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**STOP** corporate globalization.

# WTO Turnaround: Food, Jobs and Sustainable Development First

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As Ministers convene in Geneva for the 8<sup>th</sup> WTO Ministerial Meeting, it is clear that after many failed Ministerial meetings and nearly ten years of negotiations, the Doha Round of WTO expansion is at a crossroads. Increasingly, developed countries have pushed aside agreements to negotiate on key developing country issues intended to correct the imbalances within the existing WTO, which formed the basis of the development mandate of Doha. Thus, the last Doha negotiations texts (December 2008) should not be used as the basis of any future negotiations. Even worse, rich-country governments appear to be re-packaging the old liberalization and market access demands of their corporate interests as so-called “21<sup>st</sup> century” issues, and pursuing plurilateral agreements among “coalitions of the willing” on the agenda of the 1%, with the ultimate goal of pressuring other countries to join later. The WTO process that led to the Chair’s “Elements for Political Guidance” was so unbalanced and exclusive that a group of developing countries has formally dissociated itself from the alleged “consensus.” Finally, the proposed Standstill (“Pledge Against Protectionism”) must be rejected outright as a grave threat to policy space.

At the same time, the emergence of the global financial, food, economic, and other crises – which the WTO’s privatization and liberalization rules contributed to, and failed to prevent – provides an opportunity to reflect on the serious problems endemic to the particular model of globalization that the WTO has consolidated globally. Thus, the Our World Is Not for Sale (OWINFS) network asserts that the global trade framework must work for the 99%: it must provide countries sufficient policy space to pursue a positive agenda for development and job-creation, and that trade rules must facilitate, rather than hinder, global efforts to ensure true food security, sustainable development, access to affordable healthcare and medicines, and global financial stability. In order to achieve these goals, this Ministerial should focus on fixing existing WTO policies, and transforming any future trade negotiations. Specifically, we call on governments to transform the global trade regime through the following:

## 1. We Demand Jobs and Industrial Development Policy Space

Following the global financial and economic crisis, the situation of unemployment has deteriorated even further in rich and poor countries alike. Yet rather than prioritizing job-creation, the WTO framework focuses on reducing tariffs and forcing workers to compete in an uneven playing field, resulting in further erosion of jobs, rather than on using trade to increase employment. Even worse, Doha Round proposals (particularly the so-called “Swiss formula” for industrial tariff cuts) would slash tariffs in developing countries even more than in rich countries; this would further erode decent jobs in key industries. Already vulnerable developing countries should not have to “pay” for fixes to the current global trading system with offering more market access, which would destroy their prospects for industrial development.

-We absolutely oppose any proposal for a “standstill,” which would represent a serious erosion of policy space for countries to protect domestic industries and jobs in the face of the global crisis. This is particularly the case for developing countries, which typically have more space between bound and applied tariffs, and should not be forced to take on any additional concessions. Developing countries did not cause the global economic crisis but are suffering from it, and should not be forced to reduce bound or applied tariffs during a global unemployment crisis.

-Any current or future agreement must focus on using trade to expand employment and protecting policy space of countries, rather than just cutting tariffs.

-In any future negotiations, the Swiss formula should be abandoned, and talks must be based on the mandate of Less Than Full Reciprocity; discussions on sectorals must be voluntary; manufacturing jobs should not be “traded off” for agricultural jobs, and there should be no anti-concentration clause, as countries must maintain the flexibility to protect vulnerable and labor-intensive sectors.

-We call for Impact Assessments of the NAMA negotiations. We need assessments on the qualitative and quantitative aspect of any future potential WTO agreements on employment and also the environment.

## **2. We Demand the Right to Protect the Policy Space for Development**

Trade must be available to developing countries to be utilized as a tool for development. Trade is not the goal *per se*. If the actual result of trade under the current or proposed rules hinders the ability of poor people and poor countries to develop, then new rules are needed. Starting well before the 2001 Doha Round, developing countries have put forward myriad proposals in the WTO that would allow them to access the benefits of trade while maintaining policy space for development. These include the original proposals, referred to as the “Implementation Issues,” drafted a decade ago and submitted as an alternative to the Doha Round agenda that are designed to fix the asymmetries and biases of the Uruguay Round. In addition, there is widespread agreement that the trade concerns of the Least Developed Countries (LDCs) should not fall victim to the extreme demands of the rich countries for more market access in the emerging market nations. Developing countries have put forward proposals that would allow the LDCs to safeguard development policy space while gaining the benefits of trade. Thus:

- The proposed LDC package, including Duty-Free Quota-Free access for LDCs, and a fair and immediate resolution to the demands of the cotton-producing countries, a services waiver for LDCs, should be adopted whether or not a complete Doha package is finalized.
- Implementation Issues must be restored as the main focus for WTO for the years following the 8<sup>th</sup> Ministerial Conference. A real development agenda, which has been missing from recent negotiations at the WTO, would focus on reforming rules on intellectual property, services and goods, so that they are more helpful for development.
- The full range – not a limited set - of proposals to ensure Special and Differential Treatment (SDT) for developing countries should be prioritized as a key aspect of any forward negotiations.
- If LDCs pursue accession into the WTO, their entry must not be conditioned on market access demands, but should be able to accede on terms that allow them to use trade according to their development needs. These terms should not go beyond those applied to original LDC Members of the WTO.

## **3. WTO Rules Must Facilitate Financial Stability Rather than Financial Deregulation**

The deregulation and liberalization rules of the WTO in the financial services sector helped set the stage for the debacle of the global financial crisis. Yet, while the G20, most governments and even the IMF have recognized the need for financial re-regulation in the wake of the financial crisis, the WTO’s General Agreement on Trade in Services (GATS) rules can actually hinder financial regulation efforts; and current proposals in the GATS negotiations would establish additional limits on domestic regulation and extend the coverage of deregulation requirements. Immediate changes are needed to current GATS rules regarding financial services, and no further deregulation or liberalization of financial services should be undertaken within the WTO.

- Countries should not be pressured to take any additional commitments for liberalization of trade in financial services.
- Existing and proposed GATS rules should be reviewed in light of the financial crisis, and then clarified and/or modified in order to ensure policy space for all countries to use macroprudential measures, such as capital controls and financial transaction taxes, as well as to implement other financial regulatory and prudential measures.
- It is not appropriate for the WTO to elaborate or adopt disciplines on domestic regulation in the accountancy sector agreed to before the financial crisis, or to adopt or elaborate any other disciplines on domestic regulation.

## **4. Access to Health and Affordable Medicines before Patent Monopolies**

Advocates for access to health care and affordable medicines gained an important victory in 2001 through the adoption of the Doha Declaration on Public Health and the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement. This declaration reaffirmed the flexibilities contained in the TRIPS agreement and its use to address the public health needs of WTO member states. However, the negotiations that followed the Declaration that were to have facilitated export of medicines under compulsory licensing for countries having insufficient or no manufacturing capabilities concluded without establishing a workable mechanism to translate the agreed rights into real access. Thus, public health has suffered due to the complex and stringent patent monopolies that are prioritized above ensuring access to medicine. Thus:

- Member states must review the August 30<sup>th</sup> decision of 2003 to waive Article 31 (f) of TRIPS and the subsequent decision to amend the TRIPS in 2005, and improve these decisions to make them workable.
- Members should agree to a permanent moratorium on non-violation TRIPS complaints.
- Members should make permanent the waiver of TRIPS obligations for LDCs without any strings attached.

### **5. We Demand Trade Rules that Support Food Security and Sovereignty**

Another global food crisis has again highlighted our broken system of trade in food, which exposes farmers to floods of imports when prices are too low (often due to unfair export subsidies in rich countries) while at the same time expanding the ranks of humans suffering from hunger when food prices spike. This volatility is a result of excessive speculation in the commodities markets, and global food rules – written largely to satisfy corporate agribusiness – that treat food as a product for corporate profit instead of a Human Right. It is time for a fundamental transformation of the food system, and the following changes to the WTO are essential for a global system that would ensure Food Sovereignty and Food Security to develop:

- Developing countries should have the right to raise tariffs and use other measures to protect farmers' livelihoods, rural development, and food security. This ability, called the Special Safeguard Mechanism (SSM) in the WTO, must be far more flexible than is reflected in current WTO proposals for it to be useful in achieving food security. No additional commitments on Agriculture should be made of LDCs.
- Developing countries should be able to exempt products from any potential future tariff cuts as they deem necessary to protect farmers' income, food security and rural development; the Special Products designation in the WTO must be expanded. We reject any standstill on tariffs in agriculture.
- Export subsidies should be disciplined, including so-called "Green Box" subsidies.
- Trade rules must be modified to facilitate proper regulation of commodities to prevent excessive speculation and volatility in the global markets.
- Special attention should be paid to banning subsidies of agro-fuels, as they have diverted land away from food production and aggravated ecological degradation.

### **6. Protecting Biodiversity and the Banning the Patenting of Life**

One of the important outcomes of the Doha declaration is to examine the relation of TRIPS agreement with the UN Convention on Biological Diversity (CBD). Ten years of deliberation has led to concrete proposals to amend the TRIPS agreement to prevent biopiracy.

- Members should amend the TRIPS agreement to require disclosure of country of and proof of prior informed consent and fair and equitable benefit sharing.
- The mandatory review of the patenting of life obligation under article 27.3 (b) of the TRIPS Agreement must be completed. The long pendency of the mandatory review cast doubts on the rules-based approach. We reiterate the call for a ban on patenting of life forms as many developing countries have proposed.

### **7. The WTO Is Not the Venue to Establish Climate Change Policy**

The United States and other countries are proposing to put climate change on the agenda of the WTO. This represents a grave danger, as WTO rules structurally favor the increasing of trade flows – a huge contributor to the greenhouse gases that cause climate change – over environmental sustainability. While several aspects of current WTO rules should be altered to allow more policy space for countries to protect the environment and pursue sustainable development policies, other multilateral agencies are far more appropriate venues for the discussion of and implementation of rules related to the global climate than the WTO.

- TRIPS rules should be altered to allow countries to negotiate additional flexibilities to the intellectual property regime, regarding technology transfer, including in other multilateral venues.
- No new "climate change" agenda should be introduced at the WTO.

While there are many more changes that must be made to the global trading system, including a fundamental review and transformation of bilateral and regional trade and investment agreements, the above represent immediate changes that must be made within the WTO to ensure that countries maintain (or reclaim) sufficient policy space for sustainable development, and are able to address and resolve the global crises for the benefit of all.

OWINFS is a global network of over 200 civil society organizations from more than 50 countries. For more information on the 57 civil society delegates at the MC8, contact OWINFS at [djames@cepr.net](mailto:djames@cepr.net) or 076-652-6813.