

April 13, 2011

Dear G-20 Finance Ministers:

As you gather in Washington, D.C. to address pressing issues facing the global economy, we call on you to safeguard governments' ability to implement policies that will reestablish and maintain financial stability in the wake of the worst financial and economic crisis in decades.

We are concerned that important financial reform policies that both G-20 governments and non-G-20 governments seek to implement in order to prevent future crises are already at risk. Leading trade negotiators, economists, financial experts and trade lawyers have warned that current World Trade Organization (WTO) provisions covering financial services restrict countries' use of important financial regulatory measures. This includes some policies promoted by the G-20, such as those to avoid rapid inflows and outflows of capital and those designed to limit the risks derivatives trading can pose to commodity price anomalies and financial stability.

At the heart of the problem is the manner in which some of the key rules of the WTO's current General Agreement on Trade in Services (GATS) text conflate liberalization and deregulation. When a country commits a financial sector to liberalization under the GATS rules, the country is simultaneously bound to not maintain or establish a list of non-discriminatory regulatory measures relating to management of capital inflows and outflows, bans of especially risky financial products and services, and more.

And, these WTO rules are strongly enforced, including with the imposition of trade sanctions for countries that fail to conform their domestic policies to the WTO regulatory constraints. In contrast to this system of strongly enforced deregulatory global financial governance, the various G-20 Communiqués' commitments are not subject to any system of enforcement. Indeed, implementation of G-20 commitments and recommendations by WTO signatory countries in their domestic laws could put them in conflict with their WTO obligations. The very threat of the resulting WTO litigation and prospective sanctions poses a chilling effect on the reregulation supported by the G-20 and governments worldwide.

The United Nations Commission of Experts on International Financial and Monetary Reforms, which included distinguished academics, former finance ministers and central bank heads from around the world and was chaired by Nobel-prize winning economist Joseph Stiglitz, issued the following warning about the WTO financial services rules:

“Agreements that restrict a country's ability to revise its regulatory regime—including not only domestic prudential but, crucially, capital account regulations—obviously have to be altered, in light of what has been learned about deficiencies in this crisis. In particular, there is concern that existing agreements under the WTO's Financial Services

Agreement might, were they enforced, impede countries from revising their regulatory structures in ways that would promote growth, equity, and stability.”

The UN Commission’s analysis and concerns have been echoed by an array of trade and financial regulatory scholars and analysts. They have also noted that the existing WTO provision that a country could employ as a defense were its prudential financial regulations challenged does not provide a meaningful safeguard. Last month, Barbados tabled a paper at the WTO which examines numerous ways in which current WTO rules conflict with common financial regulatory policies. The paper suggests that various financial reform measures undertaken by the European Union and the United States are in violation of WTO rules.

However, despite these warnings, efforts to expand WTO financial services liberalization under the current rules continue in the context of WTO Doha Round as if there had not been a crisis or development of a new global consensus in favor of more robust regulation of the financial sector. Indeed, the Financial Services Collective Request made in 2006 and hundreds of bilateral requests demanding that countries commit additional financial sectors to the current WTO rules remain unchanged. In addition, Doha Round negotiations to establish new, additional constraints on domestic regulation continue. This includes the efforts by the Working Party on Domestic Regulations to establish a new cross-cutting set of regulatory limits and the plan to adopt the 1998 Disciplines on Domestic Regulation in the Accountancy Sector, which would constrain governments’ regulatory policies in that sector.

Despite the stark conflict between the current Doha Round deregulatory agenda with respect to financial services and the G-20’s call for improved financial regulation, G-20 Communiqués have repeatedly called for a swift conclusion to the WTO Doha Round.

We ask that you address this risky disconnect. Success on the laudable G-20 goal of ensuring financial stability requires changes to the existing WTO rules covering the financial sector and changes to the Doha Round agenda with respect to financial services. We urge you to include in your forthcoming Communiqué a call for a thorough review and reform of the existing WTO rules to ensure that they provide countries with the policy space needed to implement sound financial reregulation. We also urge you to call for negotiation of a meaningful new WTO safeguard for financial regulation and a suspension of Doha Round-related negotiations that would expand on the existing financial regulatory limits. These steps are necessary so that governments may reregulate their financial systems without threat of WTO penalty.

As millions of people around the world continue to suffer the severe consequences of the recent global financial crisis, these WTO reforms are essential so that G-20 and non-G-20 countries’ governments alike have the ability to meet their citizens’ demands to safeguard against future crises and stabilize the global economy.

Sincerely,

International and regional networks

Africa – Europe Faith and Justice Network	Belgium, France, Germany, Ireland, Italy, Malta, the Netherlands, Spain, Poland, Portugal, Switzerland, and the United Kingdom; and Zambia, Burkina Faso, Malawi, Uganda, DR Congo, Ghana, Cameroon, and Kenya
Agency for Cooperation and Research in Development (ACORD)	Angola, Burundi, Burkina Faso, Central African Republic, Chad, Cameroon, DR Congo, Ethiopia, Guinea, Kenya, Mali, Mauritania, Mozambique, Rwanda, North and South Sudan, Tanzanias and Uganda
Alianza Social Continental/ Hemispheric Social Alliance	Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Paraguay, Peru, USA, and Uruguay
Association for Women’s Rights in Development	International network with staff based in 20 countries including Brazil, Canada, Mexico, and South Africa.
Confederación de Trabajadores y Trabajadores del Agua y Medio Ambiente de las Américas (CONTAGUAS)	Bolivia, Brazil, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Jamaica, Mexico, Nicaragua, Peru, Saint Lucia, USA, Uruguay, and Venezuela
Consejo de Investigaciones para el desarrollo de Centroamérica	Guatemala, El Salvador, and Nicaragua
European Network on Debt and Development	Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Slovenia, Spain, Sweden, Switzerland, the United Kingdom
International Peoples’ Health Council	International network headquartered in Nicaragua
The Pacific Network on Globalisation (PANG)	Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu
People’s Health Movement Global	Australia, Bangladesh Ecuador, Egypt, Greece, India, Palestine, Philippines, Sri Lanka, USA, and Vietnam
Public Services International	PSI represents 20 million members in 150 countries
Red de Género y Comercio	Mexico, Guatemala, Brazil, Colombia, Uruguay, and Argentina

Southern and Eastern African Trade, Information and Negotiations Institute (SEATINI)	Zimbabwe, Uganda, and South Africa
Trade Union Confederation of the Americas/Confederación Sindical de Trabajadores y Trabajadoras de las Américas (TUCA – CSA)	Argentina, Aruba, Barbados, Bonaire, Brazil, Canada, Chile, Colombia, Curaçao, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Lucia, Suriname, Trinidad & Tobago, USA, and Venezuela
West African Civil Society Platform on Cotonou Agreement (WACSOP-CA)	Benin, Burkina Faso, Cap-Vert, Côte d’Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo

National organizations and sub-national networks

Africa Development Interchange Network (ADIN)	Cameroon
African Peace Network (APNET)	Ghana
Alianza Mexicana por la Autodeterminación de los Pueblos (AMAP)	Mexico
Alliance of Progressive Labor (APL)	Philippines
Americans for Financial Reform (AFR)	USA
Alternative Information and Development Center	South Africa
Asociación de apoyo a inmigrantes ecuatorianos	Spain
Association for the Defense of Collective Interests (ACDIC)	Cameroon
Association for the Taxation of financial Transactions and Aid to Citizens (ATTAC)	Hungary
Association for the Taxation of financial Transactions and Aid to Citizens (ATTAC)	Japan
Association for the Taxation of financial Transactions and Aid to Citizens (ATTAC)	Norway
Association for the Taxation of financial Transactions and Aid to Citizens (ATTAC)	Spain
Australian Fair Trade & Investment Network (AFTINET)	Australia
Bangladesh Krishok Federation	Bangladesh
The Berne Declaration	Switzerland
Bharatiya Krishak Samaj	India

Both Environment and Development Service (Both ENDS)	The Netherlands
Brazilian Institute for Consumer Defense	Brazil
Brazilian Institute of Social and Economic Analyses (IBASE)	Brazil
Campaign for the Reform of the World Bank (CRBM)	Italy
Caribbean Congress of Labor	Barbados
Center for Media & Democracy	USA
Central Unitaria de Trabajadores de Colombia (CUT)	Colombia
Centre for Civil Society Economic Justice Project	South Africa
Centre for Research on Multinational Corporations (SOMO)	The Netherlands
Centre for Trade Policy and Development (CFPD)	Zambia
Centro Alexander von Humboldt	Nicaragua
Centro de Formación e Investigación Municipal, A.C. (CEFIMAC)	Mexico
Chicago Political Economy Group	USA
Citizens Trade Campaign (CTC)	USA
Civil Education Solution for Poverty and Environmental Management (CESOPE)	Tanzania
Colectivo de Mujeres Acción Política por la Equidad (APE)	Ecuador
Comisión Nacional de Enlace (CNE)	Costa Rica
Confederación Nacional de Unidad Sindical de la Republica Dominicana	Dominican Republic
Confederation of Labor and Allied Social Services (CLASS)	Philippines
Congregation of Presentation Sisters of Victoria	Australia
The Congress of South African Trade Unions (COSATU)	South Africa
Consumer Watchdog	USA
The Council of Canadians	Canada
Desarrollo, Educación, y Cultura Autogestionarios (DECA) Equipo Pueblo, A.C.	Mexico
Ecologistas en Acción	Spain
Economic Justice Network	South Africa
Ecuador Decide	Ecuador
Enda Tiers Monde	Senegal

Federación Nacional de Trabajadores del agua Potable y Alcantarillado del Perú (FENTAP)	Peru
Federation of Independent Trade Unions and NGOs (FITUN)	Trinidad and Tobago
Food and Water Watch	USA
Foro Ciudadano de Participación por la Justicia y los Derechos Humanos (FOCO)	Argentina
Friends of the Earth (FOE)	USA
Gender Action	USA
Ghana Trade and Livelihoods Coalition	Ghana
Global Compliance Research Project	Canada
Global South Initiative	Nepal
Grail Global Justice Network	Australia
Grupo de Estudios sobre América Latina y el Caribe (GEAL)	Argentina
Hecho en Bs. As. – empresa social	Argentina
IBON Foundation	Philippines
Information Group on Latin America	Austria
Institute for Agriculture and Trade Policy (IATP)	USA
Institute for Development Initiatives	Pakistan
Institute for Economic Research on Innovation	South Africa
Institute for Global Justice (IGJ)	Indonesia
Institute for Policy Studies, Global Economy Project	USA
International Brotherhood of Teamsters (IBT)	USA
International NGO Forum on Indonesian Development (INFID)	Indonesia
International Presentation Association of Presentation Sisters New York	USA
Jubilee Debt Campaign	The United Kingdom
Justice Peace Integrity of Creation	Ireland
Kenya Debt Relief Network (KENDREN)	Kenya
Koalisi Anti Utang (KAU)/Anti-Debt Coalition	Indonesia
La Marcha Mundial de las Mujeres	Peru
La'o Hamutuk/ The Timor-Leste Institute for Development Monitoring and Analysis	East Timor
Mercy Justice Office	Ireland
Mexican Action Network on Free Trade (RMALC)	Mexico

Monitoring Sustainability of Globalisation (MSN)	Malaysia
Mujeres por Diálogo	Mexico
National Association of Consumer Advocates (NACA)	USA
National Association of Nigerian Traders (NANTS)	Nigeria
National Family Farm Coalition	USA
Navdanya	India
Network Movement for Justice & Development (NMJD)	Sierra Leone
New Rules for Global Finance	USA
Polaris Institute	Canada
PowerShift	Germany
Presentation Congregation Queensland	Australia
Presentation Justice Network	Ireland
Public Citizen	USA
Red de Acción Ciudadana Frente al Libre Comercio e Inversión	El Salvador
Red Nacional Género y Economía	Mexico
Rede Brasileira pela Integração dos Povos/Brazilian Network for Peoples' Integration (REBRIP)	Brazil
Research Foundation for Science Technology and Ecology	India
Resistance and Alternative	Mauritius
Roj Women's Association	The United Kingdom
Siembra	Mexico
Social Watch	Uruguay
Solidarité	France
South African Municipal Workers Union (SAMWU)	South Africa
Third World Network-Africa (TWN-Af)	Ghana
Transnational Institute (TNI)	The Netherlands
Transnational Migrant Platform	The Netherlands
Tubali for Development	Nigeria
United Methodist Church, Board of Church & Society	Philippines
United Methodist Church, Migrant Ministry	Philippines
Unidad Ecológica Salvadoreña (UNES)	El Salvador

Union of Presentation Sisters (Aotearoa Sisters Unit)	New Zealand
U.S. Public Interest Research Group (PIRG)	USA
Voices for Interactive Choice and Environment (VOICE)	Bangladesh
War on Want	The United Kingdom
Welfare Association for the Rights of Bangladeshi Emigrants Development Foundation (WARBE)	Bangladesh
Women in Development Europe (WIDE)	Belgium
World Development Movement	The United Kingdom
World Economy, Ecology & Development Association (WEED)	Germany
Worldview	The Gambia