Ten Years of the WTO: Subordinating Development to Free Trade

NICOLA BULLARD / CHANIDA CHANYAPATE

The Uruguay Round of trade negotiations gave birth to a powerful institution in 1995, the World Trade Organization which, in concert with the World Bank and the International Monetary Fund (IMF), would serve to strangle the domestic policy autonomy of the South. The WTO was a significant departure from the General Agreement on Tariffs and Trade (GATT). Its agenda was much more ambitious than the GATT, going far beyond simply reducing tariffs on industrial products to

1. lowering the tariffs in agricultural goods, through the Agreement on Agriculture,
2. further limiting the scope for countries to determine their domestic legislation, through the Trade Related Investment Measures (TRIMS) and the General Agreement on Services (GATS),
3. permanently consigning the technologically less advanced to economic backwaters by dramatically restricting access to technology, through the Trade Related Intellectual Property Rights Agreement (TRIPS) and
4. subordinating development concerns to free trade principles favorable to corporations.

The WTO has been hailed as an achievement for multilateralism. Yet its impact on the world's poor has been overwhelmingly negative. On the eve of the revolt by the developing countries at the WTO ministerial in Seattle, the United Nations Conference on Trade and Development (UNCTAD) issued a damning evaluation of the then nearly five-year-old world trade regime: »The predicted gains to developing countries from the Uruguay Round have proved to be exaggerated … Poverty and unemployment are again on the rise in developing countries which had struggled for many years to combat them. Income and welfare gaps between and within countries have widened further … As the twentieth century comes to an end, the world economy is deeply divided and unstable. The failure to achieve faster growth that could narrow the gap between the rich and the poor must be regarded as a defeat for the entire international community.

It also raises important questions about the present approach to development issues. Asymmetries and biases in the global system against the poor and underprivileged persist unchecked.«[1]

Brushing aside UNCTAD's warning, the so-called »Doha Development Round« was launched in November 2001. The Doha Round puts an extremely ambitious liberalization agenda in goods, agriculture and services squarely on the table. This, however, was only possible after developing countries had their arms thoroughly twisted in the shadows of September 11.[2] During the Doha Ministerial, just two months after the attacks in the US, it was suggested in the western press, as well as by certain key ministers, that developing countries' refusal to launch a new round would somehow be tantamount to assisting the cause of terrorists.[3] Although the Doha Round suffered a setback in Cancun 2003, it was given a boost at the Geneva General Council meeting in July 2004.

Multilateralism or »Disguised Unilateralism«?

Despite its anti-development agenda, the WTO as an institution continues to garner a certain (though grudging) amount of buy-in from the developing country governments. This seems to stem from the belief that some rules, no matter how skewed, are better than the »law of the jungle«. Furthermore, most governments want to avoid blame for derailing what is portrayed as an important multilateral institution. However, this unquestioning faith in »multilateralism« is counter-productive. According to S.P. Shukla, formerly India's ambassador to the GATT, »[t]here seems to be an intuitive belief, particularly among the relatively weaker members of the trading system, that the multilateral process by itself would ensure not only the legality but also the fairness or equity of decision-making. Once such belief triumphs over experience, it is only a short further step that leads to the proposition that a multilateral system is *always* desirable *per se*. … The more basic question of the ›power-relations‹

1. United Nations Conference on Trade and Development (UNCTAD), *Trade and Development Report,* New York and Geneva 1999.
2. For details, see Kwa, A., *Power Politics in the WTO,* published by Focus on the Global South 2003, and Jawara, F. and Kwa, A., *Behind the Scenes at the WTO,* Zed 2004.
3. See Zoellick, R., »Countering Terror with Trade«, *Washington Post,* 20 September 2001.

defining the system tends to get obfuscated. Such an environment is conducive to manipulation of multilateralism by the powerful few. The form retains the multilateral character but the power-equation determines the substance. Some perceptive observers describe the phenomenon as the emergence of ›disguised unilateralism‹ or ›new regionalism‹.«[4] Shukla also argues that the application of the non-discrimination principle without substantive provisions to deal with the major trade problems of the »weaker members« leads to further discrimination.[5] »Treating the unequal equally« is, in his words, a »travesty of the equality principle«.[6]

> Despite their occasional ability to come together and challenge the industrialized nations, more often developing countries have succumbed to political pressures and divide and rule tactics by the major powers, or to their own internal contradictions.

On paper each country has an equal voice. In reality, power is exercised through several means:

1. Chairpersons are handpicked by a small minority. Since the Doha 2001 Ministerial, Chairs have taken on the habit of drafting one-sided texts often excluding the views of the majority and presenting these as papers put forward on the Chair's »own responsibility«. At a stroke of a pen, the views of the majority are rendered invisible.[7]

4. Shukla, S.P., Developed Countries' Trade Policies: Disguised Unilateralism? A Chronicle of Manipulated Mulilateralism, Paper presented at the First Annual International Forum for Development, New York, October 18–19, 2004.
5. Special and Differential Treatment provisions have proved to be ineffective, hence the promise in Doha to make them »effective« and »operational«. Unfortunately, these promises have remained unfulfilled despite deadlines that have long passed.
6. Shukla, S.P. 2004, p. 8.
7. See, for example, Antigua and Barbuda's statement to the Heads of Delegations meeting at the Cancun 2003 Ministerial in response to the Chair's 13 September text: »We do not recognize in this text the consensus we heard articulated in those groups on the development issues, small economy issues and Singapore issues. … And on cotton we believe the response … to the arguments put forward by Africa is insulting and unworthy of this organization.« India on the same occasion said, »It would appear that the views expressed by a large number of developing countries on the need for further clarification have been completely ignored. This is yet another instance of the deliberate neglect of views of a large number of developing countries. It represents an attempt to thrust the views of a few countries on many developing countries.«

2. The *process* of decision-making takes place behind closed doors[8] and only between a select few. Typically, the »quad« (US, EU, Canada and Japan) agree on an agenda and the decision-making circle is then widened to include other key developed and developing countries. The majority is kept in the dark until there is agreement amongst about 30 members and trade offs between them have been made. This exclusive process is known as the »green room« after the color of the room of the GATT director general where such meetings took place during the Uruguay Round. The outcome is then presented to the wider membership as a »take it or leave it« package. In the past two years, an even more alarming practice has taken root – super »green rooms« have mushroomed. For example, the TRIPS negotiations on public health in August 2003 took place under a shroud of secrecy between four delegations – US, Brazil, India and Kenya. Unless a country is a big power, there are few that would have the political stamina to go against a package that is presented to them as having been agreed by some other significant countries. Similarly, the most critical negotiations in agriculture before the July 2004 General Council framework agreement took place between a handful of countries, the so-called Five Interested Parties (FIPS) – the US, EU, India, Brazil and Australia.
3. Considerable amounts of arm-twisting and political pressures are brought to bear on countries that attempt to break a »consensus«.
4. Powerful countries undermine developing countries negotiating capacity by resorting to maneuvers at the highest political levels to remove their ambassadors. The former Dominican Republic ambassador Federico Cuello was removed from his position after the Doha Ministerial because he was an outspoken advocate of development.

Due to these procedural irregularities, developing countries have repeatedly sought more transparent and accountable negotiating practices.[9]

8. We are distinguishing here between the *process* of decision-making, and decision-taking. A select few are involved in the former. The Membership is than brought on board to adopt a decision which they had no part in formulating.
9. See WTO, *Preparatory Process in Geneva and Negotiating Procedure at the Ministerial Conferences: Communication from Cuba, Dominican Republic, Egypt, Honduras, India, Indonesia, Jamaica, Kenya, Malaysia, Mauritius, Pakistan, Sri Lanka, Tanzania, Uganda and Zimbabwe,* WT/GC/W/471, 24 April 2002. Other attempts to have proper rules of procedure also took place in January/February 2002 when the Trade Negotiations Committee Chair was being selected. See also Jawara and Kwa 2004, chapter »After Doha«.

However, these efforts have been systematically subverted by the powerful minority, insisting on »flexibility«[10] and fearful that formal, transparent and democratic processes would subject the WTO's decisions to the »tyranny of the majority«. It is this fear by the powerful industrialized countries that they could loose grip over the decision-making process – as happened momentarily in Seattle 1999 and in Cancun 2003 – which has spurred the European Commission on various occasions to make suggestions for a »security council« type WTO negotiating format where the green room would be formalized. This is the essence of the recent report by former GATT chair, Peter Sutherland, »The Future of the WTO«, which most developing country members have distanced themselves from.

Despite their occasional ability to challenge the industrialized nations, more often developing countries have succumbed to political pressures and divide and rule tactics by the major powers, or to their own internal contradictions. Thus, they have difficulties carrying through their development agenda. By the end of the negotiations, most end up severely compromising on their initial objectives. As a result, the outcome of negotiations is heavily weighted against the developing world.

WTO's Litany of Failures

Getting the Fundamentals Wrong: The Myths of Integration and Exports

The fundamentals of the institution are wrong. Openness, integration and market access have become the mantra. Yet the actual experience of the countries that expound this dogma does not tally with what they preach.[11]

Africa has opened up its economy. Its share of global trade at the beginning of the Uruguay Round was six percent. Today, it has shrunk to about two percent. An open investment regime has not brought in the

10. See WTO, *Preparatory Process in Geneva and Negotiating Process at Ministerial Conferences: Communication from Australia, Canada, Hong Kong, China, Korea, Mexico, New Zealand, Singapore, Switzerland*, WT/GC/W/447, 28 June 2002. Whilst the US and EU are not signatories to this paper, they nevertheless share similar views.

11. The experiences of developed countries have been amply illustrated by Ha Joon Chang, *Kicking Away the Ladder: How the Economic and Intellectual Histories of Capitalism Have Been Re-written to Justify Neo-Liberal Capitalism*, Cambridge University, UK 2000.

promised windfall. In contrast, the Asian countries that had tightly regulated their level of openness to the world market – Korea, Taiwan and Singapore – were more successful. In the words of Harvard economist Dani Rodrik, »the globalisers have it exactly backwards. Integration is the result, not the cause of economic and social development.«[12]

Related to this, the trade regime's fixation on exports as the route to development has not produced the promised outcome. There are many developing countries that have seen exports rising, even rapidly, but overall employment levels have not increased, nor have incomes risen. UNCTAD comments, »making sense of a system in which many developing countries are vigorously expanding their foreign trade but are not rewarded by a comparable rise in income requires some hard thinking«.[13]

In 2004, UNCTAD's report on least developed counties (LDCs) called into question the market access doctrine on which the WTO pins its existence, and which the various multilateral institutions have used as a substitute for development policy. It concludes that, »[t]he positive role of trade in poverty reduction is actually being realized in very few LDCs«. Whilst there had been a significant number of export take-offs in a large number of LDCs since the late 1980s, »on balance, future poverty reduction prospects seem to have worsened.« Export expansion has led to positive changes in private consumption per capita (that is, poverty alleviation) in only three LDCs – Bangladesh, Guinea and Uganda.

According to the Report, »[t]here is no guarantee that export expansion will lead to a form of economic growth that is inclusive. Indeed, there is a strong likelihood that export-led growth (in LDCs with mass poverty) will actually turn out to be ›enclave-led growth.‹ This is a form of economic growth that is concentrated in a small part of the economy, both geographically and sectorally.«

In fact, in over half the number of cases studied, 29 out of 51, export expansion has led to either ambiguous or immiserizing effects. The quality, not only the quantity, of trade has to be carefully examined.

12. Rodrik, D., »Trading in Illusions«, *Foreign Policy*, March/April 2001, pp. 55–62.
13. UNCTAD, *Trade and Development Report*, Geneva 2002.

Dismantling Developing Countries' Agricultural Sector

The agricultural sector continues to employ 70 percent of the workforce in the South (as compared to between two to five percent in OECD countries) and local production remains closely linked with people's access to food and livelihoods.

The trade regime, in combination with World Bank and IMF structural adjustment policies, has systematically destroyed developing countries' agriculture sector. Whilst setting the developing world firmly on the liberalization route, the WTO's Agreement on Agriculture provided the cover for the US and EU to continue their high tariff and non-tariff border protection as well as their enormous subsidies to producers.

Some examples of farmers affected by the subsidies include the dairy farmers in Thailand, India and Jamaica who had been hit by the EU's subsidies of about 1.7 billion euros (in 1999) a year on dairy products. EU exports in dairy make up about 50 percent of what is traded on the world market. European dairy products therefore set world prices. EU subsidies to their producers are up to 87 percent of the world price of milk powder.

Similarly the US is depressing world prices of major food crops. The US 2002 Farm Bill, which promised farmers at least US$190 billion over 10 years, concentrated on eight areas, all of which are important food crops for developing countries and are closely linked to food security and rural employment: cotton, wheat, corn, soybeans, rice, barley, oats and sorghum. As a result of US subsidies, exports are sold at below their cost of production and Third World farmers are displaced.[14]

The other stark failure of the Agreement on Agriculture has been its total silence on the manipulation of world prices by agri-businesses through their market power and control over the global production chain. In addition to subsidies, this is the second prong to the debilitating phenomenon of ever-declining commodity and food prices. From 1997 to 2001, the combined price index of all commodities had fallen by 53 percent in real terms, leading UNCTAD to conclude that the »commodity trap« had become the »poverty trap«.[15]

---

14. See the data in Institute for Agriculture and Trade Policy (IATP), United States Dumping on World Agricultural Markets, February 2004 Update, Cancun Series Paper No. 1.
15. Greenfield, G., »The Agricultural Commodity Price Crisis: Back on the Agenda?«, *Focus-on-Trade* No. 100, June 2004.

Destroying the Industrial Base of the Developing World

The Agreement on Trade Related Investment Measures (TRIMS) was brought into the WTO in the Uruguay Round at the behest of the industrialized countries. It prohibits countries from imposing investment measures on foreign companies such as local content requirements, export-import balancing in terms of foreign exchange, and technology transfer. These investment measures have been used by the developed countries themselves in the past, as well as by several East Asian countries. Regulating foreign investors is critical if countries want to capture the benefits of foreign direct investment, such as increasing the tax base, job creation and backward linkages between the export and domestic sectors.

Many developing countries regard the TRIMs agreement as hostile to their development interests and designed to maintain the industrialization and technology gap between industrial and developing countries.

Take the automobile industry as a case in point. Between 1995 and February 2002, 11 WTO complaints in the automotive sector (involving not just local content requirements but also subsidies, incentives and foreign exchange balancing) were brought by Japan, the EU and the US against four developing countries with potentially large automotive markets – Brazil, India, Indonesia and the Philippines. Developing a domestic auto industry is a benchmark of industrial development, and developing countries with large internal markets have attempted to build their own car manufacturing sector. The number of cases brought against these countries is clearly an attempt by the industrialized countries to maintain their hold on the global market. In the case of Japan (US and EU as third parties) vs. Indonesia (in 1997) on the Indonesian national car program, the WTO panel ruled that Indonesia's local content requirements as well as tax exemptions violated the TRIMS agreement. This case, as with others, has led many developing countries to regard the TRIMS agreement as hostile to their development interests and designed to maintain the industrialization and technology gap between industrial and developing countries.

Lowering tariffs on industrial products has been the objective of the GATT since its inception. Until now, industrial tariff reductions through the WTO have been less stringent than those required through World Bank and IMF structural adjustment lending. Now all this is changing in the current negotiations of the Doha Round as the US and EU put pressure on developing countries to reduce their industrial tariffs. However, developing countries are resisting.

According to Buffie,[16] rapid tariff cuts in sub-Saharan Africa since the 1980s resulted in deindustrialization: In Senegal, one third of manufacturing jobs disappeared, in Cote-d'Ivoire, the chemical, textiles, footwear and automobile sectors were crushed. In Sierra Leone, Sudan, Tanzania, Uganda, Zaire and Zambia, imports displaced local production of consumer goods, causing large-scale unemployment. The industries of Kenya have not been spared either – beverages, tobacco, textiles, sugar, leather, cement and glass have been negatively affected. According to UNCTAD (2002), »most developing countries are still exporting resource- and labor-intensive products, effectively relying on their supplies of cheap, low-skilled labor to compete.« For most, competitiveness has been achieved through cheap labor. Exports which are labor-intensive have not »been accompanied by concomitant increases in value added and income earned in developing countries«.[17] To add to these woes, the price of simple manufactures is increasingly volatile and there is now a danger of oversupply in the markets for labor-intensive manufactured exports from developing countries, following much the same pattern of declining terms of trade that is typical of the agricultural sector.[18]

Due to their experiences in the past 15 years, developing countries, especially the Africans, have been extremely reluctant to enter an ambitious round of tariff reductions. They rejected the September 2003 Cancun Ministerial text on non-agricultural market access (NAMA) stating that this would cause deindustrialization.[19] Yet the pressure heaped on developing countries post-Cancun was too much to bear. The African delegates finally gave in to the text in July 2004, with the weak caveat that various contentious issues required »additional negotiations«.[20]

16. Buffie, E., *Trade Policy in Developing Countries*, Cambridge, Cambridge University Press, 2001.
17. UNCTAD, *Trade and Development Report,* Geneva 2002, p. 53.
18. Statistics showing expansion of technology and skill-intensive exports from developing countries, according to UNCTAD, are misleading. Much of the skills in these exports come from components that are still produced in the developed world.
19. See the ACP (African, Caribbean and Pacific Countries) Ministerial Declaration of 12 July 2004.
20. These contentious issues include: the non-linear tariff cutting formula (i.e. very aggressive tariff cuts); the treatment of tariff bindings; and the sectoral approach.

Erosion of Basic Services for the Poor

Even though the GATS has a »positive list« architecture (that is, governments liberalize only the sectors they have scheduled), there is strong pressure for members to submit their »offers«.[21] This is eroding the fundamental character of the GATS of »progressive liberalization« which allows countries to open their services only when they are prepared for it. The 2004 July framework agreed by the General Council calls for revised offers to be tabled by May 2005. The EU, propelled by complaints lodged by the European Services Forum – an entity made up of European services corporations – regarding what they perceive as »low quality« offers from key countries such as Brazil, Thailand, China, and Indonesia, will be presenting new requests to its GATS partners which it deems have not responded adequately.

Yet developing country governments have not been deliberately unresponsive. The capacity difficulty that developing country governments have in assessing their services sectors and ascertaining their interests should not be underestimated, hence their relative reticence in the past two years of GATS negotiations. Indeed, neither the WTO nor any other multilateral institution have prepared a framework for assessing the economic, much less the social, impact of opening up services under the GATS. WTO analyst Chakravarthi Raghavan likens the lack of data and assessment to »a blindfolded person in a dark room chasing a black cat« and argues that assessment efforts have been systematically disrupted.[22]

Second, the majority of developing countries are in a very weak position to compete with the multinational services giants of the developed world. Developed countries have dominated world trade in services, making up 70 percent of the world's exports: the top ten exporters (mainly developed countries) control 65 percent of world trade in services. This share in some sectors reaches over 90 percent, for example in financial services, computer and information services, royalties and li-

21. Built into the GATS agreement was a clause that said new market access negotiations would commence in 2000 (after an assessment). GATS market access negotiations take place first bilaterally. Requests to liberalize services markets are made to trade partners who can then decide whether or not to make offers of liberalization. Offers are negotiated bilaterally. The offers are subsequently provided to all WTO members.
22. See Raghavan, C., in Drafts Notes for Commonwealth Consultation Meeting, South-North Development Monitor, 2000.

cense fees, and construction services.[23] Apart from the »movement of natural persons« (known as Mode IV), tourism and outsourcing, most developing countries have little or no competitive market access interests in these negotiations compared to the corporations of the US and EU.

Liberalization of services usually means that access to services is based on a market model rather than a universal model and this disproportionately affects the poorest sectors of society who are unable to pay for services.

How does GATS affect the poor? Access to water, health, education, housing, and other essential services are fundamental human rights. Liberalization of services usually means that access to services is based on a market model rather than a universal model and this disproportionately affects the poorest sectors of society who are unable to pay for services. The argument for GATS proponents is that liberalization and the entry of private providers of services can bring about more efficient services provision, including in basic services. The empirical evidence is less clear. There are some positive experiences, but also many failures especially in the provision of services to low income groups. UNDP's 2003 Human Development Report concludes: »The supposed benefits of privatizing social services are elusive, with inconclusive evidence on efficiency and quality standards in the private relative to the public sector. Meanwhile, examples of market failures in private provisioning abound.«[24]

Privatization mostly leads to the »unbundling« or dismantling of public services and an end to cross-subsidization. In the area of utilities, Kessler and Alexander conclude: »Corporations have little incentive to invest in ›unprofitable people‹. … They are less likely to go into peri-urban, slum or rural areas, where topography is more difficult, per capita consumption is less, and most importantly, incomes are lower.«[25]

23. Mashayekhi, M., GATS 2000 Negotiations: Options for Developing Countries, Trade-Related Agenda, Development and Equity Working Paper No. 9, South Centre, Geneva 2000.
24. United Nations Development Programme (UNDP), *Human Development Report 2003*, p. 113.
25. Kessler, T. and Alexander, N., Assessing the Risks in the Private Provision of Essential Services, UNCTAD G24 discussion paper, 2004, p. 11.

GATS does not mandate privatization, but its liberalization agenda provides the conditions for privatization. In addition, no sector is a priori excluded in GATS. Public opinion and pressure from trade unions have forced the EU to withhold essential services such as water, health care and education from its GATS commitments and current offer, yet the EU continues to be aggressive in asking other WTO members to open these sectors.

Complementary to their market access requests, the industrialized countries are also interested in limiting domestic regulation. As of July 2002, the US submitted requests to 141 WTO members and the EU to 109. Many of these requests have specifically targeted the regulatory limits agreed in the Uruguay Round GATS negotiations to allow developing countries to promote domestic development and to limit the activity of foreign investors. The EU and US requests have included removal of regulations subjecting foreign corporate takeovers to government approval, laws requiring foreign investors to form joint ventures when they enter the market, and regulation of land ownership.

Many developing countries do not have good regulatory frameworks to begin with. Current GATS negotiations could easily lock in these weak systems and pre-empt any future regulatory measures to limit the powers of monopolies and protect public and essential services.[26]

Intellectual Property: Ensuring the Technological Dominance of Northern Corporations

The TRIPS Agreement (trade related aspects of intellectual property rights) has little to do with trade. In fact, it stymies trade by allowing the patent holder to maintain their monopoly over potential competitors. The TRIPS agreement was brought into the WTO by strong lobbying from the information technology and pharmaceutical companies in the industrialized countries. It widens the divide between those that have the technology and those that do not. Whilst the rationale for TRIPS is that there should be a proper balance between the right of the inventor and public

26. Whilst not undermining the importance of foreign exchange remittances for many developing countries, there are also huge social and personal costs involved with Mode IV, and these costs are greatest for women and children. A more holistic strategy to development in the long term is to invigorate the domestic economy so that people can remain employed in their home country if they choose to, instead of being forced by poverty to leave.

interests, the 20-year patents stipulated by TRIPS give all the power to the patent holders.

The effects on the poor are manifold. Firstly, it stifles technology transfer or catch-up by the developing world, hence consigning the majority of developing countries to being locked in simple manufacturers rather than progressing towards high-end products with increasing value added and economic benefits. Even though multinational companies have been moving their production to the developing world, there has been no technology transfer. The know-how and technology are kept within the corporations.[27] This has contributed to exports in manufacturers being »enclaves« with little or no linkages to the domestic economy.

Secondly, TRIPS has allowed multinational companies to engage in bio-piracy. Biotechnology companies such as Monsanto may alter very slightly seeds that have been bred by farmers for hundreds of years and patent them for 20 years. Through the slight genetic modification of seeds bred by farmers, biotechnology companies can privatize the resulting organisms and enjoy patent rights on them for 20 years. These patented seeds are then sold to farmers world-wide, who are not allowed to follow the tried and true practice of using seeds for the following harvest on pain of being sued.

The other highly controversial area is public health and access to medicines and medical equipment. The patent protection in TRIPS has blocked the imports of low cost generic medicines and increased drug prices considerably, pushing them beyond the means of the majority. Since the adoption of the TRIPS and Public Health Declaration in Doha, as well as the 30 August 2003 decision – the »solution« allowing countries without generic industries to import generic drugs – TRIPS is no longer supposed to be a hindrance to poor people's access to drugs. However, according to TRIPS expert Carlos Correa, the legal red-tape that generic drug producers and the exporting and importing countries have to deal with makes the solution of 30 August »largely symbolic in view of the multiple conditions required for its application.«[28]

The argument by the pharmaceutical industries is that intellectual property rights are needed in order to pay for the research and develop-

27. UNCTAD, *Trade and Development Report,* Geneva 2002, p. 63.
28. Correa, C., »Access to Drugs under TRIPS: A Not So Expeditious Solution«, *Bridges,* No. 1, International Centre for Trade and Sustainable Development, Geneva, January 2004.

ment costs for new drugs. The reality, however, is that tropical diseases are the main killers of the poor today, yet only 12 of 1233 new drugs that reached the market between 1975 and 1997 were approved specifically for tropical diseases. Even free-trade advocate Jagdish Bhagwati has described the WTO's intellectual property protection as a »tax« that most poor countries pay on their use of knowledge, constituting a one-way transfer to the rich producing countries.[29]

Conclusion

The failures of trade liberalization and the obsession with export-lead growth have been clearly documented, yet the WTO, the World Bank and the International Monetary Fund remain slow to catch on. Whilst a large portion of the WTO's members remain crippled by massive poverty – especially those countries that have already opened their markets to the limit – the WTO offers them nothing except more blind faith in trade liberalization, the very same »faith« that contributed to the stagnation and disintegration of their industries, agriculture and economies.

The WTO institutionalizes the subordination of development to corporate free trade. A viable trade regime cannot prescribe a »one-size-fits-all« solution, but must be loose enough to allow for a wide diversity in its members' economic arrangements. Is this possible? Perhaps the most striking feature of the WTO in the last 10 years is its inability to reform, despite the hopes poor countries pin on this agenda every day in their Geneva negotiations. The political and economic interests behind its agenda remain too deeply entrenched.

29. See Sexton, S., »Trading Health Care Away? GATS, Public Services and Privatisation«, *South Bulletin*, No. 15, South Centre, July 2001.