



## Dialogue on Globalization

FACT SHEET

FES GENEVA

December 2009/N°7

### The Seventh WTO Ministerial Conference: a “housekeeping” exercise

*Steffen Gramling*

According to the rules of the World Trade Organization (WTO), Ministerial Conferences should be convened every two years. Since 2005, however, no such meeting had been held due to the slow progress in the Doha Round of trade negotiations. Calls for a Ministerial were getting louder and the WTO General Council finally decided to convoke a “regular” Ministerial Conference from 30 November to 2 December in Geneva. This implied that the Doha Round negotiations were deliberately left aside, making the Ministerial the first one that was not directly related to trade bargaining. One observer commented: “If you cannot solve the real issue, you move to wider subjects.”

The main objective of the Seventh WTO Ministerial Conference was to allow Ministers to discuss, review, and provide guidance on all WTO activities. Thus, the Conference was given the broad title “The WTO, the Multilateral Trading System and the Current Global Economic Environment”. It brought together nearly 3000 representatives from all 153 WTO Members, 56 Observers, and numerous civil society organizations.

The Conference was designed as a “non-event” and it turned out to be one. WTO Director-General Pascal Lamy noted in his Web-Conference Blog: “Members of the WTO wanted a ‘normal’ ministerial – they’ve had one.”<sup>1</sup> No major decisions were taken, no major surprises occurred, and no major demonstrations disturbed the meeting. Unfortunately, the opportunity to use the “time-out” in the Doha Round to seriously discuss the future of the WTO and to strengthen and reform the institutional settings was missed.

<sup>1</sup> See Pascal Lamy’s Ministerial Conference Blog at: [http://www.wto.org/english/thewto\\_e/minist\\_e/minog\\_e/blog\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/minog_e/blog_e.htm) (consulted on 9 December 2009).

#### The proceedings of the Conference

The Chair of the Conference, Chile’s Finance Minister Andrés Velasco, opened the Ministerial, followed by WTO Director-General Pascal Lamy, who reminded of the Chinese proverb “Zhong Zhi Cheng Cheng”, which means “Unity is Strength”. This became in a way the motto of the whole meeting, which fastidiously tried to avoid any possible conflict. Supachai Panitchpakdi, Secretary-General of the United Nations Conference on Trade and Development (UNCTAD), spoke on behalf of UN Secretary-General Ban Ki-moon, followed by Francis Gurry, Director General of the World Intellectual Property Organization (WIPO) and Patricia Francis, Executive Director of the International Trade Center (ITC).

After the opening session and throughout the subsequent days, almost 100 trade ministers read out their three minutes statements in the plenum.<sup>2</sup> Interestingly, the European Commission appeared for the first time as “European Union” (EU) instead of “European Communities”. This was one of the reforms brought about by the Lisbon Treaty that came into force on 1 December.

In parallel to the plenum, two working sessions took place. The first session on 1 December was entitled “Review of WTO activities, including the Doha Work Programme” and dealt with the issues of the Doha Round, Regional Trade Agreements, Aid for Trade, and Accessions. The second session on 2 December was entitled “The WTO’s contribution to recovery, growth and development”, at which Members mainly reaffirmed the

<sup>2</sup> Most of the statements are available at: [http://www.wto.org/english/thewto\\_e/minist\\_e/minog\\_e/minog\\_statements\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/minog_e/minog_statements_e.htm) (consulted on 9 December 2009).

value of the WTO Secretariat's Report on trade and trade-related developments in 2009 (WT/TPR/OV/12). Although having been planned as "interactive fora", the working sessions developed in a way similar to the plenum. More important were the over 200 informal bilateral and group meetings, such as of the G-10, G-20, G-33, G-110, the Least-Developed Countries (LDCs), and the African Group, that took place on the margins of the Conference.

### **Meager outcome, but strong political signals**

WTO Members had already decided before the meeting that there would not be a negotiated Ministerial Declaration. Thus, the only final document was the Chairman's Summary, a short two-page document comprising the essence of the statements that were delivered during the Conference. It highlighted Members' reaffirmations to conclude the Doha Round in 2010 and the centrality of the development dimension; the concern about the proliferation of bilateral and regional trade agreements; the need to facilitate WTO accessions, in particular of LDCs; the importance of Aid for Trade; and the affirmation that the WTO Secretariat should continue its monitoring and analytical work, increase transparency and inclusiveness, and react to new challenges, such as climate change, food and energy security, as well as standards.

Two decisions were taken on rather unknown issues; both were mere extensions of existing "moratoriums". The first one was the agreement not to charge import duties on electronic transmissions, such as the distribution of books, music, and videos through the Internet. The second one was the prohibition to bring "non-violation" cases under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) to the WTO Dispute Settlement Mechanism.

More important, again, were the decisions that were taken on the sidelines of the Conference:

On 2 December, Ministers from 22 developing countries agreed on the "modalities" for further reductions of tariffs and other trade barriers among themselves. This decision was an important step in the negotiations of the so-called "São Paulo Round" under the Global System of Tariff Preferences (GSTP) hosted by UNCTAD. Ministers committed themselves to conclude these negotiations, which had started in 2004 at UNCTAD XI, by September 2010. It demonstrated that devel-

oping countries are willing to further open up their markets and facilitate South-South trade.

Another strong signal was Brazil's announcement to grant LDCs Duty-Free and Quota-Free (DFQF) access for 80 percent of all tariff lines, and after four years for 100 percent. Brazil expressed the hope that developed countries would follow suit; a clear hint at the reluctance of the United States (US) to offer LDCs DFQF market access unilaterally and before the whole Doha Round package is completed ("early harvest").

There was also progress on one of WTO's longest-running disputes, on the European banana tariff system, which had been challenged by Latin American countries. At the July 2008 Mini-Ministerial, a deal had already been hammered out, but not been finalized given the collapse of the meeting. At the Ministerial Conference, the EU achieved a breakthrough with Latin American banana-supplying countries, the African, Caribbean and Pacific (ACP) Group, and the US. The resulting "Geneva Agreement on Trade in Bananas" was concluded on 15 December and is expected to end the "banana wars". It requires the EU to gradually lower its import tariffs on bananas from Latin America. ACP countries were promised up to 200 million euros to cope with the challenges that arise out of "preference erosion", and to diversify their production. The US agreed to settle its banana-related dispute with the EU.

### **Faint-hearted attempts to reform the WTO**

Various proposals on strengthening and reforming the WTO were submitted before the Ministerial. India had started the process with specific suggestions on how to strengthen the WTO, improve its functioning, and heighten its relevance (WT/GC/W/605). Several proposals called for increased transparency, enhanced facilitation, and further acceleration of WTO accession processes, in particular for LDCs. Most suggestions were presented by their proponents during the Conference, sometimes debated, but not decided upon.

One promising proposal was entitled "Strengthening the WTO" (WT/MIN(09)/W/1). It called for the establishment of a "deliberative process to review the organization's functioning, efficiency and transparency and consider possible improvements." It was supported by a large number of countries, including the EU, US, and Japan, but also Brazil, China, and India. Unfortunately, it was not taken any further due to the blockage by Bolivia, Cuba, Ecuador, Nicaragua, and Venezuela.

Other suggestions were made in the official statements and informal talks which deserve greater attention. However, there is the risk that they fall into oblivion as soon as Members return to their current core business, i.e., the continuation of the protracted Doha Round negotiations.

### **New push for the Doha Round?**

Many Members reaffirmed their commitment to conclude the Doha Round in 2010; but all stuck to their entrenched positions that had caused the negotiation deadlock. US Trade Representative Ron Kirk reemphasized that the “creation of new trade flows and meaningful market opening, particularly in key emerging markets” were essential. Brazil’s Foreign Minister Celso Amorim countered that it would be “unreasonable to expect that concluding the Round would involve additional unilateral concessions from developing countries.” Without a clear trade policy and the Trade Promotion Authority, it will be very difficult for the US to move out of its “comfort zone”. This, however, is crucial for any progress.

As further steps in the Doha Round, it was agreed to conduct a “stocktaking” exercise next March to assess whether a conclusion of the Round is possible until the new target date 2010. Some scepticism might be justified, since most deadlines in the Doha Round were postponed and finally missed. Nevertheless, Mr. Lamy was optimistic that the positive statements would provide the necessary “political energy” to move ahead.

### **Civil society protests and events**

Unlike at previous WTO Ministerial Conferences, civil society demonstrations against the WTO were surprisingly small-scale, even though the Conference started exactly on the tenth anniversary of the Seattle Ministerial riots. Nevertheless, on 28 November, some 3000 activists organized an official protest march through the city of Geneva. They came from farmer groups, labour unions, and other civil society organizations, as well as political parties, most of them allied to the “Our World Is Not For Sale” network. The demonstration needed to be stopped after vandals of the “Black Block” had started breaking windows and setting cars in fire. During the Conference days, no major protests took place any more.

Why did this Ministerial attract less public attention than previous ones? Is the WTO no longer considered the scapegoat for all negative aspects of globalization or has it lost importance? Was it

the lack of controversial topics due to the absence of trade negotiations? Did the upcoming Copenhagen Climate Summit draw away the attention?

All factors may have contributed to the low press coverage of the Ministerial. The small-scale protests, however, might be explained by a different phenomenon: There has been a remarkable shift between WTO supporters and opponents: The General Agreement on Tariffs and Trade (GATT) and the WTO until the Cancún Ministerial in 2003 were mainly perceived as exclusive clubs of industrialized countries, opposed by many actors from developing countries. Since then, China, Brazil, and India, but also small developing countries, such as Bangladesh, have proven to be strong and active supporters of the WTO. Many Non-Governmental Organizations (NGOs) of both the North and the South were – instead of demonstrating in the streets – accredited to the Conference and organized various events at the NGO Centre.

### **Assessment and outlook**

Was it worthwhile having brought almost 100 Trade Ministers to Geneva? Considering the meager outcome, the Conference was unsatisfactory. Considering the low political push towards the conclusion of the Doha Round, one could assess it as insufficient. Considering the half-hearted attempts to reform the WTO, it was disappointing. The “time-out” in the Doha Round could have been used better. At least, the Ministerial put the spotlight on WTO’s regular functions, which are valuable, but not well known to the public.

The WTO reform debate has taken a backseat again due to the continuation of the Doha Round negotiations. However, there is a need to “update” the organization’s settings and work areas. Celso Amorim warned: “The WTO is a valuable asset, but it can lose relevance unless Members are prepared to invest the political capital required to equip it for the agenda of the 21<sup>st</sup> Century, an agenda that will inevitably be linked to sustainable development in all its dimensions.”

The next Conference will take place in 2011. Regardless of whether it will deal with the Doha Round again or “regular” issues, one should consider allowing Ministers to do what they are supposed to do, i.e., to negotiate and take meaningful and far sighted decisions in the public interest.

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*Friedrich-Ebert-Stiftung, Geneva Office,  
Steffen Grammling, Program Officer (Trade and  
Development), [sgrammling@fes-geneva.org](mailto:sgrammling@fes-geneva.org)*