

The Meaning of Hong Kong WTO

By Deborah James

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Last week, 11 of the 14 last detainees from the December protests in Hong Kong against the World Trade Organization were ruled innocent. Three Koreans still face trial for unlawful assembly.

Over 1,000 people were arrested in Hong Kong during the 6th Ministerial meeting of the WTO, even more than the hundreds arrested in mass protests in Cancún, Mexico in 2003 or Seattle in 1999. Just like during those WTO Ministerial meetings, workers, farmers, environmentalists, students, health activists, and other human rights advocates came from countries as far-flung as South Korea, the US, Kenya, Brazil, the Philippines, France, South Africa, and Indonesia to manifest their overwhelming opposition to this institution.

The WTO has failed to successfully conclude even one round of negotiations since its founding in 1995. It is still in the midst of a round begun in 2001 and named after the city Doha, in Qatar, where it was launched. The “Doha Round” was to have been completed last year, but negotiators acknowledge that they have yet to finish even the general parameters or “modalities.” The WTO’s goal in Hong Kong was to complete the “modalities” – while the protesters wanted the negotiations to collapse, as they did in Cancun in 2003.

Unfortunately, in Hong Kong, a declaration was eventually signed. While WTO proponents have admitted that the declaration does not get them much closer to concluding the round, the declaration does mandate a number of harsh concessions from developing countries that will have serious implications for their future development. And it keeps WTO negotiations hobbling along, at a time when the entire model of corporate globalization is experiencing a serious legitimacy crisis. (See: <http://www.alternet.org/story/29326/>)

But a final agreement is a long ways off. And as the credibility of the entire model of corporate globalization continues to erode, based on its failure to promote growth and development, it can still be stopped.

Geopolitical Shifts in Hong Kong

According to anti-WTO veteran Walden Bello, the negotiators were able to get a final declaration because this time around Brazil and India – countries that had led the developing country resistance to the WTO in Cancún – became proponents of the WTO system for their own domestic corporate interests, and played a large role in pressuring other developing countries to go along with what is essentially the US and EU’s agenda.

The smaller developing countries actually showed tremendous resistance and alliance-building efforts during the negotiations. Keep in mind, about 30 developing countries don’t even have the resources to field permanent staff in Geneva, where the WTO negotiations are ongoing – so the challenge to even know how the negotiations will affect your country can be

overwhelming. A huge group of 110 countries met in Hong Kong to coordinate positions, in what is probably the largest meeting of developing countries within WTO history.

It seemed for a time that developing country unity might hold strong to their interests and derail the impending deal. But in the end, according to Bello, “the role of Brazil and India was to extract the assent of the developing countries to an unbalanced agreement.” The US and EU’s “divide-and-conquer” strategy seems to have worked – for now.

But Hong Kong was also notable for the exciting emergence of a new leader in the developing world, one far more likely to resist pressure from the Bush administration and its own corporate sector and instead work to build strategic alliances with developing countries across the world: Venezuela.

The Story of the Fearless Minister

The closing ceremony of the Ministerial in Hong Kong on December 18th, 2005 was held in a theater-style room with no microphones and no name cards. It seemed designed to preclude any participation whatsoever by the representatives of the 150 member countries of the WTO.

The Chair of the closing, Hong Kong Trade Secretary John Tsang, rammed through the agenda. “Next item, approval of the Ministerial Declaration, all in favor?” He immediately pounded the gavel. “It is so decided.”

But suddenly, Mari Pili Hernandez, Vice Minister for Foreign Affairs of Venezuela, jumped up on the stage and demanded the right to speak. The Chair attempted to placate her, assuring the audience that statements made during the previous (non-public, off-the-record) meeting would be “duly noted.” But that did not satisfy the determined Ms. Hernandez, and she pressed on, determined to publicly voice her government’s criticisms about the final declaration. She got what she wanted.

She raised objections to both the issue of services as well as tariffs on industrial production (see below). And the representative from Cuba got up to do the same. It was the first time in the WTO’s history that any countries spoke in the final plenary to make reservations about the text. The legal implications of formal “reservations” will be decided in future wrangling as negotiations continue in Geneva.

But the lesson was clear: Venezuela had become a leader in the struggle against corporate globalization, just as it has become a leader in the hemispheric struggle against the Free Trade Area of the Americas.

So, What Did Governments Agree To Anyways?

Negotiators had intended to finalize the framework of negotiations, called “modalities” in WTO-speak, by the end of Hong Kong, and came up quite short of their goal. But they did agree to a few things, almost all of which spell doom for development and democracy:

€A major expansion of methodology of the negotiations on Services, that will give multinational corporations like Citicorp and Halliburton new ways to pressure developing countries to hand over their financial and energy sectors and cut off access to public services for the poor.

€An end-date of 2013 for European export subsidies in agriculture that will actually leave the majority of the massive subsidies in the US and EU in place.

€A major consolidation of the developed-country proposals on industrial tariffs (NAMA), based on an extreme formula that will prevent many poor countries from ever developing an industrial base.

€A so-called Development Package that is mostly empty of real movement on key issues such as subsidies on cotton, market access for the Least Developed Countries (LDC's), or development aid.

Services

The biggest coup for corporate interests during the week was opening up a brand new way to pressure countries to allow foreign multinational corporations to buy up public and nationally-owned services. The “liberalization” of services involves privatizing services that are owned by the public to meet basic human needs (like health care, education, the postal system) and de-regulating services that are private, or a mix of both public and private (like electricity distribution, telecommunications, or transportation.)

Many developing countries around the world have already vastly liberalized their services, due to so-called “structural adjustment” programs mandated by the International Monetary Fund or the World Bank to decrease government’s role – and increase the private sector’s role – in control of the domestic economy.

Liberalization in the WTO will deepen and widen this foreign multinational control of the activities we engage in on a daily basis to live, and make that foreign control permanent.

Developing countries originally agreed to negotiate on the issue of services, one in which they have almost nothing to gain, as a concession to get rich countries to negotiate on agriculture, but only on the grounds that they would have flexibility and control over which service sectors they allowed to be opened up to foreign purchase. The biggest change in Hong Kong was the giant power grab by multinational service corporations to get developing countries to agree to negotiate in groups and by sectors, seriously damaging their ability to protect their diverse national interests.

In the next few months in Geneva, we will see trade representatives from rich countries host “friends of services” meetings to discuss the “benefits of attracting foreign investment in the service sector” with developing country negotiators. In reality, these meetings will be hosted by transnational services corporations to bully small country governments into allowing

foreign corporations equal standing with national companies.

The two biggest sectors for the US in terms of global political control are financial services, advocated for by Citicorp and the rest of the financial industry to control the world's money, and energy services, advocated for by companies like Halliburton, to control the world's oil and gas. Also on the list are important public services, including health care, education, water distribution, and postal services.

But the list of priority sectors doesn't stop there; it also includes legal services; computer and related services; construction and related engineering; telecommunications; audiovisual services; distribution; environmental services; tourism; maritime, air, and other transport services; logistics; and a nice catch-all category called "other professional services."

Services are the fastest growing sector of the world economy, and will fast be under corporate control unless we stop the WTO.

Agriculture

The US and European Union give huge subsidies to their agricultural sectors, subsidies which many developing countries feel gives our products an unfair advantage in the world market and depress global prices, wreaking havoc on farming communities worldwide.

Agricultural exporters like Brazil and Argentina have been battling for a reduction in US and European domestic and export subsidies by 2010, so Brazilian and Argentine soy, citrus, sugar, and beef could be sold in the US and EU markets on a level playing field. According to Martin Khor of the Third World Network, "This greatest-distorting subsidy of all should have been eliminated many years ago, and no price should have been asked for it."

The US made what appear to be significant offers on agriculture, and tried to shift the blame onto the Europeans, (although their offers are likely to be more on paper than real). It seemed like the Ministerial was going to break down over the EU's lack of willingness to reduce its massive export subsidies by a fixed date. But at the last hour, having extracted as much in return for it as he could, the EU Trade Commissioner Peter Mandelson agreed to a target date of 2013 for export subsidies, leaving the issue of much larger domestic subsidies undecided.

The G20, the group representing agriculture-exporting developing countries that wowed us in Cancún with their resistance to the US and EU, took the offer rather than allow another failed Ministerial to be blamed on them. And then they helped pressure other poor countries to go along with the deal.

But most developing countries are net food importers, and are more concerned about protecting their base of farmers from subsidized foreign imports than gaining access to other countries' markets. These countries have been advocating for a designation called Special Products, which would allow them to place certain restrictions on food items based on food security, livelihoods, and rural development.

In the draft declaration, developed countries could decide which type of products to protect in this manner, but developing countries were going to have to allow the WTO to decide it for them, with many restrictions. They finally gained the right to “self-designation” of Special Products at Hong Kong, but this is extremely vague, as only an “appropriate number” of products – to be determined through future negotiations in Geneva – will be allowed for designation. As Vandana Shiva has pointed out, when it comes to farmers’ livelihoods and food security, “All our farmers’ products are Special Products.”

This may seem like a complex, insignificant detail. But when farmers from South Korea and other countries are killing themselves to protest the WTO, and farmers represent over half the population in most developing countries, it’s no small matter.

Another key issue for some of the poorest developing countries is cotton. US cotton subsidies to agro-industrial producers so distort the market that millions of farmers in Burkina Faso, Mali, Benin, and Chad lose out on billions of income because of the artificially low prices. They have demanded an end to US domestic subsidies by 2006. They got a vague promise that the US would reduce its subsidies “over a shorter period of time than generally applicable.” Nothing more than crumbs, on an issue that costs farmers their livelihoods every day.

Jobs and Environment

In WTO-speak, this negotiation theme is called Non-Agricultural Market Access, or NAMA. NAMA negotiations intend to reduce the tariffs, or taxes that corporations pay to governments to allow those companies to sell products in their country. So NAMA is actually a giant corporate tax abolition scheme, on manufactured goods and natural resources (ie, not services or agricultural products.)

Tariffs are a key tool of development for any developing country. It works like this: You want to have a car industry, but the Japanese make cars better, cheaper and more efficiently. So you put a tariff, which is essentially a corporate tax, on Japanese cars to make them more expensive until your domestic auto industry is competitive. Then when you have a thriving industry, you lift the tariff, and consumer prices come down. Next year you put a tariff on televisions, or consumer electronics, or whatever is in your national development plan to create jobs and grow your economy. That’s why developing countries generally have higher tariffs, while developed countries have lower tariffs (and use subsidies as a way to support industry instead.)

Every developed country has used the tool of tariffs as a key policy in its industrialization process. Now, developed countries are demanding that developing countries reduce their tariffs dramatically, essentially kicking away the ladder of development after we’ve climbed up it.

In the WTO, different countries make different proposals throughout the year, and then negotiators attempt to come to an agreement. The tricky part is that what’s good for developed countries (and the corporations that dominate their positions) is often not good for

developing countries (whose national interests may be determined by national companies or by their development needs).

So on NAMA, the US, EU, Canada, and Norway had made proposals this past March that call for steep cuts in developing country tariffs. Argentina, Brazil, and India made a compromise proposal in June. The Caribbeans had made another new proposal in July that would allow poor countries more ability to decide when to reduce their tariffs. And the Group of 90 developing countries made several proposals reiterating the core WTO mandate of development in the Doha Declaration.

You might guess which country's proposals the Hong Kong text mirrors. If you guessed the EU, US and other developed countries, you'd be right. Lowering tariffs in developing countries is good for multinational businesses that are looking to move production to the lowest wage country; but not so good for development or worker's interests.

Additionally, when it comes to forests and fisheries, the steep tariff cuts agreed to in Hong Kong will mean a dramatic increase in the global exploitation of trees and fish.

According to the African Trade Network, the outcome of Hong Kong will "lead to further collapse of local industries, de-industrialisation and massive job losses." Khor of Third World Network points out that the "NAMA commitments extracted from developing countries are unprecedented in the history of the multilateral trading system."

Development, The Empty Package

Days before the Ministerial, US and EU officials ballyhooed a new "Development Package" on the table, basically a cash bribe to get the poorer countries to accept the rest of the negotiations. A cornerstone of this Package was several billions in development aid, difficult to resist for cash-strapped small economies.

But according to Focus on the Global South, most of the "aid" included in the package is either already promised, or it's in the form of loans, not grants. And most of it is actually directed at what's called "trade facilitation." *That's money to help you rewrite your laws to conform to the WTO agreements.*

Lori Wallach, Director of Public Citizen's Global Trade Watch, noted that "Indeed, a careful read of the Hong Kong Ministerial text shows that despite days of hype about development being at the core of the Doha agenda, the relevant paragraph 38 literally is a "cut and paste" of language from the original 1994 WTO agreement!" After ten years of negotiations at the WTO, developing countries have given enormous concessions, but in return they have gained a restatement of the WTO's charter agreement.

This means that developing countries were pressured to trade the privatization of their services and industrial future for a 2013 target date to eliminate export subsidies that should have been abolished long ago, and a promise of future development aid, most of which is actually designed to "aid" countries in restructuring their domestic economies to

accommodate the privatization of their services and the selling off of their industrial futures.

That, in essence, was the outcome of Hong Kong.

Protests Inside and Out

While all this arm-twisting, pressure, and deal-making was happening on the inside of the negotiations, outside demonstrations and actions were happening on a daily basis.

In a preview of the week to come, on December 11th, thousands of locals organized by the Hong Kong People's Alliance marched along Causeway Bay carrying signs like "Migrants are Not For Sale," "WTO Means Death for Thai Farmers" and "Down, Down, WTO!" In spite of a local media campaign designed to instill fear of foreign anti-WTO protesters, groups like the Indonesian Migrants Workers Union, the Philippines Domestic Helpers General Union, and the Hong Kong Confederation of Trade Unions still managed to recruit thousands of marchers for a colorful and joyous trek.

Right in the middle of WTO Director General Pascal Lamy's opening speech two days later, dozens of people associated with the global Our World Is Not For Sale network – sporting a giant orange banner that read "No Deal Is Better Than a Bad Deal" in 10 different languages – jumped up and chanted "No More Lies, Lamy!"

Also on the opening day, a group of about 100 Korean fishermen jumped into the freezing Hong Kong bay, bobbing their message that the WTO's negotiations on fisheries would devastate family fisherfolk in favor of giant-scale corporate fishing.

Water activists from Bolivia, Canada, the Philippines, Uruguay, and others unfurled a giant Water Out of the WTO banner in the main conference lobby. At a press conference launching an international campaign of the same name, Gyekye Tanoh of the African Trade Network revealed how private companies in Ghana continued to cut drinking water service during a cholera epidemic that killed hundreds of people in his country.

By far, the stars of the week's protests were Korean farmers and trade unionists. Each day they organized a different colorful, vibrant action, mostly in matching outfits and with militant discipline, such as the day they dressed up in similar long robes, took three steps, bowed and prayed, took three steps, bowed and prayed, over 1,000 times. The image of hundreds of outraged Koreans that had been plastered all over the local media was suddenly transformed into a compelling portrait of grief and reverence for life, beseeching trade bureaucrats not to negotiate away their futures.

But after protesting peacefully every day, the Koreans promised they would ratchet things up later in the week. On December 18th, farmers and workers from the People's Action Against Neoliberalism and Globalization from South Korea pressed up physically against police barricades and managed to get within a few hundred feet of the Ministerial meeting.

Standing off with police for hours just outside the convention center, a few dozen finally

managed to break through and scrambled towards the doors. Suddenly, the mood shifted. Police batons quickly reasserted power over unarmed protesters. Hundreds of people were beaten, and well over a thousand people from all over the world were tear gassed while peacefully standing in an intersection. In the end, more than 1,000 people were arrested during the week, most of them in the dead of night. After the negotiations concluded, all but 14 were released, and as of this writing three still face charges.

Globalization's Impacts: China, Migrants, and Farmers

If locating the Ministerial in Hong Kong was intended to highlight the benefits of “free trade,” it accomplished quite the opposite. The Hong Kong People's Alliance, the Our World Is Not For Sale network, and individual groups organized a plethora of educational events and workshops designed to give testimony to the impacts of WTO policies, particularly focused on the growing importance of China, migrant issues in the Asia-Pacific region, and farmers.

The [International Forum on Globalization \(IFG\)](http://www.ifg.org) launched a new report on Globalization in China, available at www.ifg.org. As China becomes an increasingly important player in the global economy, it is crucial that we develop analysis on how to build alliances with workers in China and create a more balanced trading system, without resorting to racist China-bashing. Experts from the Globalization Monitor and the Asia Monitor Resource Center in Hong Kong presented analysis of the impacts of WTO and globalization on China's economy and workers.

Filipino, Indonesian, Nepalese, US, and other member groups of the Asian Migrants Coordinating Body convened days of testimony and workshops of the impacts of globalization on immigrant workers.

And the Asian Pacific Network on Food Sovereignty and the global farmers' network Via Campesina organized workshops, marches, and actions to make visible the devastating impacts WTO policies have had on farmers around the world.

Developing an Alternative Model

A key piece of the pro-WTO strategy has been creating a giant elephant stampede of motion, threatening countries as if the sky will fall, all trade will cease, and we will all be plunged back into the dark ages if the Doha round does not come to a conclusion.

But this is exactly one of the key myths of the WTO that allows the perpetuation of its existence: the fallacy that there is no alternative to governing trade but the WTO. In fact, human society functioned for 6 million years before the advent of the WTO in 1995. If the WTO was halted in its tracks and dismantled, as activists call for, world trade would still continue – and world growth, development, and democracy would be giving much more breathing room.

That's why alternatives to the WTO need to occupy center-stage in our movement, as they

did in the public education events in Hong Kong. Many of these alternatives are outlined in the book by the IFG called *Alternatives to Economic Globalization: Another World Is Possible*, available on their website.

One of the areas where alternative innovations to regional integration are captivating the imagination is in Latin America, where the upcoming World Social Forum will take place in Venezuela, this January 25-29. (See: <http://www.commondreams.org/views05/1004-22.htm>)

Lessons from Hong Kong

The stories of negotiations and protests reveal certain lessons about the meaning of Hong Kong. First, the United States and European Union are so invested in maintaining the current model of corporate globalization embedded in the WTO, that they were willing to do almost anything to get a declaration signed and prevent a “failure.” It’s important to remember that the Hong Kong meeting came on the heels of another “failed” ministerial, the Summit of the Americas in Argentina, where Bush unsuccessfully attempted to use to re-launch the stalled negotiations towards the Free Trade Area of the Americas.

Second, developing country alliances are being painstakingly constructed, but are in constant danger of bullying and pressure from the US and EU. Developing country activists in countries from Bolivia and Brazil to Kenya and Zimbabwe to the Philippines and Indonesia are building strong national movements to demand that their governments represent the interests of the vast majority, and don’t sell out farmers and workers for the corporate interests of the elite.

Yet interests of the 100+ developing country members are incredibly diverse, and alliances across regions, languages, cultures, and political orientations are difficult to construct and even more challenging to maintain. It will take real developing country leadership that is willing to pay the political cost in other arenas, to stand up to the US and EU in the WTO and defend their national sovereignty against foreign corporate takeover. Fortunately for the world, Venezuela has stepped into that role. Now we must work to ensure that the US government is not successful in its attempts to undermine Venezuela’s sovereignty, so that we can continue to count on them at the negotiating table.

Third, social movement pressure on the outside can play a formidable role, when coupled with social movement pressure on the inside. When grassroots and policy organizers on the inside and outside get together and develop strategic campaigns based on what’s on the table and from an accountable political perspective, they can have real impact in tilting the power balance within the negotiations.

And fourth, a movement to hold the US and EU governments accountable is key to derailing the negotiations. It is still shocking to activists outside the US that six years after Seattle, there is not a vibrant mass movement in the US to fight the WTO.

One of the most important tasks this year will be citizen efforts, such as the [Working Families Win](#) project, to reward or punish legislators at the polls in November based on their

votes on the Central America Free Trade Agreement, the most recent litmus test on where our elected officials stand on corporate trade policy.

Next Steps

As activists turn our sights to the World Social Forum in Venezuela, the global economic elites will soiree at the World Economic Forum in Davos. This forum has already been identified as the launching pad for the next “mini-Ministerial,” invitation-only meeting of the WTO.

Negotiators now only have a few months to conclude both the framework “modalities,” as well as fill in all the technical negotiations by the end of this year, so that the agreement can be finalized in time for Congressional approval before Fast Track expires next July 2007.

That means that the next few months is a crucial period for the future of the global economy. It will determine whether first round of negotiations since the WTO’s founding will conclude, expanding and consolidating corporate rule, or be successfully derailed. Let’s make sure it’s the latter.

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