

WTO talks collapse over bad deal

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JAKARTA -- Talks on the World Trade Organization's (WTO) Doha Round have collapsed. With figures on the table for agriculture, non-agricultural market access (NAMA) and services, there are still many issues that need to be examined.

There has been a seven-year deadlock in the Doha Round, or the so-called development agenda, with several meetings on the WTO's exclusive decision making process that involves only a limited number of countries. This process has often been decried as a last-minute (and thoroughly undemocratic) attempt to push through agreements.

The interesting thing about these meetings is the Green Room, in which a select few countries are allowed. These are the G-7: the United States, the European Union, Japan, Australia, Brazil, India and China. Other countries are occasionally invited, but it's more often a highly exclusive club.

And it happened again in Geneva. Indonesian Trade Minister Mari Elka Pangestu, representing the G-33 (a group of developing countries focused on agricultural reform), was brushed aside, despite the fact the G-33's Special Product and Special Safeguard Mechanism (SP/SSM) proposal is one of the most important issues in the Doha Round. And the current condition continues to deteriorate as countries begin blaming each other. The blame game is fast becoming a tradition, delivered in a text by WTO Director General Pascal Lamy. Despite vast differences in political positions within the areas of negotiation, the text is presented as a package, almost impossible to reject.

The idea is to agree on certain issues, including reducing the U.S. agricultural subsidies by 70 percent to around US\$14.5 billion, calls to cut European farm subsidies by 80 percent, cuts in tariffs on industrial goods for NAMA negotiations and reduced figures for SP/SSM.

But the G-7 cannot even agree on the text. The U.S. is in a war of words with India and China, Argentina is unlikely to accept the NAMA proposal, South Africa voiced major concerns and so has Venezuela. And Indonesia is also unhappy with the SP/SSM numbers.

Of course developing countries are unhappy. First, the exclusive nature of the talks is intolerable at best. Second, the text completely disregards development processes in developing countries. The right to protect domestic markets is ignored, with developing countries forced to open up their markets to goods from developed countries.

The World Bank said the current Doha Round will only result in a minuscule \$16 billion going to the developing world in 2015. This represents 0.2 percent of an average developing country's national income, or less than a penny a day per person in the developing world.

The costs, however, far outweigh the projected gains. Total tariff losses for developing countries under NAMA negotiations amount to \$63 billion. And how about the potential loss of millions of jobs in agriculture and manufacturing due to tariff reductions and increased food imports?

In light of this situation, the WTO -- under the guidance of Lamy, the G-7, the U.S. or the EU -- should not be allowed to force countries to agree on the text. It is more important to rely on the economic process.

"Let us not allow the time pressure to force us to adopt a take-it-or-leave-it approach to the package. Let us reflect on this," Mari warned.

Many people believe the current Doha deal is a bad deal. So prolonging the talks will only hurt more.

Given the multiple global food, climate, energy and financial crises and the unjust development process in the world, it is time to give countries a chance to preserve the policy space necessary to conduct real solutions. More action is needed to pull us out of the false solution we've been stuck with for seven years.

We need to ask ourselves: Is a new approach is needed to the current unfair multilateral trading system? And with the talks up in smoke, how we can initiate a fairer multilateral trading system?

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