



Bridges Daily Update

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WTO Ministerial Conference, Geneva 2009

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WTO MINISTERIAL CONFERENCE OPENS IN GENEVA: EXPECT NO SURPRISES

Trade ministers from around the world have descended on Geneva for the WTO's first formal Ministerial Conference in four years. They are set to review the WTO's activities and discuss the institution's role in aiding recovery from the global economic crisis. But no major decisions -- or even serious negotiations -- are likely, even on the troubled Doha Round trade talks.

Government officials have "very low expectations" for the summit, which will run from 30 November to 2 December at the city's International Conference Centre.

It is a 'non-event' by design. The WTO has been bruised by acrimonious breakdowns in the Doha Round negotiations in each of the past three years. With the organisation's 153 members still not close to an agreement in the eight-year-old trade talks, it was decided in May that the long-overdue meeting -- WTO statutes provide for formal ministerials to be held every two years -- would be a 'housekeeping exercise', not a negotiating session. Instead of risking another Doha-related collapse, the summit would focus on "the WTO, the Multilateral Trading System and the Current Global Economic Environment."

What will a non-negotiating meeting entail? Ministers are scheduled to dedicate a one-day working session, on 1 December, to reviewing the gamut of the WTO's activities, including the Doha negotiations. Another working session, the following day, will deal with 'the WTO's contribution to recovery, growth and development'. These sessions will run alongside a plenary, during which senior government representatives will make prepared statements of three minutes.

WTO Director-General Pascal Lamy hopes that ministers will use their interventions to provide guidance for "how they see engagement in the Doha negotiations post-December" and "give a

sense of direction for the activities of the WTO for the next years."

Any such guidance, however, would be purely of the political kind, such as reaffirmations of governments' desire to conclude the round by the end of 2010, or support for the WTO's monitoring of countries' trade policies amid the economic crisis. Members are so determined to avoid contentious exchanges on the nitty-gritty of the Doha agenda that many capital-based senior officials who were in Geneva for meetings last week are going home before the ministers' summit kicks off.

When the non-Doha ministerial was first announced, many trade experts had hoped that governments would use the meeting to discuss issues that have been largely neglected since the negotiations were launched in 2001, such as ways in which the institution's functioning could be improved, or newer challenges posed to the multilateral trading system by things like regional trade integration and climate change.

They will be disappointed.

As things stand now, ministers will be asked to take decisions on only two arcane issues: TRIPS 'non-violation' complaints and e-commerce. Under the former, members are set to extend until the next Ministerial Conference a moratorium on suing each other over damage arising from alleged violations of the spirit but not the letter of WTO intellectual property rules. They are also set to agree to continue to refrain from levying tariffs on 'electronic transmissions' such as books and software downloaded off the internet (see Bridges Weekly, 11 November 2009, <http://ictsd.org/i/news/bridgesweekly/59219/>). They will also make some procedural decisions, such as when and where to hold the next Ministerial Conference.

But they are almost certain, for example, not to look at a proposal entitled 'strengthening the multilateral trading system', backed by 18 developed and developing country members, including India, the US, the EU, China, and Brazil (WT/MIN(09)/W/1) and informally supported by the vast majority of the organisation's membership. The document, which was introduced in October, calls for the Ministerial Conference to set up a "deliberative process to review the WTO's functioning, efficiency and transparency and consider possible improvements." But the proposal was dropped from consideration after it received a cool response from Bolivia, Cuba, Ecuador, Nicaragua, and Venezuela. Geneva-based negotiators had an informal agreement that issues to be put to ministers for a decision would have to command consensus approval.

Also for want of consensus, ministers are unlikely to decide on a proposal by the least-developed countries' group seeking an 'early harvest' package that would cover duty- and quota-free market access for LDC exports; a waiver that would allow WTO members to discriminate in favour of LDC services providers; and an 'ambitious, expeditious and specific' plan for slashing cotton subsidies.

Sources report that ministers from LDCs are likely to raise these issues in their plenary addresses, as well as in the working sessions. Bangladeshi Commerce Minister Faruk Khan has indicated that he will also urge WTO members to develop rules to prevent countries from banning food exports to LDCs. During the spike in food prices last year, Bangladesh tried but was unable to purchase food on international markets because several food-producing countries had restricted agricultural exports in an attempt to control prices at home.

Only real action to be on sidelines

No negotiators who spoke to Bridges expected much to emerge from the set-piece plenary speeches or even the working sessions scheduled for this week's conference. One trade diplomat noted that having more than 150 people in a room was not conducive to a back-and-forth conversation, adding, only partly in jest, "I can't imagine a real discussion breaking out."

The real action, insofar as there is any, will take place in numerous informal meetings among ministers on the margins of the conference.

The nearly 100 ministers who will be in the same place at the same time this week are scheduling a large number of meetings, both bilaterals and various group sessions, in hotels and other venues around Geneva. These gatherings could be used to discuss trade irritants and issues unrelated to the WTO, such as potential free trade agreements. But they could also serve as a forum for a high-level discussion of sticking points in the Doha Round. If the US and China, for instance, were able to bridge some of their differences on market access for industrial goods, the ramifications for the talks could be significant.

No one at the conference will be under greater scrutiny than Ron Kirk, Washington's top trade official. Several countries are frustrated with the lack of definition of what the US wants other countries to concede in the Doha Round talks, and what it is willing to offer in return.

A representative view came from Brazilian Foreign Minister Celso Amorim on Sunday. "We haven't been able to hear from the US precisely what it wants," he complained to journalists. Washington simply "wants more," which is "bothering" in itself, he added, in light of economic analysis showing that the Doha Round parameters under consideration would already require many developing countries to cut applied tariffs on manufactured goods more deeply than the US.

Yet negotiators harbour little hope that Kirk will do anything this week to drive progress in the Doha talks. US President Barack Obama is bogged down in domestic fights over healthcare reform, climate change policy, and the war in Afghanistan, and has little political capital left to spend on trade, an unpopular topic with several of the groups that helped him win last year's election. Kirk will not be attending a Tuesday dinner meeting of ministers and ambassadors from a group of ten major players in the negotiations, the US mission to the WTO has reportedly indicated. The dinner, which will be hosted jointly by Australia, Indonesia and the EU, is "the closest thing to a Green Room" that this meeting will see, one delegate told Bridges, adding that "everyone was very disappointed"

that the US trade envoy would not attend the gathering.

Nevertheless, most of the WTO's major issue-based negotiating blocs have scheduled coordination meetings before and during the conference, although these may yield little more than declarations of solidarity and reiterations of each group's well-established priorities.

Ministers from the Group of 20 developing countries (the Brazil-led bloc with a common stance on many aspects of the Doha round farm trade talks, not to be confused with the G-20 major world economies) met with the coordinators of other developing country groups as well as Pascal Lamy on Sunday. In a communiqué released after the meetings, the G-20 stressed the centrality of agriculture and developmental considerations to the Doha negotiations. They called for a "multilateral opportunity, early next year," to identify remaining obstacles to concluding the round by the end of 2010.

Also set to meet, at time of writing, were the LDC group and the G-33, the bloc of developing countries sensitive to farm imports. The Cairns Group of farm exporters is scheduled to meet Monday, as is the G-110, which includes almost all of the developing and least-developed countries in the WTO.

Ministers from 22 developing countries will gather on 2 December to approve a framework accord to lower the duties they levy on many of each other's exports by 20 percent or more, in an effort to boost South-South trade. Some 70 percent of each country's manufactured and farm products are to be covered by the deal, negotiated under the Global System of Tariff Preferences (see Bridges Weekly, 25 November 2009, <http://ictsd.org/i/news/bridgesweekly/62005/>)

Activists target WTO role on financial services, food trade

Even though this WTO meeting is less likely than most to result in any changes to global trade rules, a wide range of civil society groups have come to Geneva to protest against the WTO on the sidelines of the conference. The start date of this year's ministerial -- ten years to the day after massive protests disrupted a WTO

summit in Seattle -- has become a rallying cry for demonstrators. (WTO officials say that the date was a coincidence, the result of an oversight.)

A demonstration organised by some 40 civil society groups had to be called off mid-way Saturday afternoon, when a number of vandals broke out from the procession of 2,000-odd protesters to break shop windows and set fire to cars in central Geneva. More rallies are planned for the three days of the conference, but none are expected to achieve the scale of Saturday's march.

Our World Is Not For Sale, one of the groups that participated in the protest but did not condone Saturday's violence, is a coalition of farmers, labour, and social movements. It blames the WTO's economic model for the financial crisis, the climate crisis, and the food crisis.

"The WTO is the cause of many of the economic, social, and environmental problems we face, not the cure," said Lori Wallach, head of US consumer advocacy group Public Citizen's Global Trade Watch, which is a member of the coalition. "We need global trade rules, but we need to change the rules," she told journalists Saturday morning.

In the wake of the global financial crisis, WTO services rules have been singled out for particular opprobrium. Some in civil society hold WTO provisions covering trade in financial services responsible for promoting deregulation and impeding governments' attempts to introduce prudential regulatory rules. WTO officials including Pascal Lamy, as well as other analysts, have countered that multilateral rules afford countries ample room to preserve regulations, pointing to Canada as an example of a fairly liberalised, but well regulated, financial services sector.

An expert commission on international financial reforms convened by the United Nations concluded earlier this year that financial services provisions linked to the General Agreement on Trade in Services could potentially restrict governments' ability to pursue certain kinds of regulatory reform, or raise the cost of doing so. The commission, chaired by the Nobel laureate economist Joseph Stiglitz, also blamed financial market liberalisation for contributing to the

rapid spread of the financial crisis around the world.

Even the procedural aspects for this ministerial will be modest. More than eleven years have passed since a WTO Ministerial Conference met but did not aim to launch new negotiations (Seattle and Doha) or push ahead in ongoing talks (Cancun and Hong Kong). But unlike comparable ministerials in Singapore in 1996 or Geneva in 1998, this year's meeting will not end with a painstakingly negotiated formal declaration. Instead, the chair of the conference, Chilean Trade Minister Andrés Velasco, will issue a 'balanced and factual' summary of the discussions -- thus eliminating another potential occasion for discord.

Geneva Trade and Development Symposium

A major civil society symposium will provide a forum for substantive discussion just down the road from the ministerial conference centre. Pascal Lamy will start the proceedings on Monday morning, with a speech to the first plenary session of the three-day gathering, which will address issues such as how the multilateral trading system could be strengthened to deal with emerging challenges, and the relationship between climate change policies and industrial competitiveness. The plenaries will be followed by smaller sessions on related topics. (Disclosure: The symposium is organised by the International Centre for Trade and Sustainable Development, publisher of the Bridges Daily Update.) For further details, visit <http://www.ictsd.org/>.

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