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Indefinite Suspension of Doha Round WTO Expansion Negotiations Creates Opportunity to Rethink Current Global “Trade” System

WTO Model Faces Growing Opposition Worldwide, Existing WTO Rules Need to be Replaced, Not Expanded; Statement by Lori M. Wallach, Director of Public Citizen’s Global Trade Watch

It’s not surprising that the Doha World Trade Organization (WTO) expansion talks have collapsed. The cause of this collapse is not specific countries’ unwillingness to concede on particular themes, but growing public opposition in poor and rich countries alike to the very WTO model based on a decade of peoples’ experience of this system’s damaging outcomes.

Around the world, people are breathing a sigh of relief that the WTO expansion talks have broken down, because the proposed Doha Round would have further impoverished the world’s poorest, limited democratic control over domestic health, development and other policies and devastated the environment.

Negotiators have wasted five years on Doha Round talks designed to expand the existing WTO regime, all the while ignoring the terrible damage being wreaked worldwide on people and the environment by existing WTO rules (see contacts below for more detailed information).

The WTO model has failed to deliver on promises of increased economic stability and decreased poverty. Instead, during the WTO decade, economic conditions for the majority have deteriorated, with the number and percentage of people living on less than \$1 a day increasing in the world’s poorest regions. Household income for U.S. families has stagnated, while the U.S. trade imbalance has grown from \$95 billion in 1993 to \$717 billion in 2005, threatening global economic stability.

The calculation being made by many governments worldwide was that there was nothing to gain from the Doha Round talks, as revealed by the World Bank’s adjusted projections of likely Doha Round outcomes. In fact, according to the Global Development and Environment Institute’s analysis of the World Bank study, the most likely Doha scenario the World Bank reviewed would yield benefits of only \$16 billion for developing countries, or a little less than 1 cent per person per day to the developing world. This study also found that the Middle East, Bangladesh, much of Africa and (notably) Mexico would be net losers relative to where they are today. It became clear that acceptance of a Doha Round that would intensify the damage already being caused by the WTO was simply not socially or politically tenable.

Extremist proposals on the table at the WTO expansion talks, such as a plan to impose new WTO disciplines limiting all countries’ domestic regulation of services, including healthcare, energy and more, have attracted new blocs of opposition to WTO expansion from state and local officials and national legislators in countries around the world.

Perhaps the Doha Round collapse will force a review of the WTO's outcomes over the past decade, which will reveal that the public opposition to the WTO in poor and rich nations that has scuttled WTO expansion talks is based on the painful experience of the model's failure – showing that a major rethink of the system is overdue.

Underlying the continuing faltering of the WTO negotiations is not a battle between “protectionism” and “free trade.” Rather, the current corporate globalization model the WTO has implemented is being challenged – increasingly by large numbers of parliamentarians, economists and civil society analysts worldwide – because the policies embodied in the model have proven harmful to workers, farmers and the environment across the globe. This same failed corporate model is increasingly being challenged in protracted battles against bilateral and regional free trade agreements as well.

The writing is on the wall: The WTO trade model has no future. It will take a critical mass of countries willing to reject the more-of-the-same demands of the few special interests which benefit from the status quo to launch discussions about real alternatives to corporate-led globalization. Governments and civil society around the world now have an extraordinary opportunity to create a multilateral trading system that could actually deliver benefits to the majority.

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Doha Round Agricultural and NAMA proposals are vehemently opposed by the global organizations representing subsistence farmers, fishers and forest dwellers. For more information contact:
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Public Citizen is a national, non-profit consumer advocacy organization based in Washington, D.C. For more information, please visit www.citizen.org.