

MEDIA RELEASE

WTO Fiasco: Lamy spins deception deal at Hong Kong

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The unholy trio of the EU, US and Pascal Lamy succeeded in their attempt to force developing countries into accepting a Ministerial Declaration that further forecloses the development of countries of the South.

After 6 days of acrimonious negotiations the final day of the Hong Kong Ministerial ended with the adoption of a highly flawed text that doesn't reflect what several developing countries have been demanding over the last 5 days. The resistance of countries such as the G90, Venezuela, Kenya and Cuba were systematically thwarted by immense pressure from the developed world. Venezuela and Cuba registered a reservation on the NAMA and services components of the text at the closing plenary. Its legal standing remains unclear.

'This text is a recipe for disaster, and many developing countries will not be able convince people back home that they have come back with a good deal. The intention of the final G20 meeting headed by Brazil's Celso Amorin and India's Kamal Nath was to compliment one another to cover up the fact that they have agreed to a disaster,' said Dr Walden Bello of Focus on the Global South.

In agreeing to slash tariffs in their agricultural, services and industrial markets, developing countries sanction of the text is a failure for development and a victory for corporate globalisation.

On export subsidies, the EC is extracting a high price, in return for doing nothing. A large proportion of EU supports go into subsidizing exports. However, only a small part is classified as export subsidies. Most fall into the WTO-legal 'Green Box' which has escaped disciplines in the current negotiations.

'The G20 has sold the developing countries out. They know well, that there are no real cuts in domestic supports and export subsidies by the EU or US with this text. This is a box-shifting exercise and EU export subsidies will simply still take place in another form to the tune of 55 billion Euros per year,' said Aileen Kwa of Focus on the Global South.

'India and Brazil have led the developing countries down the garden path in exchange for some market access in agriculture for Brazil, and services outsourcing for India.'

Despite a completely hollow package on agriculture, the developing world has been forced to swallow the bitter pill of aggressive services market access. The text sanctions the launch of sectoral negotiations, which will force developing countries to provide foreign investors with the same rights as local suppliers. This would lock up their ability to develop their own services sectors. The G90 along with countries such as Venezuela, Cuba fought a valiant battle to preserve the flexible nature of the GATS but they were thwarted with Brazil and India joining hands with the US and EU.

'It's clear once again that the WTO cannot subordinate the narrow goals of market access and trade liberalisation to the genuine concerns of development,' said Dr. Bello.

As news of the adoption of a declaration reached the streets of Hong Kong where farmers groups were maintaining a vigil there was a palpable sense of resolve to continue the fight back home.

?All the developing world got was a hollow end date to subsidies in exchange for a bad deal in the rest of agriculture, a bad deal in industry and a bad deal in services.?