

THE MINISTERIAL CONFERENCE IN SINGAPORE AND THE DEVELOPING COUNTRIES

AN INTRODUCTION

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INTRODUCTION: THE FIRST WTO MINISTERIAL MEETING

In January 1995 the World Trade Organisation (WTO) became operational and replaced the GATT (General Agreements on Tariffs and Trade). The main task of the WTO is to implement the trade agreements negotiated in the Uruguay Round (1986-1994). These agreements serve to open markets for agricultural products, industrial products and services (e.g. consultancies, tourism) and to protect the intellectual property rights (e.g. copyrights, designs) of traded goods.

By December 1996, 126 countries apply these WTO rules and tariff regulations (border tax). Many are developing nations. An additional 28 countries are in the process of joining the WTO. Since the WTO covers most economic sectors with very strict regulations, the WTO has an important impact on societies and economic growth in developing countries.

Although trade influences people's consumption and daily practices and the manner in which employment is created or lost, the issue is not popular. The implementation of the trade agreements has gone unnoticed among the majority of politicians, NGOs and citizens. Trade wars between the major trade powers (the European Union, the United States and Japan) have been the driving forces behind the media interest in the functioning of the WTO.

This booklet describes the WTO and the issues at stake for developing countries and their populations when the Ministers of the WTO Member States meet in December 1996.

Why the ministers are meeting in Singapore (9-13 December 1996)

The WTO constitution provides for a Ministerial Conference at least once every two years to ensure that the trade ministers take responsibility for the organisation's functioning and future direction. This Ministerial Conference is the highest authority in the WTO. The Ministers take political decisions on difficult issues and determine new areas of negotiation. The Ministerial Conference is the body with most control over the WTO. The WTO operates outside the United Nations system (in violation of the United Nations charter), where the General Assembly reviews the UN agencies. Citizens of WTO member states hardly have access to the WTO. In 1994 at the ministerial meeting in Marrakesh (Morocco), where the Uruguay

Round was signed, the Ministers agreed to hold the first Ministerial Conference of the WTO in Singapore. During the preparations at the WTO headquarters in Geneva (Switzerland), the meeting was scheduled from 9 to 13 December 1996.

The agenda and events at the Ministerial Conference

During the preparations, which began in 1995, serious disagreements arose over the items that would figure on the Ministerial Conference's agenda. The main discussion was whether the Ministers would focus their energies on assessing the implementation of the WTO regulations or whether they would also determine new issues to be covered by the WTO in the coming years. By 8 November 1996, most difficulties had been resolved through formal and informal WTO mechanisms (see below).

The main items on the agenda are:

- assess the implementation of the WTO agreements and decisions
- decide on further liberalisation, particularly on reducing tariffs on information technology
- review ongoing negotiations
- decide on future discussions, decisions and negotiations in the WTO
- exchange views on trends in the world trade system

This booklet provides a critical explanation of the issues of importance to developing countries and their citizens.

The Ministers will take few if any actual decisions in Singapore. They will adopt the reports of the 26 different WTO bodies that have monitored and discussed the implementation and will plan future WTO activities. Each Minister will deliver a speech at the plenary meeting presenting his or her views on the trade system. The implementation problems that have arisen in specific sectors or countries are unlikely to be subjects for open discussions among the Ministers. Developing countries, however, might express their frustration that their WTO commitments have yielded few benefits. At the end of the meeting, the Ministers will issue a general statement about the different issues covered.

The meeting will also provide an opportunity for many informal and bilateral contacts.

At the same time, non-governmental organisations will be able to observe the plenary sessions and to organise parallel activities.

How the other WTO bodies function

The WTO bodies have drafted reports about the successful or unsuccessful implementation of the WTO rules in preparation for the Singapore Conference. Each country had to provide detailed written information (notification) about legislative and practical modifications in accordance with the WTO regulations.

As the Ministerial Conference - the highest WTO authority - meets only once every two years, the General Council is in charge of preparing the Ministerial Conference. The General Council performs the functions of the WTO throughout the year.

The General Council is responsible for guiding and taking high-level decisions on the activities of:

- 1. the Council for Trade in Goods,**
- 2. the Council for Trade in Services, and**
- 3. the Council for Trade Related Intellectual Property Rights (TRIPs)**

These councils discuss the implementation of the Uruguay Round agreements and any problems that might arise concerning their particular sector.

These three Councils have committees that address specific problems in greater detail (e.g. the Textiles Monitoring Body) and that conduct negotiations on issues not finalised in the Uruguay Round (e.g. the negotiating Group on Telecommunications).

The General Council is also responsible for separate Committees:

- the Committee on Trade and Development and its Sub-Committee for the Least Developed Countries
- the Committee on Trade and Environment
- the Committee on Regional Trade Agreements
- the Committee on Balance of Payments Provisions
- the Committee on Budget, Finance and Administration

In addition, the General Council reviews:

- the Dispute Settlement Body, which ensures the functioning of the judicial system of the WTO for conflict resolution and breaches of rules in all the WTO agreements. The dispute settlement process embodies a consultation mechanism, a three-member dispute panel that renders verdicts imposing sanctions across sectors, and an appellate body.
- the Trade Policy Review Body, which discusses and publishes regular country reports (the European Union is considered one country) about the respective trade policies, application of WTO commitments and trade liberalisation.

The staff of the WTO Secretariat supports the operations of the different WTO bodies, for instance by preparing documents. The member states have deliberately kept the Secretariat small and have granted this body executive power only. The Director-General is head of staff, chairperson of different WTO bodies and represents the WTO in outside affairs. In theory, he has no mandate to promote issues without the consent of all members.

The meetings of the WTO bodies are open only to the diplomatic and other representatives of all the member states, WTO Secretariat staff and staff from some other intergovernmental organisations (e.g. the IMF, UNCTAD) with observer status. Representatives of the member countries receive their mandates from their ministries. Some of the poorest countries, however, have no representative in Geneva or only a very small delegation and therefore have difficulty participating in the complex WTO system. They have very little awareness of their obligations.

The decision-making process does not conform to democratic principles of transparency, accountability and equity. Many discussions and decisions are reached informally between the ambassadors of a few countries. Informal agreements between the European Union and the United States, sometimes in consultation with Japan and Canada (the Quad) can be decisive if brought into the WTO process.

IMPLEMENTATION OF THE WTO RULER

The main item on the agenda for the Singapore Ministerial Conference is the review of the implementation and liberalisation as agreed in the Uruguay Round and implemented under the WTO since January 1995.

The WTO obligations

The area to be reviewed comprises the wide range of obligations negotiated in the Uruguay Round:

- **the agreement on trade in goods:**

- tariff cuts and liberalisation of industrial products;
- liberalisation of textile and clothing imports in the industrialised countries over a 10-year period (dismantling the Multi-fibre Agreement - MFA);
- reform of trade and domestic policies in agriculture (by allowing more imports, and some reduction in government subsidies for export and support to domestic farmers);
- constraints on investment laws that restrict trade (Trade Related Investment Measures - TRIMs);
- rules on restricted use of subsidies, safeguard measures (which allow a country to halt imports if an industry is in danger) and anti-dumping (against sales below production cost).

- **the agreement on trade in services (GATS):**

- a series of obligations such as national treatment (foreign services must receive the same treatment as national services) and easily accessible information about laws on services ('transparency');
- access to and application of the GATS obligations to foreign companies in the service sectors described by a given country in a list;
- application of special provisions and exceptions for financial services, telecommunications, the movement of natural persons supplying services and air transport services.

- **the agreement on trade-related intellectual property rights (TRIPs):**

- enforcement in all WTO member countries - during a specified period - of copyrights, trademarks, industrial designs, patents, trade secrets etc. registered in one of the member countries;

- application of general WTO principles of national treatment and the most favoured nation clause (MFN) to foreign intellectual property rights.

The enforcement of the above obligations is enacted through the dispute settlement mechanism and the Trade Policy Review Mechanism.

The onerous and unequal implementation for developing countries

The Uruguay Round includes special provisions for the developing and especially the least developed countries. This special and differential treatment is quite limited in scope. It covers exceptions such as longer periods of non-application before adopting the WTO agreements and less stringent obligations than for industrialised countries. Although not all the information is available, the review indicates a relatively low use of those provisions. Where they have been used, their impact remains unclear. Moreover, the non-binding declarations in support of developing countries have yet to be fully implemented (see below).

Notwithstanding the special and differential treatment, developing countries have implemented impressive changes in economic policy. Some governments have experienced restrictions on their national economic development policy instruments as a result of the WTO obligations. For many developing countries, the implementation of the WTO rules has been an enormous burden. Even reporting (notification) on the nature and method of a country's implementation was onerous, not in the least for the understaffed delegations in Geneva. Implementation may prove costly. UNCTAD calculated that Bangladesh will have to spend US\$2 million a year to operate the TRIPs agreement, excluding the preparatory costs.

At the outcome of the Uruguay Round, developing countries already expressed 'a shared lack of satisfaction' because their interests were not fully integrated as the United States and the European Union had successfully done. Many macro-economic calculations (such as those by the GATT/WTO Secretariat) indicated a disproportionate distribution in the annual world gain of US\$ 510 billion projected for the year 2005: 32 % will go the European Union, 24 % to the United States, 5.2 % to Japan and only 22.7 % to all developing countries and countries in transition.

In contrast to the Northern governments, which hailed the Uruguay Round agreements

as important instruments for economic growth, many non-governmental organisations (NGOs) expressed concern that such unbalanced new trade rules providing for rapid liberalisation would not benefit development, the environment or the poor.

In the course of implementing their WTO commitments, developing countries have learned that the few rules they had hoped would benefit them - despite sacrifices in other sectors - have yielded few gains. Examples include the textiles and garments agreement, as well as others explained below.

What is at stake?

Some developing countries knew they would have gained few concrete benefits in return for their sacrifices. They found it more important to build a multilateral system of trade, based on rules enforced in all countries. They hoped that such a trade regime would get powerful trading nations to stop imposing their interests as they had done in the past (e.g. dumping agricultural products). So far, equal enforcement of the trade rules through the dispute settlement mechanism has yielded mixed results.

The real impact for developing countries still needs to be fully assessed. Some WTO regulations remain to be applied at future dates. Available figures do not identify the operators affected by the gains and losses: are they companies, workers, consumers or governments?

The Ministers at the Conference in Singapore will hardly deal with negative impact of the implementation of the WTO. For the past two years, the North has systematically focused on the opportunities created by the Uruguay Round.

The opportunities, mainly to the major trading powers, indicate the distribution of the benefits:

- In 1995 the United States share of the US\$ 4890 billion of world exports was 15.5 %, and the European Union share was 20 % (excluding internal trade).
- One third of international trade is conducted between affiliates within the same Transnational corporation (TNC). One third of international trade is conducted between TNCs. Liberalisation benefits TNCs by enabling

them to produce and sell in the countries most beneficial to them. Many TNCs have been lobbying during the Uruguay Round negotiations.

- The United States and the European Union have already attributed their interest in trade liberalisation to their desire to increase export possibilities and consequently employment.

The Ministers are likely to agree that the goal of the WTO is total free trade and liability to the WTO rules in developing countries. An open trading system and global integration is considered a means of maximising opportunities for growth and employment and for reducing marginalisation. All countries and sectors must become competitive on the world market. Michel Camdessus, Managing Director of the IMF, concedes that 'markets are merciless. They will not spare anyone who fails to adapt'.

A neglected issue: The negative impact on people

The Ministerial Conference uses a highly technical method for assessing the WTO. Ministers will exclusively examine the implementation of the WTO agreements without considering their impact on people and on sustainable development.

The preamble to the WTO states that trade relations should be conducted 'with a view to raising standards of living, ensuring full employment' and a 'steadily growing volume of real income' and increasing trade 'in accordance with the objective of sustainable development'.

Reports from some citizen groups in developing countries indicate failure to meet these objectives in some cases.

In South Korea, farmers have discovered that the Uruguay Round obligation of 'minimum access requirement' to import food (1% in the first period, up to 4% after 10 years) is already undermining their domestic production system. The accelerated dependence on imported food is exacerbating the problems of industrialisation for rural development and the environment.

In the Philippines, the WTO agreement to reduce agricultural tariffs has opened up the country further to free entry of many agricultural products, including items

traditionally produced by peasants and previously protected by law. The government's policy is to liberalise faster than agreed in the Uruguay Round. Recently, a tariff bill was passed to remove quantitative restrictions on imports. Lobbying by the US Embassy in Manila and the Cargill grain corporation for the passage of the bill with thinly veiled threats of trade sanctions shows where the benefits lie. The bill has accelerated the rate at which producers are exposed to world market competition. Philippine farmers now experience unfair competition from European Union and especially from United States farmers who have retained indirect subsidies under the Uruguay Round agreements. This practice has undermined the prices of peasant producers. As subsidies were cut for Philippine farmers during structural adjustment programmes, many farmer families have been unable to compete. This problem has resulted in dislocation, further concentration of land, loss of income and a decline in living standards.

The pressure to increase exports and compete on the world market has led the Ramos government of the Philippines to adopt an agricultural development plan to reduce the planting of the basic staple food (rice and corn, which are in short supply) to 65 % of the total hectares. The land freed is to be planted with 'high value export crops'. Small and poor farmers fear that reduced food production, lack of access to food and the drop in farm income will further undermine food security. In the 1995 rice crisis, they saw that rice imports (the basic staple food) especially benefited the cartel of rice traders.

In Ghana, women have noticed that imports are so cheap that they are displacing trade in the informal sector, which is often women's only source of income. Gender analysts question whether women, who are often at a disadvantage (e.g. less training, less access to credit or land, exploitation as cheap labor), will be able to compete in the new trading system and benefit from the opportunities or whether they are doomed to continuing feminization of poverty.

Conclusions and call for action

The WTO Ministerial Conference and the General Council have to make concrete commitments (e.g. via the Trade Policy Reviews) to assess the implementation of the WTO obligations in the light of the objectives outlined in the preamble, with a special focus on full employment and raising standards of living.

SPECIAL ATTENTION FOR THE LEAST DEVELOPED COUNTRIES?

Developing countries risk marginalisation

In the world market promoted by the WTO regulations, all products have to compete with each other. Countries, companies and people need to be competitive to participate and sell their agricultural, industrial or service products. Technology, communications and information, capital and credit, foreign direct investment (FDI), training and education, management, know-how (intellectual property rights), cheap and skilled labour, large consumer markets, adequate support and government infrastructure all contribute to competitiveness in open markets. Developing countries often lack these skills and productive goods. This situation is even more true in the least developed countries (LLDCs), which depend on their cheap labour and a few commodities or products that are marketed at very low rates.

The WTO rules favour the products from the more advanced economies. As LLDCs have not achieved the same level of economic development, official awareness is growing (e.g. at UNCTAD IX) that they run a special risk of being marginalised and being unable to benefit from the WTO trade system.

What does the Trade and Development Committee do?

The WTO Trade and Development Committee (TDC) has discussed ways to help developing countries on the road to integration in the world market and is designing instruments to avoid marginalisation. The trade system and liberalisation of the WTO has yet to be challenged by the needs of economically poor countries and people. The European Union has consistently argued that the TDC should not deal with development and trade but with development of trade (i.e. increasing trade by developing countries). Northern governments have stressed the need for capacity building and change in domestic policies to enable developing countries to benefit from the opportunities created by the WTO. They have glossed over the disadvantages. The developing countries have observed the role of trade barriers for their products and processing.

Traditionally, the WTO Trade and Development Committee (TDC) has been responsible for ensuring implementation of the 'special and differential treatment' for the developing and least developed countries in the WTO. In 1995-96, the TDC has become more active and has expanded its scope to include:

- reviewing the impact of the Uruguay Round on developing member countries, especially understanding the WTO obligations and methods for reporting the implementation to the WTO; the talks have not covered the impact on people and the environment.
- discussing why some developing countries had integrated into the multilateral trading system more successfully than others and what conclusions could lead to recommendations for Singapore; no consensus has been reached.
- drafting guidelines for the technical assistance of the WTO to respond better to the needs of each member.

A special Trust Fund for technical assistance by the WTO was created after Norway had provided US\$ 2.5 million. The European Union contributed by financing seminars about the WTO in Lomé Convention countries in Africa, the Caribbean and the Pacific.

The Trust Fund money also financed travel to the meeting of the TDC and its Sub-Committee for the LLDCs because of insufficient participation by developing countries and LLDCs (some have no mission in Geneva).

Intergovernmental organisations such as UNCTAD and the IMF made some contributions during the discussions in their capacity as observers. Citizens and NGOs could not participate, nor were they consulted.

Limited Plan of Action for the Least Developed Countries

In 1994 at the signature of the Uruguay Round, the Ministers adopted the 'Ministerial Decision on Measures in Favour of Least Developed Countries' on a non-binding basis. WTO members can choose from a broad range of measures favouring LLDCs.

In 1995 the WTO Director-General promoted the initiation of a special programme in collaboration with UNCTAD, ITC (International Trade Centre) and the World Bank to increase and diversify trade by African nations. The programme is not progressing smoothly.

At the G7 in Lyon (June, 1996), the Director-General proposed eliminating all tariffs on exports by LLDCs. He received no positive response from the richest countries, although the LLDC share in world trade was less than 0.4 %, totalling not more than US\$ 16 million.

After discussions by the TDC Sub-Committee on the Least Developed Countries about the specific problems and risk of marginalisation facing LLDCs, special measures were considered, particularly with respect to benefiting from the opportunities provided by the Uruguay Round. While various LLDCs had advocated an integrated approach to both their internal (e.g. infrastructure) and external (e.g. erosion of trade preferences, debt) problems, the North preferred to limit its support to measures within the scope of the WTO while encouraging cooperation with other international agencies.

Several proposals for a 'Comprehensive and Integrated WTO Plan of Action' for the LLDCs have been considerably watered down during the preparations. The Ministers are more likely to adopt the following measures related to:

1. The provisions in favour of LLDCs:
 - measures for more effective implementation of the provisions;
 - assistance to LLDCs to meet their reporting obligations regarding implementation of the WTO rules.
2. Human and institutional capacity-building:
 - improve technical assistance by the WTO and in coordination with other intergovernmental organisations;
 - promote export diversification to increase the capacity to benefit from WTO market opportunities;
 - WTO members may voluntarily contribute to financing LLDC participation at the TDC meeting.
3. Options for improving market access for exports from developing countries, by member countries individually after the Singapore Ministerial Conference:
 - grant preferential duty-free access for LLDC exports;
 - improve access under the WTO agreements, such as in textiles and clothing.

4. Other initiatives:

- assist the accession process for LLDCs who want to join the WTO;
- induce foreign investment to LLDCs as a result of the new trade opportunities of the Uruguay Round;
- make a permanent commitment to preferential duty-free access for LLDC exports ('binding').

Conclusions and call for action

- No firm action has been taken to avoid marginalisation of LLDCs in the current trade regime. The measures of the proposed WTO Plan of Action are neither comprehensive nor integrated. The options for improving market access after the Singapore Ministerial Conference will need to be monitored for effective action.
- If an agreement for permanent tariff cuts in information technology is reached in Singapore, Ministers must have the political will to grant the export products of LLDCs duty-free access.
- Sustainable development must become the focus of the Trade and Development Committee's activities and the objectives of trade. Channels for receiving input from the citizens should be designed.

AGRICULTURAL TRADE AND FOOD SECURITY

Agricultural trade reform to continue

Before the Uruguay Round, agricultural production and trade were not subject to multilateral regulation. The consequences were high protectionism in the North and limited export possibilities for the South. Fierce competition for export markets aided by huge amounts of export and domestic subsidies resulted in dumping agricultural surplus in developing countries. Farmers in the importing countries could no longer sell their farm products because their production costs exceeded the price of imports. This situation undermined farming in many developing countries where food production and agriculture remained major sources of employment, and encouraged industrialisation and large-scale production in the North (job losses).

The new rules of the agreement on agriculture under the WTO reduce export subsidies (dumping) and domestic support to farmers and improve market access. No real food security commitment was introduced. Since the reduction measures overlooked the indirect support measures by the United States and the European Union, farmers in the South still face unfair competition because their governments cannot afford such indirect support.

The Uruguay Round commitment by developing countries to import some food (1% of local consumption in the first year, increasing to 4% after 10 years) has already upset farming systems (see above on Korean farmers).

The tariffication obligation meant that different mechanisms of import control and agricultural support had to be transformed into tariffs. This practice leads to higher tariffs - thereby reducing import possibilities - on some agricultural products from the North as well as from the South. The hope is that these tariffs will gradually decrease under Uruguay Round obligations and through future negotiations.

New negotiations toward more market-oriented trade and production in agriculture are scheduled to start in 1999. Several countries have already adopted negotiation tactics. The Ministers will begin preparing the negotiations through analysis and information exchange in 1997. Will food security and the interests of poor countries and poor farmers receive more careful consideration than during the Uruguay Round negotiations, where the United States and the European Union basically negotiated alone?

Case studies of farmers turning to cash crops and buying of food have shown falling income, environmental erosion and raising import bills for the government.

The problem with the special measures for food security

The Food Summit (9-17 November 1996) of the UN Food and Agriculture Organisation (FAO) focused on food security. Many farmers in developing countries and NGOs doubt that the market-oriented agricultural system created by the WTO can guarantee food security. In 1995-96 the consequences of the market vagaries became apparent when food prices increased, and world stocks decreased to their lowest levels in decades: food aid suffered, import bills rose and food imports dropped.

The FAO calculated that from mid 1995 to mid 1996 low-income food importing countries had to spend US\$ 3 billion (US\$ 1.4 billion for Africa alone) more on cereal imports than the previous year (1994). The impact on the poor and hungry are hardly mentioned. Nevertheless, the Food Summit has not challenged the WTO regulations to deal with the aspect of food security and trade.

The Uruguay Round negotiators had accepted that food price increases on the world market might result from the agreed reduction in dumping. The 'Marrakesh Ministerial Decision concerning the possible negative effects of the agricultural reform programme on least developed and net food-importing countries' aimed to ensure that the higher food bill and reduced stocks for importing countries would not cause food shortages or diminished food aid. The main instruments agreed upon were:

- commitment to continued food aid;
- facilitated payment of commercial imports through financial loans from the IMF and the World Bank under existing and new facilities contingent upon agreed structural adjustment;
- better financial terms for foodstuffs (e.g. credit, grants);
- technical and financial assistance to improve agricultural productivity and infrastructure if requested by countries;
- differential treatment in any future agreement on agricultural export credits.

When food prices increased in 1995-96, the WTO member states were unable to agree on the role of the new trade rules, since the weather was also involved, and good harvests brought prices back down again from mid 1996 onwards. The terms of the Marrakesh Decision did not provide for any special support. The Ministers in Singapore will probably simply renew their commitment to the instruments as decided in 1994 without defining indications for using the instruments.

Higher world prices and fewer cheap imports encourage local farmers to produce and sell for the domestic market. This would encourage food self-sufficiency from the world market. These farmers need support in the short term, however, to restart or increase their production.

Conclusions and call for action

- Food security, eradication of hunger and the interests of poor farmers in developing countries must systematically figure at the heart of the renegotiation of the agricultural agreement scheduled to start in 1999 (preparations to begin in 1997).
- Northern countries have to implement their Marrakesh commitment for the net-food in low-income developing countries and accept that the market vagaries result directly and indirectly from the WTO rules. Measures for increasing production in the South require special support.

DEVELOPING COUNTRIES UPSET ABOUT THE LACK OF MARKET ACCESS FOR TEXTILES AND CLOTHING

How the Uruguay Round dealt with import restrictions

For decades the industrialised countries have limited imports of cheap textiles and clothing through the Multi-fibre Agreement (MFA). Each importing country and the European Union agreed with the exporting countries individually on the amount (quotas) that could be imported per year under the MFA.

The agreements did not avert widespread job losses in the North, thus making textiles a 'sensitive product' and raising strong protectionist measures. The textiles and clothing industry is creating many jobs and increasing income in the South, although the working conditions are often unacceptable.

When the Uruguay Round agreed to eliminate the MFA, developing countries considered its disappearance one of the few advantages they secured. The benefits would not be direct, since the North would accept only a gradual phasing out during a 10-year period with different stages of liberalisation. Even once all textiles and clothing trade ceased to be subject to MFA restrictions, the import tariffs in the North would remain high.

Anger over limited increase of market access

The first liberalisation phase lacked any meaningful impact for Southern exports. The list of products to be phased out had been manipulated during the negotiations.

The developing countries felt that the spirit of the WTO deal had been betrayed. They regarded the open declaration by the United States that any meaningful liberalisation would come only at the end of the 10 year period as unacceptable. In addition, developing countries have claimed that the increased use of complex anti-dumping measures and safeguard clauses limits their exports further. This unbalanced implementation is likely to be raised at the Ministerial Conference. By the end of December 1996, however, the Northern countries have to indicate the textiles and garment products they will liberalise in the next phase-out. Early signs suggest that the European Union will continue to provide little increased access.

On the other hand, some smaller producer countries of garments (such as Bangladesh) fear that after 10 years and without quotas - which not only limit trade but also guarantee access - they will be unable to compete with bigger producers and will lose their market share and export earnings. No effective solution is being discussed. Many jobs and incomes are at stake (especially for women), despite the need for improved working conditions.

Moves to open up southern markets

The European Union is trying to limit the impact of the liberalisation in textiles and clothing on European jobs by opening up markets to sell its textiles and garment products in the South. It has negotiated a bilateral process of opening markets for clothing in India, Pakistan and Indonesia. Amid the current preparations for the next phase-out of the MFA under the WTO, the European Union is exploring new market outlets in the South and linking these opportunities to better offers for its phase-out, contrary to the spirit of the Uruguay Round.

Conclusions and call for action

- The Northern countries have to fulfil meaningful implementation of the next phases of the WTO Textiles and Clothing agreement.
- If the liberalisation causes, in South and North, unemployment and job creation involving labour exploitation, discussions must be held on the effects of liberalisation for the entire Uruguay Round package.

CITIZENS NOT WELCOME AT THE WTO

All WTO regulations have been negotiated and implemented without input from groups of the population and non-profit public interest groups. The preparations of the Singapore Ministerial Conference included only a small consultation on the trade and environment committee in September 1996. In Singapore, NGOs will receive a conference room for their activities and access to the plenary ministerial meetings.

Access to information restricted

Article V.2. of the WTO constitution on 'relations with other organisations' states that 'The General Council may make appropriate arrangements for consultation and cooperation with non-governmental organisations'. In July 1996, the General Council adopted a decision on 'Guidelines for arrangements on relations with non-governmental organisations' (NGOs). The procedures will be reviewed and 'if necessary modified' by the General Council two years after their adoption.

These arrangements concern only access to documents and information. NGOs cannot observe meetings. Overall, the decision is a far cry from the rights of NGOs/citizens and UN practices. The agreed access to information is very restrictive. For instance, all background notes by the Secretariat and minutes of meetings by all WTO bodies (except of the Trade Policy Review Body and dispute panels which will be derestricted), including summary records of sessions of the Ministerial Conference, will be considered for derestriction six months after the date of their circulation among the WTO members. Even the agendas of meetings are not supposed to be disclosed beforehand. Once derestricted, the documents will be available only on the Internet.

Little consultation

No formal channels are being established within the WTO for holding consultations or circulating arguments and position papers between the representatives or decision-makers and the general population. Only the WTO Secretariat has to figure more actively in direct contacts with NGOs, for instance through small symposia and informal exchange of papers. Although such means might be useful for exchanging information, they are unlikely to achieve a major impact on the decision-makers. For years, the Secretariat has claimed that its powers are only executive.

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No participation

There is 'currently a broadly held view' among WTO Member States that direct involvement for NGOs in the work of the WTO or its meetings is impossible at this time. Greater cooperation is to take place nationally. The method of organisation and the input of the NGOs if they receive documents only after the decisions have been taken, remains unclear.

NGOs are merely viewed as contributing to increase the awareness of the public. NGOs are not recognised as monitors of, nor contributors to the discussions at the WTO, notwithstanding the Secretariat's limited resources for analysis. Given the complexity of the WTO rules and the new trading system, NGOs could be used for early warning and feedback.

Conclusions and call for action

- The General Council decision is much more restrictive than the spirit Art. 5 on consultation and participation (see Havana Charter). The Ministerial Conference should disagree with this interpretation and value the NGOs' role, e.g. by an increased budget for that purpose.
- In Singapore, the Ministers should decide to grant NGOs access to WTO documents in due time to enable meaningful input. They should oblige the WTO to start improving the measures for consultation and participation as soon as possible, in consultation with NGOs.

WILL 'NEW ISSUES' BE INCORPORATED IN THE WTO?

Discussions on trade on environment

In 1994, when the trade Ministers met in Marrakesh, the new issue was trade and the environment. They formed a WTO Trade and Environment Committee with a mandate to draft recommendations for changing the WTO rules addressing trade and sustainable development. In Singapore the Ministers need only to approve the report of the discussions and to decide whether the Trade and Environment Committee will continue. The Committee has applied a very limited and technical approach without integrating a sustainable development perspective in all the WTO bodies, nor challenging free trade. It covered trade measures in multilateral environmental agreements extensively (seeking ways to permit them under the WTO).

Fear of added costs for environmental requirements (e.g. by eco-labelling) has made developing countries very cautious on environmental issues. The South has been little supported in its interest in effective means to stop imports of hazardous products that are prohibited in the country of origin (domestically prohibited goods), the links between environment and market access, and the impact of the WTO patenting system (TRIPs) on bio-diversity. In contrast, the non-governmental regulatory body ISO (International Organisation for standardisation) is taking decisions in the interest of businesses in the industrialised countries.

To be or not to be ... on the WTO agenda after Singapore

The most serious issue of contention for the Ministerial Conference involves deciding whether the WTO should discuss or negotiate issues other than the ones currently integrated or foreseen in the WTO agreements. This involves major implications.

Most developing countries believe that the Uruguay Round's implementation already requires major efforts without ensuring clear benefits. They object to covering other trade-related aspects that they are unable to analyse. The EU and the United States press that the Ministers consider other economic issues for inclusion among the future responsibilities of the WTO.

The EU strongly advocates drafting multilateral rules to liberalise and protect foreign investment in the framework of the WTO, arguing that clear rules would enable all countries to attract investment. The United States is reluctant because such a process would weaken the upcoming agreement in the OECD. Many developing countries fear a total loss of sovereign control over their economy.

The mostly hotly debated issue is the 'social clause'. Proponents such as the United States and Belgium, as well as some trade unions and NGOs, argue that mechanisms (including trade sanctions) have to be incorporated in trade agreements to safeguard exports from being produced in defiance of basic workers rights as agreed in ILO conventions. Some developing countries and NGOs argue against any linkage between trade and social standards, which they consider protectionist or ineffective. The UN International Labour Organisation (ILO) is likely to remain the primary forum for discussing trade liberalisation and social issues.

Given that a market economy and free trade can function only in the absence of monopolies, cartels or abuses derived from holding big market shares, 'competition policy' also figures on the WTO agenda. At present, no binding regulations prevent monopolistic malpractice (such as price fixing) by large companies on the world market or the acquisition of a large part of a developing country market by a foreign company. Discussions on this issue will need to balance the issue of national competition policy that affects trade, and malpractice internationally.

Other issues discussed during the Singapore preparations include compatibility between regional trade agreements and the multilateral rules of the WTO and the effort to curb corruption providing some traders with unfair advantages over others.

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