

WTO: Global Kongregation

Saturday 9 September 2006, by [SULERI Abid Qaiyum](#) (Date first published: 11 December 2005).

“We should tone lower our expectations from the Hong Kong Ministerial (Conference), as the divergence in positions among major trading blocs on various issues will not let any meaningful conclusion of the Doha (Development) Agenda to happen”. These were the comments of Pascal Lamy, Director General of World Trade Organization (WTO) who had termed the international trade body a medieval organisation, only two years ago when the Cancun Ministerial Conference finished inconclusively. In Cancun, Lamy was the protector of European Union’s trade interests and he had vowed to opt for bilateral and pluri-lateral approaches, replacing WTO’s multilateral trading system (MTS), because the latter did not seem to work for him.

Two years down the road, Lamy has been elected as the head of a body where each member country has one vote and whose 75 per cent membership comprises of developing countries. Since Cancun, WTO members have missed all the deadlines for taking the Doha round of international trade negotiations forward. The only concrete step that has been taken is a ‘controversial’ July Package arrived at in 2004. But at the same time, even this package could not be implemented and now everyone is fearing that the ministers will not be in a position in Hong Kong to agree on the ‘full modalities’ for the international trade in order to conclude negotiations in the agriculture and non-agriculture market access. Instead, they are expected to set new deadlines for reaching a mutually acceptable agreement on the framework for subsidy and tariff cuts, possibly in another ministerial meeting in the first half of 2006.

When the member countries could not agree on a draft text for the Hong Kong ministerial meeting, the chairman of organisation’s General Council and the Director General put forward a draft on November 26. But due to heavy criticism from the members, a revised draft was circulated on December 1. The new draft contains some additions in the main text (particularly new language on agriculture and non-agricultural market access) and a few revisions in various areas. The major change incorporated in the revised draft after a lengthy discussion in General Council is a reflection of the fact that no consensus could be reached on how to treat ‘services’.

What does all this entail for Pakistan? The country has gained considerable importance in WTO’s politics. The decision to hold a G-20 (A combination of 20 developing nations) meeting in Pakistan in September 2005 was an indication that Pakistan is willing to take a leadership role in the WTO negotiation process. Commerce Minister Humayun Akhtar Khan had also been selected as ‘friend of chair’ or facilitator on the Non-Agriculture Market Access (NAMA) issues. Though a non-transparent and undemocratic practice, yet in the context of WTO political economy where ‘might is always right’, gaining of some leadership position may mean that Pakistani government should not return home with empty pockets.

While, multilateral trading system is not expected to get any breakthrough in Hong Kong, our eyes should be focused on bilateral and pluri-lateral achievements. If there is no progress on the agricultural and non-agricultural market access issues, then we should focus on the less contentious issues. Services can be one such sector. Indian Prime Minister Manmohan Singh was successful in gaining 100,000 plus GATS (General Agreement on Trade of Service) visas for skilled information technology specialists of Indian origin during his last visit to Washington. For all that our government has done for the United States, I would expect that Pakistan should also bargain for

GATS visas so that we can try to balance the deficit in service sector exports.

On NAMA, Pakistani formula of two co-efficient tariff cuts (one for developed and the other for developing countries) has gained popularity among the major players and is considered to be a moderate approach. Perhaps that is why our commerce minister was awarded the role of facilitator to conduct the negotiations on NAMA. However, it is expected that nothing will come out from NAMA negotiations in Hong Kong. We, therefore, should try to get a preferential access to major northern markets, especially for our textile sector. We should also try to bargain on the removal of anti-dumping duty, a sword that keeps on hanging on our bed linen sector.

On agriculture, let us bargain for the generalised system of preference. During the donors' (read lenders') conference in Islamabad last month, many countries have promised preferential market access for our major agricultural products. Let us keep reminding them so that their pledges don't end up into false promises.

On intellectual property rights, Least Developing Countries (LDCs) have been given an extension to maintain a status-quo on patent implementation till 2013. This means that Trade-Related aspects of Intellectual Property Rights (TRIPS) review process would come to a halt. Perhaps we should focus on building our capacities of pharmaceutical production in this period.

Another major 'achievement' from the government's point of view is that Pakistan has decided to join Cairns group (a gathering of agricultural goods exporting countries). Our membership will be formalised on December 13 in Hong Kong during a Cairns group meeting. As usual in the WTO proceedings, it is a 'one man' decision. Apparently, Australia's Prime Minister John Howard during his recent visit to Pakistan invited President Pervez Musharraf to join the grouping. As a good will gesture, his invitation was accepted. As a result now we will officially declare ourselves as an agricultural exporting country, though we are not sure whether we have any agricultural surplus to sell, except in rice. Every second year we buy wheat from the international market to meet the domestic demand and only this year we have imported sugar in large quantities to keep local prices stable.

Even for surplus crops, we are not in a position to meet non-tariff trade barriers and standards followed by our likely importers. Packaging, storage and preservation are some of the areas where we need to improve ourselves and this should be followed up with a proper marketing strategy. We need to do our homework properly before taking the decision to join an exclusive club of agricultural exporting countries. It would have been much better to do all this through a consultative process. The issue of joining the Cairns group should have been discussed not only with domestic stakeholders but also with our G-20 allies.

One way to turn the membership of Cairns group into a window of opportunity may lie in asking Australia to provide Pakistan bilateral trade concessions as a quid pro quo of our entry in the group.

We should demand for more open access for our agricultural commodities from rest of the world and should also work against the subsidies that the northern developed countries are providing to their farming sector.

On a positive note, it is heartening to know that for the first time the government of Pakistan has decided to include the representatives of civil society in its official delegation for Hong Kong, though these representatives will bear their expenses themselves (flights, accommodation etc). Though a bit expensive, still it is a major achievement for the Pakistani civil society which has been working hard to offer its services to bridge the government-layperson gap on WTO-related development and issues.

To end, let me share a news item that was released by the Reuters news agency on December 5, 2005. Apparently, Hong Kong government has blacklisted 300 anti-globalisation activists (especially those who were the trouble-makers in Cancun and Doha). According to the news agency these people will be deported from Hong Kong whose government has also declared Victoria jail a possible destination for those who try to disrupt the ministerial proceedings. I am not sure how true this news item is. If it's true, I cannot say if I will be sharing my experiences next with the readers from my hotel room or from the Victoria jail.

P.S.

* From The News (Pakistan):

<http://www.jang.com.pk/thenews/dec2005-weekly/nos-11-12-2005/pol1.htm#1>

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