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I nyhetsbildet: *Utviklingsvennlige WTO-forhandlinger?*

Brief Analysis of the Cancun Ministerial from an African Perspective

by [Karin Gregow](#), *EcoNews Africa*, Nairobi, 22.09.03

"We African Parliamentarians denounce the on-going WTO negotiations which have been characterized by blatant manipulation by developed countries and total disregard of the interests and voices of African countries. ... We abhor the total lack of transparency through a carefully orchestrated Green Room process designed to brow-beat our Ministers into agreeing to an outcome that secures the interests of developed countries while totally ignoring the critical development concerns of our constituents."

African Parliamentarians, Press Statement at Cancun, 14th September

Talks break down

The Cancun Ministerial ended in the early afternoon on Sunday 14th September. The decision by the Conference Chair Mexican Foreign Minister Derbez to suddenly and abruptly call the meeting off came as a surprise to many. The immediate reason for the breakdown of the talks was the stalled positions on the Singapore issues. The night before, nine countries (EU, US, Mexico, Brazil, South Africa, China, India, Malaysia and Kenya) had been in the Green Room for two hours discussing the Singapore issues. There was no agreement and countries apparently stuck to their positions. Next morning Derbez decided to continue with the Singapore issues in a larger Green Room meeting, now including around 30 countries. The discussions attempted to unbundle the issues and see which ones could be agreed upon for negotiations. Pascal Lamy offered to drop investment and competition from the agenda. Derbez called a one-hour recess to let Ministers consult with their constituencies. African Ministers in the Green Room met with the African and ACP group and got a clear and strong mandate not to accept negotiations on any of the Singapore issues. When the Green Room reconvened, positions had hardened. The African and ACP group kept firm on their no to negotiations on any of the issues, while South Korea and Japan said that they were not ready to drop any of the issues. Derbez then decided to call off the meeting and close the conference.

Premature decision?

It seemed like many countries were unhappy with Derbez' decision to call off the conference at that stage. EU was particularly disappointed and European Ministers furious. Derbez could not see any consensus on the Singapore issues and therefore also not on the whole conference package. The question is whether he decided to pull the plug at that particular moment in order to avoid an even bigger and more embarrassing collapse, with the equally polarised positions on agriculture, the growing frustration among developing countries over the undemocratic and Chair-driven process and the overloaded agenda with deadlocks in all major areas. Now they could at least stitch together a brief Ministerial Statement, stating that the conference had "made considerable progress", but that more work needs to be done in some key areas.

African reactions

African countries were disappointed that there was no agreement on, and not even discussions in the final negotiations, on issues of importance for African countries, i.e. agriculture, NAMA, S&D. African countries questioned Derbez' decision to address the Singapore issues first and try to make this the 'dealbreaker', when a majority of the developing countries clearly had stated that they would not agree to the negotiations on any of these issues. Kenya expressed

worries regarding the unclear status of the Singapore issues now following the breakdown of the talks. They had wanted these issues off the agenda once and for all.

The Kenyan Trade Minister Mukhisa Kituyi at a press conference after returning from Cancun, laid the blame for the collapse of the meeting on developed countries' insistence on the discussions of the Singapore issues. He also warned about an increasing bilateralism, which could harm developing countries, both through EU's and US's bilateral and regional trade agreements as well as measures pushed through bilateralism by the Bretton Woods institutions.

African comments on revised text

African countries were extremely disappointed with the revised Ministerial text that came out on the 13th September. They were particularly upset with the text on Singapore issues, which completely ignored their positions and instead opened up for negotiations on transparency in government procurement and trade facilitation directly and investment and competition policy indirectly. They were also outraged over the linkage of the Singapore issues to agriculture and NAMA. The West African countries were outraged over the text on cotton, which they saw as a slap in the face.

Minister Nkate from Botswana said at the Heads of Delegation meeting in the evening of the 13th on behalf of the Alliance of AU/ACP/LDC that "the view of the ACP Group, African Union and LDCs is that the text falls far short of their expectations. The text has not adequately addressed our concerns." With regard to the Singapore issues, he said: "Our understanding of the Doha mandate is that negotiations would commence on the basis of a decision to be taken, by explicit consensus, on modalities for negotiations. The text before us has actually departed from that mandate and what it represents is unacceptable to us since it is not based on explicit consensus. Therefore, there cannot be negotiations on these issues. Furthermore, the linkage of these issues with other issues of negotiation is surprising and is also totally unacceptable to us."

Kenya, in its statement at the HoD meeting said that "We will not be honest if we said that we are not disappointed and maybe even slightly frustrated with the draft text before us." On Singapore issues Kenya said: "It is our understanding that the four Singapore issues are not part of the single undertaking. There is therefore no link between these issues and the other issues in the draft text. ... The draft modalities that were annexed to the text and that have found their way into the text were not negotiated nor discussed in any meaningful way. The fact that they were not developed in the working groups is telling and is a clear indication of the differences among us and we are therefore unable to agree to them. ... Kenya cannot accept to the launching of negotiations on issues that we do not clearly understand and whose implication on our economies have not been assessed."

Developing countries stood up against the rich countries Developing countries came out strong of Cancun, since they stood up against the rich countries and managed to remain firm and not succumb to their pressures and bullying tactics. Strong developing country groupings have emerged, i.e. G20+ on agriculture (Brazil, India, China, South Africa, Argentina etc) as well as the Alliance between African Union, ACP and LDCs. The G20+'s strength lies in their unity around one specific issue, i.e. agriculture. The Alliance remained strong and firm in its opposition to the Singapore issues. The unity and firmness of developing countries will most certainly lead to a change of the power dynamics in WTO.

Flawed process exposed

The Cancun Ministerial clearly exposed the fundamentally flawed decision making process in WTO. There was a deep frustration among African countries over the process that has continued to marginalise them in the negotiations: the Chair-driven process, with Chairs submitting texts "under their own responsibility", the uncertainty of who actually drafts the texts, the clear biases towards the developed countries, the Green Rooms etc.

It will not be possible to ignore the flaws in the decision making process in WTO. Even Pascal Lamy admitted that there are problems, calling WTO a 'medieval' and 'not such a rules-based organization', in his press briefing after the collapse. He said that the decision making needs to be revamped. It is time to act on the various proposals that developing countries have put forward after Doha on how to reform the WTO process: particularly the very concrete proposal submitted in April 2002 by a number of developing countries (among them Kenya, Uganda, Tanzania, Zimbabwe) on the negotiating process in Geneva and the procedures at the Ministerial Conferences (WT/GC/W/471) as well as the proposal for improving the decision making process in WTO submitted by Kenya on behalf of 11 African countries on 14th August (WT/GC/W/510), just before the Cancun Ministerial. These proposals have been blocked by developed countries, who have kept arguing that the WTO system must remain 'flexible', and who have used the system to their own advantage.

Singapore issues

It is quite clear that developed countries, and EU in particular, had thought that they could manipulate developing countries into agreeing to negotiations on the Singapore issues. It is astonishing how they so completely kept ignoring African and other developing countries positions. African countries had in the months leading up to Cancun time and again repeated their opposition to the launch of negotiations on the Singapore issues; at the LDCs meeting in Dhaka end of May, the AU Trade Ministers meeting in Mauritius in June, the ACP meeting in Brussels in August as well as through submissions to WTO in Geneva. In Cancun African Trade Ministers remained firm on this position. In the Communication to WTO with their joint position on the Singapore issues (WT/MIN(03)/W/19) on the 12th September, the AU/ACP/LDC Alliance stated that "there are divergent views on the Singapore issues, hence negotiations on the modalities should not start until there is 'explicit consensus'. We would also like to make it clear at this point that progress in the New (Singapore) issues should not be linked to progress in agriculture or any other negotiation issues in the WTO."

Agriculture

It was quite obvious that neither EU nor the US were ready to give any real concessions in agriculture. EU's offer to eliminate export subsidies on some products of export interest for developing countries, was actually no concession, since this had been their position already in the joint EU-US agriculture proposal from 13th August. US was not ready to give anything away from their farm bill passed in 2002 and they were definitely not ready to upset their farmers with presidential elections ahead. African countries were deeply concerned that the draft Ministerial text did not address the existing imbalances in agriculture, that it did not effectively reflect the objective of substantially reducing trade distorting domestic support, that it had not fully taken into account the concepts of SPs and SSM as well as the absence of any commitment to eliminate all forms of export subsidies.

Cancun saw the emergence of the strong and significant grouping of G20+ on agriculture, which in a professional way really managed to shake EU and US. Some African and other developing countries, who were concerned about issues related to the livelihoods of small scale farmers and local food security joined hands in the SP Alliance. The African Group through a contact group of 10 countries (among them Kenya) kept discussing with the then G21 about possibly joining them. Some countries, such as Kenya, were ready to join G21 provided that their concerns regarding SPs and SSM were taken on board. Apparently African LDCs were worried that the issue of erosion of preferences would not be adequately addressed by G21 and refused to join. In the very end Nigeria joined G21 (now G23 or G20+).

The West African cotton producing countries expressed deep frustration over the lack of will by developed countries to adequately address the issue of cotton subsidies. They were disappointed over the US's attempt to divert the whole issue

away from subsidies to focus on the entire chain of cotton production and the textile industry.

NAMA

The AU/ACP/LDC countries maintained their positions on NAMA, i.e. that the non-linear formula approach should not be applied to developing countries, there should be no sectoral tariff elimination, there should be less than full reciprocity in reduction commitments for developing and least-developed countries, as stated in their joint position on 12th September (WT/MIN(03)/W/18).

Development

On Development issues, the AU/ACP/LDC Alliance expressed concern over the lack of progress in dealing with S&D in the DDA and the lack of willingness by developed countries to solve the outstanding implementation issues. They stated in their joint position from 12th September (WT/MIN/(03)/W/20) that Annex C in the draft Ministerial text should not be adopted since these proposals are of no economic value and do not provide any policy space for developing countries. In the last HoD meeting, Kenya also proposed language from an earlier proposal on S&D submitted to WTO by Kenya on 4th September (WT/MIN(03)/W/13), that they wanted the text in paragraph 12 replaced with.

TRIPS and public health

Kenya stressed, in the last HoD meeting, that they wanted a clear reference in the Ministerial text to the temporary nature of the recent deal on TRIPS and health in Geneva and to "the agreement contained in para 11 of the decision that instructs us to start work on a permanent solution to the difficulties faced by developing and least-developed countries".

African civil society

African civil society played an important role - as did the global civil society present at Cancun. It was obvious that it is important to have civil society representatives on the Government delegations, since they had access to meetings, information and the government delegates in a much different way than the rest of us. They played a crucial role in linking and feeding information both ways. The influencing by civil society from the inside was probably crucial in backing up the Governments positions. When African Ministers in the Green Room on the last day went out to consult with their constituencies, they got a strong mandate to say no to any of the Singapore issues. Many of the African Parliamentarians and civil society delegates had gathered close to the Green Room for their own "parallel Green Room" and rushed to the consultation, when they heard that the Ministers were coming out. Other African civil society representatives, who were not on the official delegations but in the Convention Centre, carried out an important work linking up with other civil society groups, media etc. Africa Trade Network issued strong and substantive statements on the revised text as well as following the breakdown of the talks.

The African Parliamentarians present became a strong force in Cancun. They kept holding the Government delegations accountable and issued their own statements and actively pushed to strengthen African positions.

African civil society groups had sponsored journalists to Cancun and also had their own media coordinators. This proved very useful and secured a good media coverage back home.

African civil society outside, without accreditation, also played an important role, making their presence seen and heard in the demonstrations and different actions taking place outside the 'Hotel Zone'.

What next?

The process now continues in Geneva and there are lots of uncertainties about what will be taken back to Geneva, the status of different texts, proposals on the table etc. What is the 'valuable work that has been done at this Conference' that the final Ministerial Statement says will be brought back to Geneva? What are the 'convergence on texts' that has been reached?

There is probably now a political momentum for a campaign that the Singapore issues should be dropped from the WTO agenda once and for all. The Kenyan negotiators will for example pursue this line in Geneva. It will probably be politically difficult for EU to continue to forcefully push for the Singapore issues, at least investment and competition policy that Lamy offered to drop on the last day. In his final press briefing, Lamy said that 'these proposals remain on the table' referring to the concessions they had been ready to make in Cancun, including dropping investment and competition policy. Civil society must act quick on this.

On agriculture, G20+ will most likely serve as an important counterweight to EU and US. African countries and the SP Alliance will have to see in what way they feel that their interests are best taken on board - and might consider in one way or the other joining hands with G20+.

One likely consequence of Cancun is that EU and US turn their back to the multilateral system and shift their emphasis to regional and bilateral trade agreements. As Zoellick said in his final press briefing: "The United States has an agenda on multiple fronts. We're going to keep opening markets one way or another." For African countries there are already the Cotonou-agreement and AGOA. The challenge for African civil society will now be to link the work on WTO to an intensified work on these agreements as well as discussions on other bilateral or regional trade agreements between EU/US and African countries, such as current talks between US and SACU (Southern Africa Customs Union).

It is quite clear that the US is set to punish those countries that opposed them in Cancun. Zoellick divided countries at Cancun in 'can-do' and 'won't-do' countries. He accused some larger developing countries for "spending too much time with tactics of inflexibility and inflammatory rhetoric". He said in Financial Times on 22nd September that "the US will not wait: we will move towards free trade with can-do countries". The Chairman of the US Senate Finance Committee also said after the breakdown of the negotiations, that "I will take note of those nations that played a constructive role in Cancun, and those nations that did not." Although the threats so far seem to have been directed more towards countries like Brazil and India, African countries have been blamed by the US for the breakdown due to their resistance on the Singapore issues. Kenya, as one of the more vocal African countries and which refused to bow down to EU's and US' pressures, might also get its share. Civil society must be vigilant on this and expose any attempt of 'punishment'.

It was finally WTO's undemocratic decision making process and the blunt and aggressive attempts by the powerful countries to keep pushing through their agendas, that provoked the collapse at Cancun. Developing countries have finally had enough of this. Civil society and developing countries must now strongly push for fundamental changes in the WTO system.

There is a lot of uncertainty ahead of us. But for the talks in Cancun, at least one thing is certain: No deal is better than a bad deal.

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