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1. World Trade Organisation Update

Adam Wolfenden

The collapse of the WTO talks should be seen clearly for what it is: A major win for the movement against neo-liberal economic policy. All around the globe people responded to these talks by pressuring their governments not to sign up to a bad deal. There was intense lobbying done by the unions in the global south countries that will be most affected by changes to manufactured products tariffs. Demonstrations were held in India, South Africa, the Philippines, as well the Netherlands. The Our World Is Not For Sale network coordinated a delegation at the talks to lobby in Geneva as well as feed information to the rest of the world. The global trade talks were met by global opposition.

It's this opposition that meant that countries couldn't agree to a bad deal. There were many comments made by ministers at the talks that they simply couldn't take a bad deal back home. Globally, people are no longer accepting the results of neo-liberal policy on their lives and are ensuring that their governments are aware of this.

These collapsed talks were an important act of resistance against neo-liberal policy but we are now in the position of still being the same distance from having some form of trade justice. In this sense it could be easy to express regret that the WTO didn't decide on an agreement that helped the poor and to lament the missed opportunity that these talks presented. To do this however assumes that a good deal for the global poor could be possible in such a forum. The WTO, with its mandate for increasing trade liberalisation, seems headed in one direction, and barring enormous change, one direction only.

This refusal to sign a bad agreement provides us now with the opportunity to move beyond what currently exists. More than just stopping the momentum of liberalisation, the break down of the talks provides a point to actually stop, think, and potentially change directions. This is now the challenge for the movement, what do we actually *want* to see? Not only can we rethink how trade could be done, the time is also ripe for *reconceptualising* what trade is. What would it take to have a global trading system in place that supported trade justice? How do we factor in historic disadvantage and privilege? What would a climate friendly trading system look like? All the answers are up for grabs.

While we grapple with these questions we'll still have to continue the opposition to bilateral trade agreements. Australia and others have already indicated that they are focussing now on bilateral agreements whose outcomes often go beyond what is on the table at the WTO. Whilst this shift is just another forum to push for neo-liberal trade agreements, it's also partly pursued because it's the only option to fill the WTO gap.

As we take the time to celebrate our victory and begin the process of looking forward we still face the challenge of resisting more bad deals. Once again we are reminded that all across the world people are refusing these policies and that in our diverse ways we support each other in the work that we do.

Reflections begin on the WTO failure and the future work

By Martin Khor, Geneva, 31 July 2008

Officials of the WTO members as well as the Secretariat are trying to find ways of picking up the pieces from the collapse of the WTO's Geneva talks of the past fortnight, so as to save the Doha negotiations or at least salvage some parts of it.

Delegates and secretariat staff alike are still recovering from the shock of the breakdown of the talks that took place on the evening of Tuesday (29 July). The collapse had come after a roller-coaster experience of nine days, first of a combination of open meetings (for all WTO members) and the "Green Room" (of 30-40 selected Ministers), and then of the vast majority of the Ministers and officials having to wait (in the last 7 days) for the results of the meeting of the G7 (a group of seven countries including Australia, India, Japan, China, The US, The EU, and Brazil).

The mini-Ministerial of 30-40 delegations had become a "micro-Ministerial" of 7 Ministers plus WTO Director General Pascal Lamy, as some diplomats put it.

Progress had been made on a number of issues, but on several of the key issues in agriculture and manufacturing goods the talks had been stuck. A draft by Lamy last Friday to the G7 had a fragile status. While it was presented to the Green Room as having emerged from the G7, the ownership and authorship was always in doubt.

Indian Commerce Minister Kamal Nath told a G33 (a group of 40 developing countries) meeting on Saturday that he had objected to the language on special safeguard mechanism (SSM) and was walking out of the G7 meeting when he was persuaded to stay so as to avoid the impression the talks had failed.

It had always been understood that India had not agreed to the Lamy draft. Within a few days it was also clear that China was not in agreement. The "breakthrough" of that draft was that Brazil, perhaps the leading advocate of concluding the talks this week and the Round this year, was clearly backing it. The talk in the corridors (and in the press) was that it had "broken ranks" with India, and also with its Mercosur partner Argentina (known to be a major critic of the text on manufactured products).

Meanwhile, frustration was building up among the 30 or more non-G7 Ministers who were specially invited by Lamy to the Green Room, only to find themselves waiting for days in the wayside, while the G7 kept meeting at odd hours of the day and night, and with hardly a trickle of news on what was happening.

When the end came, the major developed-country players, especially the US, pinpointed Special Safeguard Mechanism (SSM) as the sticking point of the entire negotiations. US

Trade Representative Susan Schwab tried to take the high ground by proclaiming that it was preserving the past 5, 10, 30 years' gains of the trading system from the protectionists led by India and China which it accused of wanting to hike up agricultural tariffs above what they had already agreed to in the Uruguay Round.

It was part of a concerted attempt by the US to shift the blame of any collapse onto India and China, by portraying them as selfishly seeking new protectionist devices. Its unexpected and strong attack especially on China on Monday morning at the informal Trade Negotiations Council meeting gave an inkling to some observers that the US did not want a deal, and was already preparing the ground to shift blame from itself.

Insiders from India and China at the G7 meeting were surprised at the tenacity of Schwab in insisting on an unreasonably high trigger of 150% and then later 140% (of the base import volume) before the SSM could be allowed to raise duties above the pre-Doha bound levels. The 140% proposed by Lamy was rejected by India, China and the G33 (and several other supporting groups of developing countries) as being far too high. They argued that by the time the import volume surge reaches 40%, serious damage would have been done to the farmers.

Lamy tried to break the SSM deadlock by proposing a set of principles, which threw out the SSM model (which had been based on the existing SSG or special agricultural safeguard) and replaced it with what seemed similar to the normal safeguard (the existing WTO Agreement on Safeguards).

The Lamy text required "demonstrable harm" to food security, livelihoods and rural development before the SSM could be used, which undermined the rationale of a special safeguard (that action can be taken before serious harm occurs). Its fast-track binding dispute procedure of 60 days also makes the new SSM far less attractive than the usual dispute system (which would take much longer than 60 days to complete) under which the normal safeguard operates.

Despite these major negative elements, Kamal Nath told the media that he had accepted the Lamy text (at least as the basis for negotiations), but that the US had rejected it. The next morning (Tuesday), officials of the G7 laboured for three hours to produce an alternative SSM model, which they presented to the G7 Ministers. According to Nath, Schwab rejected the new draft. That final rejection sank the talks.

Several Ministers, officials and diplomats have been speculating whether the SSM was the real issue that was irreconcilable. In one widespread view, the US really did not want to face the cotton issue, which was the next item on the G7 agenda once SSM was settled.

Since the US had agreed to cut its overall trade distorting support by 70%, it would have to agree to reduce cotton subsidies by more than that as the mandate is that these subsidies be cut more deeply and faster than the normal or the average rate.

The 2008 US Farm Bill having planned that cotton subsidies be maintained or increased in the next five years, it would have been difficult politically or diplomatically for Schwab to offer a plus-70% cotton subsidy cut.

The failure of the Geneva talks would then have been placed squarely on the United States, and it would really have been seen as a villain protecting the wealth of a few thousand cotton farms while millions of African cotton farmers would continue to languish in poverty under the continuing unfair rules of the trading system epitomized by the US Farm Bill.

This suspicion that the US wanted to avoid the cotton embarrassment is the backdrop to the comments made by several Ministers of developing countries in their press conferences that SSM could not have been the real cause of the talks breaking down, but rather the scapegoat picked on by a major player in an attempt to shift the blame on to another issue and on other countries.

After all, despite Schwab's portrayal of the protectionist potential of the SSM, the US itself is a frequent user of the Special Agriculture Safeguard (the previous safeguard mechanism from the Uruguay Round known as SSG) as well as the normal safeguard. It was a case of the pot calling the kettle (or rather the potential future kettle, since the SSM does not even exist yet) black, since most developing countries are not able to use the SSG.

As the Indonesian Trade Minister Mari Pangestu, coordinator of the G33, put it: "It is like accusing us of a crime that we did not commit."

As the dust settles, the diplomats and secretariat officials remaining in Geneva are pondering over the next steps.

The possibility of a "Lamy text" (to capture the positions of the various issues as he sees it) has gone. The next option, that the Chairs of the agriculture and NAMA negotiations would come up with revised texts updating their 10 July drafts with what they see as possible convergence from the past two weeks' talks, is also apparently too controversial to attempt, at least at this stage.

Instead, the two Chairs have been invited by Lamy to prepare status reports of the most recent negotiations, which they will issue in the next few days. Presumably these reports will not only provide a description of events and negotiations (most of them bilaterally or in small groups with the Chairs), but may also provide drafts of agreements or near-agreements with or among individual countries or groups. The reports will also presumably be under the responsibility of the Chairs.

What will happen when the WTO comes back from its August summer break? No one can tell at this moment. The speculation is that the already announced meetings, for example of the Rules group, or the trade facilitation group, will carry on. But whether meetings will start again of the agriculture and NAMA groups, and on what basis, is the core of the "reflection" that many have called for.

The August break will be the start of that reflection exercise.

This article was originally published in SUNS #6530 dated 4 August 2008

Pacific Civil Society Organisations Statement on Trade Justice:

12-14 August, Auckland, New Zealand.

Preamble:

Pacific NGOs, churches and trade unions working on trade justice issues are concerned about the push for free trade agreements in the Pacific and the grave risk that these agreements pose for our people. For much of the past decade Pacific Island Countries have faced pressure from our developed country partners, international financial institutions and aid donors to move towards trade liberalisation through free trade agreements (FTAs) and through joining the World Trade Organisation (WTO). With the

recent collapse of the Doha rounds in Geneva still fresh in our minds a key consequence is a race by a number of countries to secure an expansion of their overseas markets through bilateral and regional free trade agreements.

Here in the Pacific, the region is currently involved in negotiating the services component of the Pacific Island Countries Trade Agreement (PICTA), a highly controversial Economic Partnership Agreement (EPA) with the European Union, and the fast-tracking of the Pacific Agreement on Closer Economic Relations (PACER +) with Australia and New Zealand.

The hardline approach taken by the European Commission on behalf of the European Union, and signals that Australia and New Zealand are likely to take a similar approach in putting their own economic and business interests ahead of the development aspirations of the people of the Pacific, in the view of Pacific NGOs, Churches and Trade Union is, in direct violation of the principles of good governance. Such inequitable trade agreements pose grave risks for our people and future generations.

The Vision of our leaders in 2004 in Auckland, New Zealand, states “The Leaders believe the Pacific can, should and will be a region of peace, harmony, security and economic prosperity, so that all of its people can lead free and worthwhile lives”. Signing these free trade agreements will threaten the fulfilment of this vision.

Development must now be the central focus for developed partners, donor agencies and other international agencies whose preoccupation with trade liberalisation and open markets has been shown to fail to address the development concerns of the developing world. Trade is obviously important for the Pacific but it must be harnessed to the service of development in the region.

Key Demands:

Discussions on the future trade relations between the Pacific Island Countries and Australia and New Zealand should be wide ranging and focus on utilising trade to reduce poverty. To this end, all alternatives to a WTO-compatible free trade agreement should be investigated.

The Pacific Islands Countries (PICs) are under no obligation to conclude a reciprocal free trade agreement with Australia and New Zealand. Any change in the trade relations with Australia and New Zealand is likely to have a large impact on the smaller partners, and so a thorough investigation of all alternatives should be undertaken and considered. In acknowledgment of the special and different circumstance of the PICs, Australia and NZ should offer the region alternatives to a WTO compatible free trade agreement (FTA). Alternatives could include improvements to the status quo (SPARTECA) with a focus on overcoming the difficulties the Pacific Island countries and their peoples have had in utilising their access Australian and New Zealand markets to overcome poverty.

Labour mobility schemes should not be linked to PACER-Plus negotiations in any way.

Temporary labour mobility schemes that enable Pacific Island workers to temporarily enter Australia and NZ are potentially welcome new development in the relationship between Australia and NZ and the Pacific Island Countries. However temporary labour mobility schemes need to be well managed to ensure that social costs are minimised and there are positive development outcomes for Pacific people – helping to ease unemployment pressures, providing remittances for Pacific communities, and providing valuable training for returning workers.

Both Australia and NZ face a shortfall of available labour, especially for their horticulture sectors. This shortfall has economic costs, particularly in rural and country towns. Therefore, temporary labour schemes have positive outcomes for Australia and NZ. These can be structured as “win- win” agreement. Therefore they should not be used as bargaining chips in negotiations to create pressure for trade liberalisation in PICs. Labour mobility schemes, such as NZ’s pilot ‘Recognised Seasonal Employer’ (RSE) scheme (or any similar scheme in Australia), must be completely separated from PACER-Plus negotiations.

If Australia and NZ are genuine and want to help the Pacific to improve its trade opportunities, they should do so now.

International trade can contribute to development in the Pacific Island Countries, providing new sources of livelihood and capital through the export of Pacific products and services. Australia and NZ can help the Pacific improve its trade opportunities right now.

Temporary labour mobility schemes allowing Pacific workers entry into Australia and NZ, improvements in Rules of Origin requirements, removal of trade barriers (including Australia’s kava ban) and assistance with meeting necessary sanitary and phytosanitary rules in Australia and NZ are all initiatives that would expand Pacific export opportunities. These initiatives can all be undertaken without requiring a new FTA between Australia/ NZ and the PIC’s.

An adequate structure for trade negotiations must be established well before the Pacific Island Countries engage in any new trade negotiations with Australia/NZ.

Pacific Island Country trade ministers have put forward a proposal for the establishment of an Office of Chief Trade Advisor. This office, to be based in Port Vila, Vanuatu, would assess the PIC’s offensive and defensive positions in any potential FTA negotiations with Australia and NZ. This office would also help to coordinate Pacific negotiating strategies, and could build the capacity of national trade officials within the region.

Australia and New Zealand have not accepted the proposal of Pacific Island governments to establish a regional negotiating framework. We are concerned at the implication that Australia and New Zealand would prefer to negotiate with their far smaller developing partners on a national level.

It is incumbent on all our Pacific Island leaders to maintain regional solidarity to secure the best development outcome for all its people and members as it’s first and foremost priority.

Pacific Island Countries must also have the time and space to undertake a thorough social impact assessment of any new FTA with Australia and NZ, and to review the implications of an FTA for Pacific legislation and for the policy space available to Pacific governments. Civil Society Organisations need to be centrally involved in framing and undertaking such research.

Australia and NZ must take into account the fact that PICs are currently involved in contentious FTA negotiations with the EU, and are negotiating a new trade agreement amongst themselves. We call on Australia and New Zealand to recognise that any negotiations should not be initiated until the completion of EPA and PICTA negotiations.

Capacity building for Pacific Island Country trade officials should not be driven by Australia and NZ.

Pacific countries have widely acknowledged capacity constraints when it comes to engaging in free trade negotiations. Australia and NZ have expressed a willingness to fund training for Pacific trade officials – to enable them to better engage in free trade negotiations. However, a clear conflict of interest arises when training programmes are directed by Australia and NZ. Trade officials from Pacific countries need independent and objective sources of information, training and capacity building in order to engage in trade negotiations with Australia and NZ.

Research regarding trade and development in the Pacific, including assessing the impact of trade liberalisation and the suitability of free trade agreements, should not be driven by Australia and NZ.

Studies in relation to any new FTA between the PICs and Australia/NZ have to date been funded by Australia/NZ and have focussed narrowly on the ‘benefits’ of a new FTA and ways to overcome acknowledged costs – described as ‘adjustment’ costs.

Research on Pacific trade and development options should be undertaken that draw on Pacific researchers and wide consultation within the PICs, including with Pacific civil society organisations, trade unions and church organisations. Studies are required to assess potential alternatives to a WTO compatible FTA (with its acknowledged ‘adjustment costs’), to assess the implications of a new FTA for the Pacific’s environment, natural resources, land and cultures, to assess the implications of a new FTA for Pacific legislation, and to assess the loss of policy space available to Pacific governments on signing a new FTA. Research of this kind would enable Pacific governments and trade officials to make more considered decisions in relation to trade and development policy – and the suitability of new FTAs in the Pacific. It is essential that research and assessment derives from experience in communities and business, not from theoretical models.

Studies relating to trade liberalisation in the Pacific should not in any way be directed by Australian and NZ governments.

Pacific Civil Society Organisations (CSOs) should be included in all capacity building initiatives and be involved in all aspects of trade and development policy creation (including consideration of any new FTAs, and during the negotiation of those FTAs).

Civil society organisations, including church organisations, trade unions, women’s organisations, farmers’ organisations, and organisations working on issues of gender, youth, livelihoods, health and education should be involved in the construction of trade policy in the Pacific Island Countries. Governments in the region need to ensure that international trade is placed at the service of social development that is also ecologically sustainable. Pacific CSOs can play a key role in making sure trade is placed at the service of those goals.

Free trade agreements in particular, will have impacts in all areas that Pacific CSOs work in. CSOs should be consulted extensively when considering new free trade agreements, and in an ongoing manner throughout trade negotiations.

For our part, Pacific CSOs undertake to work collaboratively and with the aims of ensuring that trade agreements create real benefits for Pacific people. We call on governments and international agencies to provide funding for CSO capacity building.

This statement has been endorsed by:

Pacific Island Association of NGOs (PIANGO)

Pacific Network on Globalisation (PANG)
Pacific Conference of Churches (PCC)
Oxfam New Zealand
South Pacific and Oceanic Council of Trade Unions (SPOCTU)
Vanuatu Association of NGOs (VANGO)
O Le Siosiomaga Society Incorporated (OLSSI) – Samoa
Fiji Women's Crisis Centre
Partners in Community Development Fiji
Samoa Umbrella for NGO's (SUNGO)
Federated States of Micronesia Alliance of NGO's (FANGO)
Finau Tutone
Seni Nabou

FTA Update

Chile

On Monday 25th August the Joint Standing Committee on Treaties will hold a hearing into the Australia/Chile FTA. Unfortunately the Committee will only spend 40 minutes examining the text, despite it containing provisions for the extension of visa 457 to Chile. Further to this are the impacts of an Investor-State Disputes process, the impacts on the environment and workers rights, as well as our commitments on services.

This FTA is also being agreed to without any of the parliamentary processes the Labor Party outlined in its election platform.

ASEAN/NZ FTA

At the end of the ASEAN Economic Ministers Meeting on August 28, Australia's Trade Minister Simon Crean is hoping to conclude negotiations on an FTA between ASEAN countries, New Zealand, and Australia. Again this FTA may be concluded without any assessment of environmental, labour or health impacts.

Republic of Korea

On his recent trip to the Republic of Korea, Prime Minister Kevin Rudd announced the commencement of negotiations for a free trade agreement between Australia and the Republic of Korea. This comes after the government feasibility study reported major benefits to both countries. This finding was on the basis of unrealistic modelling and ignored any non-economic impacts.

October will see preliminary talks begin.

AFTINET "Battle in Seattle" Fundraising Film Night – Oct 23rd

AFTINET is proud to host a screening of the soon-to-be released "Battle in Seattle". The film is based on one of the most incendiary political uprisings in a generation. Battle in Seattle takes an in-depth look at the five days that rocked the world in 1999, as tens of thousands of demonstrators took to the streets in protest on the World Trade Organization. What began as a peaceful protest intended to stop the WTO talks quickly escalated into a full-scale riot and eventual State of Emergency that squared off the protesters against the Seattle Police Department and the National Guard.

The movie portrays the events through the different perspectives of those involved, including protestors, delegates, city officials, and the police.

SCREENING - 6.30 PM THURSDAY OCT 23rd, 2008

Tom Mann Theatre, 136 Chalmers St, Surry hills

Cost: \$20 waged, \$10 Unwaged

To reserve your seat: campaign@aftinet.org.au or 92127242

Inspiractivism Moves to Melbourne

The SEARCH Foundation is initiating an exciting new training program for young activists interested and engaged in left/progressive social change. The dates of the training are Saturday September 13th and Saturday September 20th.

The training sessions will consist of an inter-generational dialogue and exchange with veteran activists who will share their experiences, knowledge and ideas with younger activists. This will be done through exploring case studies of previous Australian campaigns and social movements and analysing the successes/failures of these campaigns. Political education will be a key component of the trainings with an emphasis on exploring theoretical perspectives and key vision and values which run across all progressive social movements. Particular skills sharing sessions will also take place, focused on how to organise campaigns and develop strategy and tactics.

The veteran activists participating for this training are Merle Thornton (Women's movement), Pat Healy (Freedom Rides) and John Higgins (Maritime Dispute).

Young activists will have access to a network of experienced and supportive left/progressive activists with possibilities of mentoring, sharing of ideas and solidarity on campaigns. The veteran activists involved have had considerable experience in successful mass movements, which include: the environment movement, union activism, women's movement, indigenous rights, refugee and asylum seeker campaigns, human rights, as well as many more.

This is an opportunity to make some new activist friends, be supported while being active and gain some insights into progressive political strategies for Australia's future.

The age range that we are targeting is 18 - 26 but if you are out of that age range by just a few years you can still apply.

Participants will also have the opportunity to take part in a mentoring program with a veteran activist as well as help create an activist network where support can be given and information is freely shared.

For more information contact Celine Massa, (02) 9211 4164, celine@search.org.au

Walden Bello Talks in Sydney – Sept 1

The School of Social and Political Sciences, in conjunction with the Department of Political Economy, announces:

The first E.L. 'Ted' Wheelwright Memorial Lecture

Monday, September the 1st, 6pm – 7.30pm
Eastern Avenue Auditorium, University of Sydney

THE DECLINE OF AMERICAN POWER: IMPLICATIONS FOR THE ASIA-PACIFIC
presented by Professor Walden Bello

(University of the Philippines)

Introduced by Prof. Frank Stilwell, speaking on 'Ted Wheelwright and the Sydney Political Economy tradition'

The Speaker: Walden Bello is a highly respected international academic and activist. He is Professor of Sociology and Public Administration at the University of the Philippines and the Director of 'Focus on the Global South'. His numerous books include *Dilemmas of Domination: the unmaking of the American Empire* and *Deglobalisation: Ideas for a new world economy*. He has received numerous prizes for his work and outstanding efforts in educating civil society about the effects of corporate globalisation. He is travelling from the Philippines to Sydney especially to deliver this lecture.

The E.L 'Ted Wheelwright Lecture is a joint event proudly sponsored by the School of Social and Political Sciences, the Journal of Australian Political Economy, the Political Economy Alumni Society and The Political Economy Student Society.

Maude Barlow Speaking Tour August/Sept 2008

Maude Barlow is the National Chairperson of The Council of Canadians, Canada's largest public advocacy organization, and the co-founder of the Blue Planet Project, working internationally for the right to water. She serves on the boards of the International Forum on Globalization and Food and Water Watch, as well as being a Councillor with the Hamburg-based World Future Council.

She will be in Australia to speak on her new book *The Blue Covenant: The Global Water Crisis and the Coming Battle for the Right to Water*. For details of her events in Sydney, Melbourne, Perth, and Brisbane go to:

<http://www.blackincbooks.com/blinc/events/index.php>