank participants for conveying to the rapporteurs their impressions of this intensive three-day event. A full list of participants is available and appended to this report.