



WTO AFTER CANCÚN

Results of the panel discussion on 19.9.2003 at the Friedrich-Ebert-Stiftung in Berlin

Reasons for the failure in Cancún

Karl-Ernst Brauner of the Federal Ministry of Economics and Labour in Germany defines Cancún rather a „profound misunderstanding“ offering a starting point for a long process of learning. When negotiations started, EU judged itself to be well equipped in order to reach a final success by skilful tactics. Surprised by the joint stance of the G 21 - Brazil, a country based on agricultural exports, joining amongst others with India and China – which was underestimated by the developed countries due to its heterogeneity, the EU did not realise in time that none of the Singapore issues (investment, competition, government procurement, trade facilitation) were negotiable. As a consequence of South Korea's insisting on the discussion of all Singapore issues, the Mexican foreign minister and chair, Luis Ernesto Derbez decided to conclude the end of negotiations – to the surprise of most of the participants. However, the Federal Ministry sticks to its conviction that the discussion of investment issues and questions of competition within the context of development remains sensible.

Amit Dasgupta of the Indian Embassy in Berlin believes that defining winners and losers would just lead to confusion. He pleads to look at the simple facts: the US are at the brink of elections, the WTO ambassadors have been congratulated by the EU and EU farmers' lobby for the collapse, and EU Trade Commissioner

Lamy insisted on the introduction of the whole range of Singapore-

Summary

- The failure in Cancún is caused by two years of missed deadlines and postponement of decisions leading to an overloaded agenda.
- The EU insistence on the Singapore issues was vehemently rejected by the developing countries.
- The stalemate is attributed by the developed countries to a profound misunderstanding, by the developing countries to a total lack of interest in their most urgent request: combating extreme poverty.
- One important fact emerged in Cancún: despite of their heterogeneity, the G21 became a key player within the WTO.

issues, while the Doha-issues got stuck. It emerged that developed countries did not only show a total lack of understanding, but simply a lack of interest in the requests of the developing countries. The creation of G 21 aggravated the conflict, the multilateral assembly was split up in "us" against "them". The resulting scepticism against multilateralism is deplorable, but trade is not a target in itself. Statements like those of US Trade Minister Zoellick on the occasion of his visit to India "Those who do not play ball with us will bite the dust", contribute to the negative impression.

Ernst-Ulrich von Weizsäcker (Member of the German Bundestag) shares the scepticism of the developing countries. WTO symbolises globalisation and takeover of power by single companies. The mere existence of the G 21 raises the question of a change of the balance of power. At the end of the day the economic rhetoric has to be reflected upon, according to which any enlargement of trade leads automatically to an increase of welfare. Reality belies this rhetoric: 60 developing countries grew poorer in the last 10 years than they had been before. Income of the developing countries will not be raised by the reduction of agricultural subsidies although heavily distorting export aid has to be abolished. Theory offers no objection against free trade if it is ruled by the principle of fairness and shields the weaker partners. However, if the game turns out to be a battle between the strong and the weak, the latter will not join it.

Anja Osterhaus of Solidar in Brussels confirms that the NGOs were likewise surprised and set back by the rupture of negotiations. Brazil announced the slogan "Better no deal than a bad deal", which, however, raises the question of alternatives, as the US would only be to glad to fall back to bilateralism. According to her, the development round has never been on track, as trade is not an aim in itself but only a means in order to reduce poverty, improve environmental conditions etc. Until now, the multilateral system has not offered any achievements for the developing countries.

Jürgen Eckl of the German Trade Union Confederation (DGB) defines the formation of the G21 as a change of system. He also mentions that some members of the G21 offered to include the social agenda in the negotiations. Within this context, he points out the importance of the work of the World Commission on the Social Dimension of Globalisation, created by the ILO.

Where to go from here?

What are the consequences that the collapse of Cancún will bring about for the next negotiation round in December in Geneva? As far as the

developing countries are concerned, they seem to see a basic problem of the WTO system in the fact that open gatherings and discussion panels are only formed at ministerial meetings. However, they see no alternative to multilateralism. Therefore, they will join Geneva highly spirited but also with a deep sense of pessimism. The main target will be to strengthen the south-south co-operation. No room for compromises will be left. The rest of the panel shares the opinion that there is no way without multilateralism. Moreover, they stress the importance of the dispute settlement mechanism obtained within the WTO system being one of its key achievements. The further development of negotiations on the Doha-round is judged to be difficult to predict, as the key figures, Zoellick and Lamy will hold office for only one more year. It is stressed, that the continuation of the European Agricultural Reform remains undisputed. However, a noteworthy achievement of Cancún remains that the G21 has become an essential player despite of the heterogeneity of the group.

Report by Susanne Brenner

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