

Essay on The WTO – Whether a Failure?

WTO, an International organization, is the outcome of several years of deliberations beginning from the end of Second World War and formulation of GATT in 1947.

The GATT (General Agreement on Tariff and Trade) was established to regulate and facilitate the trade among the member nations for the sole purpose of boosting the economic growth and overall development. The first seven round of negotiations under GATT were focussed to encourage the international trade by reductions in trade barriers and trade tariffs. But with gradual changes in the world economic scenario, the developed countries to enhance their share trade with developing countries felt the need of a permanent body to look after the international trade and other related aspects. The 8th round of multilateral Trade Negotiations, known as Uruguay Round took place in 1986. The Uruguay round contained the mandate to have negotiation in 15 areas, while part I contained negotiation on Trade in Goods in 14 areas and part II contained negotiations on trade in services to be carried out. These negotiations were to be held at every fourth year, but on account of differences among the participants on several critical fields such as, Anti Dumping measures, Textile Trade, Agricultural Trade, TRIPs etc, no agreement could be reached. To overcome such problems, Mr. Arthur Dunkel, Director General of GATT, submitted a very detailed proposal, known as Dunkel Proposal. India signed the Dunkel Proposal alongwith 117 nations on April 15, 1994 and consequently the WTO came into existence on 1st Jan, 1995.

The WTO is meant to regulate and facilitate the international trade but because of the difference of interest between developed and developing countries, it has not resulted what was expected from it.

The third ministerial conference of the WTO at Seattle in Dec. 99 was

not a success as the developed countries did not show much interest in reducing their trade barriers and gave too much emphasis on labour and environmental standard. India had already expressed her views that it was better to concentrate on the existing agreements rather than taking up new issues.

Making the country's stand clear on the issue of launching a new round of trade negotiations in World Trade Organisation, Mr. Vajpayee, Prime Minister of India, announced the country's readiness to engage constructively and with an open mind in negotiations with developed countries on all issues relating to global trade, but at the same time he took serious note of unmet promises and unfulfilled obligations by the developed nations made in the Uruguay Round, which according to Mr. Vajpayee was a matter of concern for the developing nations. Mr. Ruben Ricupero, Secretary-General of the United Nations Conference on Trade and Development said, "If a new round sets out to continue, the process towards imposing even deeper and wider obligations it will fail, and thus should not even be launched. Specifically, there would seem to be no logic in seeking to impose further constraints on the developing countries, nor to introduce alien elements into the overall balance of multilateral rights and obligations by expanding the frontiers of the system". "A new round should rather address the need to make every member feel comfortable." Mr. Ricupero concludes, *"Any new round that aims at the refinement and improvement to reflect to greater extent, the interests of the developing countries and facilitate the accession of those many developing countries, including the developed countries, the least developed countries and economics in transition' ould result in a truly universal system"*.

WTO Ministerial Meeting in Doha

The meeting of WTO was held in Doha, capital of the gulf state

of Qatar, where negotiations were held for six days from Nov. 9, 2001. It appeared that the developed countries were more united and tried to impose their agenda. A day before the closing day of the conference, it looked that Doha meet was going the "Seattle" way and India was made the villain, who refused to care into the way of negotiation were being conducted to suit the interest of only USA, European Union and other rich countries. India objected to passages in the final draft, calling for negotiations on links between environment and trade and on proposals to liberalise cross border investment. India found the revised proposal on the environment redundant and a back doorway by the European Union to block exports from countries not meet western standard in areas such as food safety. India also tried to put the demands of developing nations for greater access for their textile goods.

The matter was lastly finalised on , after India showed her intentions to sign the draft deal, while opting out of certain aspects of the agreement. The credit goes to the negotiating skills of the Union Commerce Minister Mr. Murasoli Maran, that India defended its trade interests to very end and agreed to join the consensus only after the agreement was suitably modified.

At the Doha meeting three major declarations were adopted—(1). On negotiating agenda for the new WTO round, (2). On some 40 implementations concerns of the developing countries and, (3). On the political statement dealing with patents and public health. The negotiating agendas was more of a victory for the European Union and the United States than for the developing countries, with the EU's ambitions failing only on Singapore issue. The success in keeping out the four contentious issues, Singapore issues of investment, competition, government procurement and trade facilitation till the next conference in 2003, has been achieved amidst dire warnings of India's isolation made initially by developed countries such as US.

An important development for the developing countries has been the separate declaration on patent protection which does not prevent developing countries from manufacturing or importing cheaper generic medicines to combat widespread disease like AIDS, malaria, typhoid etc. On Nov. 11, 2001, China also joined the WTO and Taiwan's application was also approved, thus both became 143th and 144th members of the WTO.

Cancun meet:

During the year 2003, the developed countries dominated and monopolised an upper hand in world trade and always strive to put their interest over and above the interests of the developing and least developed nations. For the first time, when the negotiations held at Cancun in Mexico for five days in the first half of Sept. 2003, the developing countries demonstrated an unusual unity and refused to be dominated by the rich countries led by USA, EU and Japan. As many as 146 members of the WTO, could not succeed in reaching a consensus on fundamental issues of world trade.

Mr. Arun Jaitly who represented India in Cancun meets said, "The fact that we brought the concerns of developing countries to the centre stage reflects the success of Cancun".

The developed countries including the EU insisted on WTO starting negotiations in new areas such as foreign investment and competition policy. This stance of the developed world, couldn't be digested by the poor and developing countries of Asia, Africa, and Latin America who were indignant at a draft declaration that had completely ignored the interests of millions of their farmers.

What has been earlier a trade pattern vehemently, dominated by the US; EU and Japan has changed drastically to accommodate the interests

of the developing countries led by China, India and Brazil. This magnanimous change will positively reflect in future WTO negotiations. The poor and developing countries, first time raised their concern at the Seattle meet just four years ago, once again demonstrated their solidarity that their interests can no longer be ignored by any kind of world trade mechanism or system. India asserted in WTO's fifth ministerial meet at Cancun that equal rules could not be made applicable on unequals. Mr. Jaitley raised the matter of subsidies being given by USA and EU to their agriculturists on one pretext or another, and said that the plights of poor farmers was directly linked to the subsidies given to farmer in industrialised countries. Mr. Jaitley demanded that the conference should move towards a more inclusive and transparent decision making process.

The stand taken by India and other developing countries was also upheld by the UN Secretary General, who in his message delivered at the WTO meet said, *"We must eliminate subsidies that push prices down and make it impossible for poor farmers in developing countries to compete"* USA and EU, provide 300 billion subsidy to their farmers annually thus distorting the world trade in agricultural production. Mr. Annan said that these barriers and subsidies in developed countries should be phased out for the sake of humanity.

The Director General of WTO Dr., Supachai Panitchpakdi, in his inaugural address on Sept. 10, 2003, called on the ministers to show "flexibility and understanding to reach an agreement that would take the Doha round of trade negotiations forward". Mr. Supachai further said that *"the choice before the meeting was either to strengthen the multilateral trading system or flounder and add to the prevailing uncertainties"*.

The Cancun meet approved the applications of Cambodia and Nepal to join the WTO. Nepal and Cambodia are the first least developed

countries to join the WTO since the organisation replaced the old GATT in 1995.

Thousands of European backpackers and militants, US environmentalists, and Mexican peasants protested against the WTO and other institutions like IMF, which they accused of leading a globalisation drive that exchanges and hurts, the poor. An activist of the landless people's movement of South Africa said, *"We as the poor people of the world are gaining nothing from WTO, the IMF and the world Bank. They all are working for the interests of the big companies and individuals"*.

So far the WTO could not deliver good results despite a long journey undertaken so far. For the success of any such meetings, it has to be realised by the rich and developed nations that while forwarding the interests of their own countries, they can't ignore the world of poor and developing nations in the name of globalisation or liberalisation.