Quick Guide: the disaster that is the HK Ministerial Declaration

Tuesday 20 December 2005, by Focus on the Global South (Date first published: 20 December 2005).

"All the developing world has got is a hollow end date for subsidies in exchange for a bad deal in the rest of agriculture, a bad deal in industry and a bad deal in services," Dr Walden Bello, Focus on the Global South.

Agriculture:

Export subsidies: The text that claims to eliminate them is a bluff.
2013 date will result in zero cuts to export support. 55 billion Euros per year will continue under AOA rules and in fact the EU has the provision to increase subsidies.

Domestic support: continuation of dumping. There are no disciplines on trade distorting domestic support. This will allow for dumping to continue unabated.

Cotton: calls for elimination of export subsidies by 2006, but does not deal with domestic subsidies under which the majority of trade distorting supports are reported. In addition, US should have eliminated all distorting subsidies by September 2005 according to the cotton case Brazil had won. They are postponing a decision on something they should have already done.

Services:

The process of arriving at this draft was inherently undemocratic.
Brackets that indicated disagreements around Annex C were removed in a green room process. The text changes the flexible nature of the GATS and forces developing countries into plurilateral, sectoral and government procurement negotiations. It will compromise the ability of developing countries to regulate foreign services corporations. GATS clauses of progressive liberalisation will ensure that international companies will be given the same regulatory treatment as domestic ones.

NAMA:

The non-linear Swiss formula will result in the loss of policy space and flexibility to protect their industries. Several African Ministers have said that this approach would lead them down the pathway to de-industrialisation. Very high co-efficients will be required to protect local industries and many developing countries will not have the capacity to negotiate in their interests. The EU has offered the developing world a coefficient of 15 (i.e. highest tariffs are 15% in industrial products). To maintain their policy space, developing countries will require a coefficient of about 290.

LDC's:

97% of US tariff lines will be duty free and 3% will be at levels that the US determines. This translates into 300 lines. All the important products of interest to LDC's such as textiles will be excluded.

AID AND TRADE:

A huge proportion of this will be provided as loans. The sequencing is wrong because countries will be forced to liberalise before they have built up their supply capacity needed to engage in trade. It is a bribe for trade liberalisation because the aid is conditional on implementing the liberalisation.

View online : The Ministerial Declaration text can be found at: