

The legacy of Seattle and the World Trade Organisation negotiations today

Dr Patricia Ranald, Co- convenor, Australian Fair Trade and Investment Network 12/11/09

The demonstrations at Seattle had a global impact and inspired many people and community groups to become active for trade justice. But the actual collapse of the talks after the delays caused by the demonstrations happened because, for the first time since the WTO began in 1995, the governments from the poorer southern countries stood up and said no to proposals for new WTO agreements on investment, competition policy and government procurement.

These proposed agreements contained many of the proposals to give extra legal powers to corporations and reduce the ability of governments to regulate corporations which had been in the North America Free Trade Agreement (NAFTA) and the previously proposed Multilateral Agreement on Investment (MAI). What this meant in practice was that governments should not have any controls on the level of foreign investment in any sectors, and that they should not be able to require foreign investors to use local products, train local people, transfer technology or make any contribution to local development. Governments should not have any policies, including government purchasing policies, which favour local firms. And corporations should have the power to sue governments if laws or policies harmed their investments. This was indeed a charter of corporate rights.

The MAI was a product of corporate lobbying and of neoliberal ideology. The US, EU and Japanese governments had tried to push this agreement through the rich nations' club, the OECD, and then expand it to poorer countries through the WTO. But the MAI was exposed as a corporate grab for power and was defeated by community campaigning in the US, Canada, France and here in Australia.

The organisations that formed AFTINET were involved in the successful MAI campaign, and the collapse of the Seattle meeting inspired us to form an ongoing network to campaign against similar proposals in the WTO, and in regional and bilateral agreements. This network began in 2000 and next year will be our tenth anniversary. We are also part of global networks which campaign on the WTO.

Well what has the WTO done since Seattle and have our campaigns and the pressure from developing countries made a difference?

The short answer is that the corporations and major government players have continued with their neo liberal agenda but some developing countries and community networks have resisted, have slowed the process and had some victories on the way.

The first victory was in the battle to amend the WTO agreement on intellectual property rights which extended the right of drug companies to exclusive patents and high prices for medicines by 10 years. This made them unaffordable for people in poor countries. Led by Brazil and South Africa, developing countries and civil society groups campaigned successfully to change the rules to allow developing country governments to bypass patents and get access to cheaper generic medicines for epidemics like HIV aids and malaria. The campaign took place over two years in 2000 and 2001. The US was lobbied by the drug companies to make the new rules as narrow as possible, and the US refused to sign up to them until 2003.

This and other campaigns have also exposed to public scrutiny the real power relationships which operate in the WTO. In theory all 153 governments reach consensus in Ministerial Meetings. In practice “quad” of US, EU, Japan Canada meet with about 25 others in “Mini- Ministerial” Meetings and pressure others to sign up under threat of losing aid . Since 2003 these smaller meetings now include more of the larger southern countries like Brazil, India, China and South Africa, but about 100 of the poorest countries are still marginalized.

The current Doha Development round of WTO negotiations did not start until 2001, two years after Seattle. Developing country governments were persuaded that the negotiations would address issues of importance to developing countries, including US and EU unfair agricultural export subsidies, and that they would receive special and differential treatment on tariff reductions, food security and other issues vital for development. But the US and EU still tried to get the MAI type agreements on investment, competition policy and government procurement back on the agenda, and again met resistance from both developing country governments and community groups. This led to the collapse of the negotiations again in Cancun in 2003, when developing country governments walked out, which was a second victory.

AFTINET was part of the campaign to get rid of the proposed new agreements, and also campaigned successfully in 2003 to force the Australian government to make public its offers in the WTO Trade in services (GATS) negotiations, and to exclude water for human use from the GATS negotiations, more small victories.

Since then the negotiations have been stalled several times. The current attempt to revive them aims to complete the negotiations in 2010, but there is some doubt about whether the US congress will grant negotiating authority to the US government to enable this to happen. Some bad news about the Australian role in the negotiations is that the government is supporting a proposal in the GATS negotiations for a “necessity test” which would limit the right of governments to regulate services. This is crazy when most governments (including Kevin Rudd) now recognize that neoliberal deregulation was a major cause of the global financial crisis and that energy markets must be regulated to address the climate crisis.

Although extreme free market neoliberal policies have been discredited by the financial and economic crisis, governments and bodies like the G20 are still pushing the WTO and other free trade agreements as part of the solution to the crisis. But the current rules of the global trading system promote the same kinds of financial and other forms of deregulation that caused the crisis.

WTO rules could also limit measures to deal with global warming. We believe there should be a moratorium on new trade agreements and reassessment of existing agreements in the light of the need for new forms of global financial and environmental regulation.

The discrediting of neoliberalism should inspire us to renew our advocacy for fair global trade rules. We need a trading system that is transparent and democratic, to allow full participation by all WTO members, including developing countries. We need more regional trade arrangements between networks of developing countries, as is occurring in Latin America, where a group of governments have rejected the US MAI-NAFTA model.

Such a system would fully recognize the rights of government to regulate financial institutions, to implement carbon reduction policies, to ensure access to affordable medicines and to regulate for other social and environmental goals. It would recognize the special and differential needs of developing countries to have policies that assist development, including slower reductions in tariffs on goods and agricultural products, policies to ensure food security, and interventionist industry policies.

We can all do our bit towards this goal by sending a message to Trade Minister Simon Crean from the AFTINET website www.aftinet.org.au

The WTO "Doha Development Round" negotiations have failed to live up to their name and have stalled because the governments of the richest countries have failed to address the issues of most importance to developing countries.

In the current context of the global financial crisis and the climate change crisis, governments must retain the ability to regulate the provision of essential services like energy, water and financial services. I am surprised that the Australian government is supporting a proposal for a "necessity test" in the Trade in Services negotiations which was rejected by many governments three years ago in the negotiations because it would restrict the right of governments to regulate these essential services.

I urge the Australian government at the Geneva negotiations on November 30th to December 2nd to withdraw the proposal to reinstate the necessity test in the Trade in Services negotiations, and to take the lead to ensure that the WTO, with full engagement of governments and civil society organisations, addresses the relationship between current trade rules and fairness, justice and development.

I would also like to take this opportunity to say farewell and thank you to Suzette Clarke who has been a convenor of AFTINET and was on the AFTINET Working Group from its beginning, and who is moving to Melbourne to study. Thanks Suzette for all your work and wisdom and we all wish you well.