

# **SOME NGO REACTIONS TO WTO “JULY PACKAGE”**

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## **SOME NGO REACTIONS TO WTO “JULY PACKAGE”**

In the early hours of August 1, 2004, the 147 WTO member countries approved a framework agreement at the General Council meeting in Geneva that will serve as the basis for future negotiations in the Doha Development Agenda. The so-called “July Package” emphasizes the need to push ahead the talks in five main areas, namely agriculture, non-agricultural market access (NAMA), development issues, services and trade facilitation. Regarding existing commitments in the rest of the Doha mandate, including intellectual property rights, dispute settlement rules and environment, the framework agreement simply reaffirms continuing negotiations. While the deal has been hailed as a “historic breakthrough” by the WTO and some member states, non-governmental organizations (NGOs) said it did not include substantial changes in favor of poor people in developing countries. Below is a presentation of the reactions and criticisms of some NGOs to the “July Package”.

According to Oxfam International, the “July Package” is disappointing since there is little in the framework agreement to guarantee reforms that will help the poorest countries. Oxfam International regretted that, although three years have passed since the launching of the Doha Development Agenda, the results of the General Council meeting fell far short of what is needed to reform world trade rules so that they work for the poor. “Negotiators may trumpet breakthroughs on export subsidies and cotton but there are no cast-iron commitments here and no clear timeline for reform. The lives and jobs of millions of people depend on these talks but rich countries are still failing to show leadership, pandering instead to vested interests and forcing developing countries to adopt a strategy of damage limitation”, said Celine Charveriat, head of Oxfam International’s Geneva Office. She warned that if rich countries did not immediately put their promises into action, the “July Package” would become “just one more stage in a long journey of disappointment and deception”, and called for a more ambitious and radical approach.

Greenpeace said the “July Package” was a face-saving exercise designed to allow governments to claim the WTO was intact, and warned that it was likely to result in further trade liberalization at the expense of the poor and the environment. Greenpeace is particularly concerned that the agreement could open the door for further reduction of barriers in sensitive sectors such as fisheries and forest products. In addition, the WTO

deal is regarded as still highly imbalanced in favor of industrialized countries because they made vague promises in return for key concessions by developing countries. "The WTO does not seem capable or willing to deliver equitable and sustainable development for all, the WTO only seems to be interested in ensuring its own survival", said Daniel Mittler, Greenpeace International Trade and Policy Advisor. Greenpeace also criticized the negotiation process at the WTO in Geneva as deeply unfair, pointing out that many delegations were excluded and did not have sufficient time to discuss drafts and the final text with their capitals. "The deal is not a victory for multilateralism, but a dangerous fudge. The secretive process practiced in Geneva ... once again showed that the WTO is an undemocratic organization mainly responsive to rich country interests", concluded Mittler.

According to Focus on the Global South, the "July Package" is a betrayal of the world's poor. Their senior trade analyst Aileen Kwa said the negotiations in Geneva were used by industrialized countries – especially the US and the EU – to force open developing country markets and to hide their own massive agricultural subsidies. "All in all, the text is a raw deal with the South. It is the makings of a round that will be catastrophic to the poor. Under the guise of fair rules, the WTO – yet again – is putting in place rules protecting the interests of the strong", said Kwa. Focus on the Global South introduced a new international initiative called the Agriculture Trade Initiative from the South (ATIS) that aims to provide an alternative vision of collective self-reliance of the South; to elaborate directions for agriculture trade that are feasible and desirable; to mobilize peasant farmers, agricultural producers and workers threatened by the Agreement on Agriculture; and to put pressure on governments at the WTO to adopt strategies and stances that safeguard and further their interests. The executive director of Focus on the Global South, Walden Bello, concluded: "It is time developing countries actively explore and create other trade mechanisms to make development and trade complementary. Development is a goal that can no longer be pursued within the WTO".

Friends of the Earth criticized the closed process used for negotiations in Geneva, especially the exclusion of NGOs from the negotiating venue. According to Friends of the Earth, the agreement on NAMA threatens to harm the environment since it proposes to partially or completely liberalize all natural resource markets. In addition, Friends of the Earth is concerned that the NAMA could lead to the loss of developing countries' ability to use national policies to promote development. "Governments are trading away our environment at the WTO. With this deal, even more environmentally and socially sensitive sectors will be liberalized. Corporate lobby groups will be the big winners, the environment and the poor the big losers," said Alexandra Wandel of Friends of the

Earth. Friends of the Earth warned that the “July Package” exerted undue pressure on developing countries to open up service sectors. The WTO framework agreement “ignores civil society calls to exempt essential services, such as education, water, health, and energy”, and thus poses a threat to the ability of developing countries to pursue social and development goals. Finally, the concessions by the EU and the US in the agricultural negotiations are regarded as empty promises by Friends of the Earth since no end date is mentioned for the elimination of export subsidies credits.

According to the Institute for Agriculture and Trade Policy (IATP), U.S.A., the “July Package” does not live up to the promises of the Doha Development Round because it would continue widespread dumping of agricultural commodities at below their cost of production. “This text fails to make any progress towards a fair and market-oriented agricultural trading system because it doesn’t tackle the structural causes of market distortions by agricultural dumping”, said Alexandra Strickner of IATP’s Trade Information Project in Geneva. IATP is particularly concerned that the changes within the Blue Box point more toward a shift in permitted subsidies rather than a substantial reduction. In addition, IATP warned that the text left room for industrialized countries to protect “sensitive” products while not providing enough options for developing countries to defend agricultural sectors essential for food security. “By expanding the Blue Box and insisting on increased market access for most products without sufficient protection for crops necessary for food security, this framework only enhances the system of dumping which has caused significant damage to farmers around the world”, said Steve Suppan, IATP’s Director of Research.

The European Farmers Coordination criticized the WTO agreement as a hard stroke for farmers in Europe as well as in developing countries since it allowed the industrialized states to keep their decoupled domestic support system untouched. This system is regarded by the European Farmers Coordination as unfair to many European farmers who do not benefit from any domestic support and to the farmers in developing countries whose products have to compete with unduly cheap food imports. The European Farmers Coordination accused EU Agriculture and Trade Commissioners, Franz Fischler and Pascal Lamy, of betraying European and developing countries’ farmers by maintaining the decoupled payments to the only advantage of transnational agribusinesses. In addition, according to the European Farmers Coordination, the “July Package” represents a further step on the way to the elimination of tariff protection, which is regarded as a fair and effective tool to support agricultural prices and thus the farmers’ revenues.

Global Exchange (U.S.A.) pointed out that although industrialized countries allegedly agreed to eliminate agricultural subsidies, the timeline and actual numbers of the negotiations were not specified. Furthermore, Global Exchange criticized that the type of agriculture subsidies rich countries agreed to cut would still allow them to prevent many developing country products from entering their markets. According to Global Exchange, the agreed framework does not sufficiently address the serious problem of dumping – allowing multinational companies to sell food at below-market prices on developing country markets – which is wiping out small farmers and undermining food sovereignty around the world. Global Exchange warned that the tariff cuts in industrial goods the poor countries agreed to in the “July Package” were the beginning of a “de-industrialization” of developing countries, which would lead to a devastation of their economies. Finally, Global Exchange believes secret meetings, bullying of developing countries by powerful states and a massive pressure campaign during negotiations in Geneva proved that “the WTO lives up to its moniker of a medieval institution and the greatest threat to democracy in the world”.

The Council of Canadians regretted that West African countries (Benin, Burkina Faso, Mali and Chad) agreed to move the cotton issue into the agriculture negotiations, and that the final text only contains an acknowledgement that cotton is an important issue and a promise to set up a WTO sub-committee on cotton to review the situation. In addition, the Council of Canadians criticized the fact that state trading enterprises like the Canadian Wheat Board (CWB) were clearly marked for elimination in the “July Package” although the CWB had served Canadian farmers well and had been consistent with WTO rules. With respect to trade in services, the agreement intensifies the pressure to achieve a substantive outcome and thus continues to threaten public services, including health care, water and education, according to the Council of Canadians. The Council also warned that the Blue Box had become such a loophole that the US and the EU might even be able to increase their subsidies under the WTO deal. Concluding, the Council of Canadians believes that the “July Package” is an “anti-development document steeped in the neoliberal ideal of unfettered market capitalism”.

Public Citizen (U.S.A.) predicted that future talks under the agreed framework would be extremely difficult because the process that produced the text was secretive and unworkable, with many WTO nations excluded from critical talks. “To produce this text, outrageous procedural tactics — including the exclusion of key players and arm-twisting — were employed against many developing countries”, said Lori Wallach, director of

Public Citizen's Global Trade Watch. Wallach added future WTO talks were cursed because "a handful of mainly rich countries put the majority of WTO member countries into a trap of either having to take a text strongly against their interests or be blamed for causing a disaster". However, Public Citizen welcomed that, after years of developing country and civil society opposition to a proposed expansion of WTO scope and powers, the contentious issues of investment, competition and government procurement were excluded from the negotiations. According to Public Citizen, the scope of the framework agreement is a signal of the changing power relations at the WTO, given that the new issues were at the heart of the US, EU and other powerful WTO member states' agenda for the Doha Round.

The Berne Declaration (Switzerland) denounced the fact that developing countries had to agree to further liberalize their markets for industrial goods and services in return for the vague promise of rich countries to eliminate agricultural export subsidies. According to the Berne Declaration, this is a high price and very alarming from a development policy perspective. The Berne Declaration criticized the Swiss government for exclusively representing the interests of the Swiss economy in these issues. The organization called on the Swiss government not to push for the liberalization of financial and tourism sectors in developing countries and to support detailed country studies on the impacts of tariff reduction in industrial goods.

Powerful nations are continuing to bribe, bully and threaten developing countries in the WTO to get their own way over global trade talks, the development agency ActionAid stated in a new report released on the eve of the WTO General Council meeting in Geneva. The report "*Divide and Rule: the EU and the US response to developing country alliances at the WTO*" cites several ways in which developing countries are subject to arm-twisting and blackmailing practices of the EU and the US, including cuts to aid budgets, blocking of essential loans and debt relief, loss of trade preferences or exclusion from free trade negotiations, and personal attacks against delegates that persist in defending their own country's interests against the demands of richer countries. ActionAid describes, for example, how attempts to break down the G20 membership continued after Cancún with extreme pressure being exerted on those countries aiming to negotiate free trade agreements with the US. Most recently, the tactics of rich countries have changed and attempts to break countries away from the G20 have been replaced with a more sophisticated variant of the 'divide and rule' strategy, trying to set developing country alliances against one another. With regard to the General Council meeting in Geneva, ActionAid demanded from WTO members to

stop using political, economic or personal threats against other members to guarantee the transparency of WTO meetings as far as possible.

Concluding, the reactions of NGOs to the “July Package” described here were almost exclusively negative. While the WTO and most of its member states supported the framework agreement because it saved the Doha Round from failing, most NGOs do not believe it will help poor people in developing countries. Although some NGOs welcomed the promise of industrialized countries to eliminate agricultural export subsidies, they strongly criticized the absence of a commitment to clear end dates. As in the past, many NGOs denounced the closed and “undemocratic” process used for negotiations in Geneva, which makes it difficult for them to lobby ministers at the WTO to make concessions in favor of developing countries. Some NGOs are thus thinking about a change of strategy in the fight for global justice, intending to turn to the type of direct action made famous by Greenpeace and anti-globalization activists. “We have seen the limits of traditional campaigning. It is the failure of the development lobby. We are now considering peaceful direct action”, said Mark Curtis, head of the World Development Movement.