

# Will Doha, like Dracula, Come Back from the Dead?

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Like the good Count of Transylvania, the so-called Doha Round of trade negotiations of the World Trade Organization collapsed twice—the first time during the Cancun Ministerial Meeting in September 2003, the second during the so-called Group of Four meeting in Potsdam in June 2007—only to come back from the dead. But has the silver stake that will render Doha truly and really dead finally been driven through its heart by the unraveling of the most recent “mini-ministerial” gathering in Geneva?

## Stamped into the WTO

When the Uruguay Round that established the World Trade Organization (WTO) was negotiated from 1986 to 1994, the developing countries were largely bystanders. Governments that had been members of the General Agreement on Tariffs and Trade (GATT) were dragooned into its successor organization by the threat that if they did not come in on the ground floor, they would be subjected to a painful accession process should they decide to join it later. In the meantime, they were told, they would, like North Korea, become isolated from global trade. Preferring the devil they knew to the devil they didn't, most members of the GATT signed on a document that subordinated all dimensions of a nation's economic life to the goal of expanding international trade.

Most had not had the time to really absorb the fine print of the 500 plus pages, something that was evident in the case of Indonesia. When the Indonesian government declared in 1997 that it would build up its car industry by applying the so-called “local content” policy, or mandating the sourcing of a growing portion of a car's parts to local industries, the US, EU, and Japan—the home countries of the big car corporations—informed it that this would be a violation of the Trade-Related Investment Measures Agreement (TRIMs) of the Uruguay Round and that they would haul Indonesia to a WTO dispute-settlement court. Smaller countries than Indonesia, with minuscule trade bureaucracies, were even more disadvantaged.

## From Seattle to Doha

In any event, by the time the Third Ministerial of the WTO rolled around in late November 1999, developing countries had come to a collective realization that they had bargained away significant

space for development in signing on to the Uruguay Round and thus were in no mood to agree to launching another round to liberalize global trade, as the big trading powers demanded. At the same time, farmers, environmentalists, workers, anti-HIV-AIDS activists, and other sectors of civil society globally were up in arms against the doctrine of “trade uber alles”—as Ralph Nader described it—that was enshrined in the WTO. It was this synergy between the massive protests in the streets and the rebellion of developing countries at the Sheraton Convention Center that resulted in the spectacular collapse of the Third Ministerial Meeting in Seattle.

But the EU and US were undeterred. The Fourth Ministerial Meeting in Doha, Qatar, in November 2001 saw developing countries subjected to tremendous pressure to agree to the launching of a new round in order to “save” the global economy following the September 11 events. But there was more than moral pressure in the name of the anti-terrorist struggle that was involved. As Aileen Kwa and Fatoumata Jawara documented in their now classic *Behind the Scenes at the WTO*, not too subtle threats of retaliation for recalcitrance were combined with offers of massive aid packages. Most countries were excluded from decision-making, which was effectively confined to a select group of about 30-35 governments handpicked by the EU and US. The result was the “Doha Development Round,” which had little to do with development and everything to do with expanding developed country access to developing country markets.

The bitter experience of being subjected to divide and conquer tactics in Doha proved to be a turning point for the developing country politics in the WTO. Alliances were formed—among them, the Group of 20 led by Brazil, India, South Africa and China, to demand cuts in developed country agricultural subsidies and greater access to developed country markets, and the Group of 33 led by Indonesia and the Philippines to push for the creation of “special products” that would be exempted from tariff reductions and for “special safeguard mechanisms” like protective tariffs against surges of highly subsidized agricultural imports from the developed countries.

### **Collapse in Cancun**

The lead-up to the 2003 Cancun Ministerial also featured debates among social movements engaged in the WTO process. Even after Seattle, there were still some NGO’s that entertained the idea that the WTO could serve as a mechanism to bring about development and that the designation “Doha Development Round” provided an opening. Greater market access to developed country markets for developing country products could be achieved if the WTO free trade agenda in agriculture was supported, some development NGO’s contended. Others argued that, on the contrary, Doha had shown that development was far down the list of concerns of the big trading powers and that the central task was to derail the WTO negotiations or to “get the WTO out of agriculture,” as the international peasant organization Via Campesina put it.

The NGO reformers’ case was not helped by the US and EU, which became even more inflexible when it came to cutting their massive agricultural subsidies. The EU was also impatient to begin substantive WTO discussions on the creation of disciplines on the so-called “New Issues” of investment, government procurement, competition policy, and trade facilitation. This effort to bring into the WTO ambit what many regarded as non-trade-related issues sparked the creation of the Group of 90 that opposed inclusion of these items in the WTO agenda. It was the walkout by some members of this grouping when some developed countries insisted on discussing the “New Issues” that led to the collapse of the Cancun Ministerial on Sept 14, 2003, though the ground had been prepared by the stalemate in agriculture.

If lack of organization led to their being outmaneuvered in Doha, effective coalition building enabled

the developing countries to outmaneuver the developed countries in Cancun, with technical support from NGO's and moral support from social movements seeking to shut down the meeting in a protest atmosphere much like Seattle's.

Realizing that the WTO was no longer a playground the US could control along with the EU, US Trade Representative Robert Zoellick described the debacle in Cancun as one where "the rhetoric of the 'won't do' overwhelmed the concerted efforts of the 'can do.' 'Won't do' led to impasse." A few days later, he warned, "As the WTO members ponder the future, the US will not wait: we will move towards free trade with can-do countries." That was taken to mean that the US would now concentrate its efforts in obtaining bilateral free trade agreements. These words also marked the beginning of a US assault on the G 20 which succeeded in driving Colombia, Peru, El Salvador, Guatemala, and Costa Rica out of the formation a month after the Cancun collapse. The G 20, however, held.

### **From Cancun to Potsdam**

Cancun may have taken the wind out of Doha's sails, but over 2004 and 2005, negotiations revived, with both the US and EU trying a new tack. The two had brought in Brazil and India, the leaders of the G20, into a formation called FIPS or Five Interested Parties (the US, the EU, Australia, along with Brazil and India) which for a time managed to contain the opposition. Though the EU and the US had their differences, especially on the question of agricultural subsidies, they nevertheless agreed on an approach whose contours were etched out in the so-called July 2004 Framework that the EU and the US forced through, with the acquiescence of G-20 leaders Brazil and India, at a surprise General Council meeting in the dead of summer in Geneva: minor concessions on agricultural subsidies in return for big concessions from the developing countries in opening up their industrial sectors (or "non-agricultural market access") and services.

The Declaration of the Hong Kong Ministerial in December 2005 was based on this inequitable approach but developed countries played the old divide and rule game by giving different sweeteners to different parties. They promised the G90 that it would get "The Round for Free" and "Aid for Trade." The Round for Free referred to the promise that the G90 countries would have duty free, quota free market access to developed countries. Upon closer inspection of the agreement, however, it was revealed that the US, in fact, maintained tariffs on those products that were of greatest interest to the G90 countries. The G20, on the other hand, received a "pledge" from the EU that it would end agricultural subsidies by 2013. But in the area of non-agricultural market access or NAMA, the harsh "Swiss formula" was in place, which was a tariff reduction formula that would drastically bring down developing countries' tariffs.

The Hong Kong Ministerial ended with a deal in place but with massive dissatisfaction among developing country delegates, with some raising objections that the format of the final plenary made it difficult for opposition to be heard. There were also massive protests in the streets that were only broken up by the police making more than 900 arrests. Still, the Hong Kong Ministerial could have ended up like Cancun had the Venezuelan government not gone back on its promise to NGO's that it would vote against the declaration, which would have rendered the it null and void owing to the WTO's consensus rule.

The Hong Kong Declaration, however, masked continuing, indeed widening, divisions that were very difficult to bridge. In fact, in July 2006, a few months after the deal in Hong Kong, talks broke off in Geneva and were suspended for the rest of the year. In an effort to break the deadlock, the US and EU tried to work out a deal with Brazil and India, the acknowledged leaders of the Group of 20, in

talks at Potsdam in June 2007. The US position was, however, a non-starter: not only did it not want to make substantive cuts in its domestic subsidies but it sought to discredit the agreement on the designation of Special Products and the implementation of a Special Safeguard Mechanism forged in Hong Kong. Both the US and EU were also not willing to depart from their position that the industrializing countries of the South had to make proportionally greater cuts in their industrial tariffs than the industrialized countries in return for US and EU “concessions” in agricultural subsidies.

### **Geneva: the Final, Final Collapse?**

The collapse of the so-called “G 4” talks in Potsdam placed the Doha Round on life support. Faced with the prospect that any further postponement of a conclusion to the Round would make the organization he headed irrelevant, Director General Pascal Lamy took a gamble and roused the fatally weakened organization to another late summer tryst in Geneva, this time to a “mini-ministerial,” despite the fact that nothing had happened in the interim to bring the positions of the developed and developing countries any closer.

Indeed, President Nicolas Sarkozy of France and other EU leaders told EU Trade Commissioner Peter Mandelson to stop talking about further bringing down the EU’s substantial subsidies. As the talks got underway, US Trade Representative Susan Schwab also made it clear that the US would not agree to reduce subsidies below \$15 billion. More decisive in determining the outcome was Washington’s opposition to a very reasonable G 33 formula tabled by India for imposing protective tariffs against agricultural import surges under the Special Safeguard Mechanism agreed to at the 2005 Hong Kong Ministerial. Completely underestimating developing country concerns that food imports had undermined food self sufficiency at a time of rising food prices owing to global food shortages, the US brought on another WTO disaster with its single-minded focus on dumping its subsidized surpluses on foreign agricultural markets.

Not helpful in bringing about a deal was Lamy’s maneuver of limiting the decisionmaking to seven countries, which drew sharp criticism from many among the already circumscribed number of 35 countries that had been invited to the mini-ministerial, including from host country Switzerland. If ever there was a global meeting that was dead on arrival, this was it.

Lamy gambled and lost, and the WTO is now in a worse position than before, with the prospect that it will evolve like the old League of Nations in the 1930’s: present but powerless—that is, dead for all intents and purposes.

In retrospect, the US and EU, used to getting their own way in global trade negotiations, went a bridge too far in the Doha talks. Instead of being open to real compromise, their intransigence and drive to expand their control of global markets brought about the organizing for self defense of the developing countries at the WTO. Greed backfired, instigating instead a change in the equation of global economic power.

Nevertheless, just as Dracula could get resurrected in a B-movie sequel, there is no 100 per cent guarantee that the Doha Round and the WTO will not rise again.

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#### **P.S.**

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