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1. Sticky start to WTO negotiations

The WTO Trade Negotiations Committee (TNC), which includes all WTO members, finally decided on February 1 how to organise the negotiations decided at the WTO Ministerial meeting in Doha last November. The Committee was dogged by controversy over its chairing and structure, and had to meet four times before agreement was reached. This reflected ongoing divisions between industrialised and developing country governments about the outcomes of the Doha meeting (see AFTINET Bulletin 33).

Many developing countries were unhappy with the Doha process and with the decision to hold preliminary discussions on Investment, Competition Policy and Government Procurement, insisting that no final decision for negotiations on these issues be made until the 2003 Ministerial Meeting.

It appears that no agreement was reached about how these discussions will proceed. They have not been included in the published information about negotiations. It appears that they are to be considered by working parties and the timetables are yet to be announced.

However the Committee did decide that the negotiations on Agriculture, Services, Trade in Intellectual property Rights, Environment Issues, Implementation Issues, Special Treatment for Developing Countries and Dispute Settlement Issues would take place in the existing WTO Committees which deal with these issues. New negotiating groups are to be formed on market access for non-agricultural products and WTO rules.

Developing country governments also objected to proposals that the TNC be chaired by Mike Moore, the Director General of the WTO, who played a key role in pushing through the Doha decisions. His term of office expires in September, when Mr Supachai Panitchpakdi of Thailand is due to succeed him. Some feared that the proposal was a way of extending his influence beyond his term of office. The compromise decision of the Committee was that Moore will chair only until he retires in September and that his successor then take over.

The WTO General Council is to ensure continuity in the Trade Negotiations Committee's work during the transition from the present director-general to the next. The committee's chairperson is to work closely with the General Council chairperson and those of the negotiating bodies. The General Council remains responsible for the whole work programme agreed at the Doha Ministerial Conference, and for preparations for the next Ministerial Conference in 2003. See the WTO website www.wto.org for a more detailed report of the TNC decisions.

These early disagreements indicate that the Doha agenda is not set in stone and there is scope to campaign on many of these issues.

2. US Congress decides on Free Trade Abroad but Protectionism at Home.

US negotiators led the charge for trade liberalisation at the WTO Doha meeting. But two weeks later in December the House of Representatives only approved trade negotiating authority for the Bush administration in the WTO in return for higher protections to be applied to US steel, clothing and textiles and agriculture.

The administration has agreed either to impose new barriers against imports or to resist removing such barriers in future trade negotiations. The deals show the impact of rising unemployment in the US and the underlines the inconsistency of US trade policy. If approved by the US Senate these proposals will reduce the credibility of the US demands for other governments to remove their trade barriers.

Steel imports will face tariffs of up to 40 per cent for four years. On textiles, previous policies which enabled greater access for textile imports from the Caribbean countries have been reversed. An angry Charles Rangel, a leading House Democrat who authored the Caribbean-Africa bill, called the move "blatant protectionism in the name of free trade and at the expense of the Caribbean nations" (Financial Times, 6/12/01).

Other policy changes will make it difficult to cut tariffs on US citrus products. Separate legislation has also been passed which increases direct subsidies to farmers. These policies contradict the WTO Doha decision to increase market access for the agricultural products of developing countries by reducing agricultural subsidies and tariffs in industrialised countries. They will severely weaken the credibility of the US in the WTO negotiations. It should also give pause to the Australian government push for a free trade agreement with the USA.

3. World Social Forum in Brazil vs World Economic Forum in New York

The World Economic Forum (WEF), the organisation of the World's 1000 largest Corporations held its meeting in New York with political leaders (including Prime Minister Howard) to set the agenda for the coming year. Civil society groups held peaceful demonstrations to argue for alternatives.

The Second World Social Forum Meeting also started last week in Porto Alegre, Brazil. This is a meeting of thousands of representatives of civil society groups and social movements. It began on January 31 with a rally of 30,000 people which marched through the city, reported by the ABC and other media. The Forum will discuss alternative strategies to achieve economic and social development based on human rights and environmental protection (see www.worldsocialforum.org for more information).

Walden Bello has argued that the collapse of the Enron Corporation in the USA and the refusal of the Argentinian government to continue debt repayment to the IMF (see article below) are both symbolic of the failures of the corporate agenda www.focusweb.org

Below is a proposal for discussion at the Forum based on the recent decision of the Argentinian government to reject the IMF structural adjustment program of free trade, deregulation, cuts in public services and privatisation, which had resulted in increased poverty and economic stagnation, and to cease debt repayment.

Two, Three, Many Argentinas? Porto Alegre can put a Debtor's Cartel on the Global Agenda
By Jeremy Brecher, Dennis Brutus, Tim Costello, And Brendan Smith*

International investors have imposed their will on the world by means of a "creditors cartel"-embodied in the IMF, the World Bank, the G-7/8. They have imposed cruel and destructive policies on the people of debtor countries. The elites that control most debtor governments have often cooperated with the foreign investors and enriched themselves. Now the people of Argentina have said: Enough!

As long as Argentines act alone, the creditors cartel will have the power to impose further cruelties on them-and they're preparing to do so. But there's a strategy for turning the tables on the moneylenders.

Popular organizations from all over the world are meeting at the end of January in Porto Alegre, Brazil. They have the opportunity to fire a (non-violent) shot that will be heard around the world: The launching of a global campaign for a debtor's cartel. It is common knowledge among lenders-but a secret they keep from borrowers-that creditors are dependent on their major debtors for their own well-being. If debtors can't or won't service their debts, creditors are left holding the bag.

But the only way today's debtor countries can take advantage of such dependence is to break out of the current framework in which each debtor country approaches its problems separately, as a matter between it and the creditors cartel.

Just as a worker is individually powerless before a boss but strong in a union with other workers, so today's debtor countries need to work together to limit their domination by international creditors. Once debtor countries begin dealing collectively with their creditors-summed up in the phrase "debtors cartel"-the result could be a radical shift in the global power configuration.

The threat of a collective moratorium on debt repayment provides the implicit equivalent of a strike. It provides a way to block the kind of reprisals by the debtors cartel that are now being threatened against Argentina.

Of course debtor governments and the elites that control them are unlikely to pursue such a strategy on their own initiative. But the emergence of a global justice movement, combined with the growing rejection of neoliberalism among the people of the debtor countries, opens new possibilities for pressuring them to do so - or for replacing them with others who will. Here's a resolution embodying that strategy that anyone is welcome to borrow or adapt.

RESOLVED:

1. International investors have cooperated through a united front-the IMF, the World Bank, the G-7/8, and their minions. But they have required debtor countries to negotiate with them one by one.
2. The effect is a drastic imbalance of power that has devastated both poor countries ("Less Developed Countries" or "LDCs") and industrializing ones ("Newly Industrialized Countries" or "NICs").
3. While debtor country governments and elites have too often cooperated with foreign investors for their own enrichment, Argentina has shown that popular movements can force policies to change. But governments that abandon neoliberal policies face the threat of devastating reprisals from the creditors cartel. The solution is debtor solidarity.

4. We demand that the creditors and those who represent them, including the IMF, the World Bank, and the G-7/8, agree to bargain with debtor countries collectively.

5. We will campaign for debtor governments to develop a united front with each other and with popular movements to press this demand.

6. We will campaign for them to back this demand with the threat of a joint moratorium on debt payments. Such a moratorium should continue until the creditors and their representatives agree to negotiate with the debtor nations, in consultation with popular representatives, on an agenda that includes the following:

Capping the percentage of export earnings that can be required for debt service. This is essentially a way of refusing to run debtor countries economies to service their debts rather than to meet the needs of their people.

Eliminating loan conditionalities that prevent countries from expanding domestic markets, providing credit for their farmers and businesses, and using what resources they have to develop their own economies rather than paying interest to the global rich.

CANCELING THE DEBT OF THE POOREST COUNTRIES.

Providing international support for nationally-imposed "capital controls" that limit the flow of speculative capital into and out of countries.

Reducing the power of the IMF and other international financial institutions and substituting a system of overlapping organizations representing particular regions and particular functions, such as environment and health, coordinated through the UN system.

Replacing IMF "rescue operations" with an insolvency mechanism for indebted countries, with arbitration panels representing both debtors and creditors, which would take into account the need for social safety nets to protect a minimum of human dignity of the poor.

Implementing an international "Tobin Tax" on flows of speculative "hot money" to reduce international financial volatility and provide resources for poorer countries.

The idea of a debtors cartel is already in the wind, promoted by groups like Jubilee South, whose South-South Summit Declaration stressed "the need for collective action among the South" and the formation of a strategic alliance to unite on issues like "debt repudiation." Similarly, representatives of popular organizations in 13 African countries meeting in Lusaka, Zambia, called for "collective repudiation of illegitimate foreign debt payment" and "linking our arms across the borders" to create "pressure on our leaders to establish a Debtors' Cartel." The idea has also been widely discussed in the PT, the Brazilian party whose most visible leader, Lula, is the current front-runner in the upcoming presidential election.

Next steps can be as simple as adding such debtor country cooperation to local and national movement programs; including it in the demands of mass actions opposing structural adjustment; and injecting it into election campaigns, demanding that parties claiming to oppose IMF policies pledge such international cooperation.

Such an approach also provides a natural linkage to workers in the North. IMF conditionalities forced countries such as South Korea, Brazil, and Russia to export manufactured goods at rock-bottom prices based on depression-level wages. This has

contributed substantially to mass layoffs and unemployment, especially in U.S. manufacturing. A joint attack on structural adjustment-style policies and support for growth driven by domestic demand in Third World countries could serve as the basis for a powerful alliance between First World labor and a wide range of forces in the Third World.

Even the threat of a concerted default is a financial atom bomb; brandishing it might change the entire dynamics of global financial relations.

* Jeremy Brecher, Tim Costello, and Brendan Smith are the authors of *Globalization from Below: The Power of Solidarity* (South End Press) and the producers of the video documentary *Global Village or Global Pillage?* For more information about their work, visit www.villageorpillage.org

4. Canberra Demonstration on Refugee Policy Feb 12, 12.30, Parliament House

DATE: Tuesday, February 12

TIME: 12.30pm

PLACE: Parliament House, Canberra

MAIN SPEAKERS: Carmen Lawrence, Sharan Burrow.

Supported by a wide range of community organisations.