What's at Play at the WTO

By Laura Carlsen | December 12, 2005

For those who have observed the WTO's negotiation process at the ministerials in Seattle, Doha, or Cancun, it looks like an enormous and complicated game of cards. From one minute to the next, strategies change, bets are placed, teams formed and reformed, and the rules of the game shift according to the interests of the major players. While some players with weak hands bluff, other players underestimate the strength of their hands. But in the end the power and negotiating dynamics become clear.

The cards shuffled by the WTO are, in reality, enormously complex economic prescriptions that have repercussions on not only trade but also on the national development of each country. These cards are not, as they would have us believe, dealt evenly and at random, but rather they are fixed by the dealer—in this case the world's wealthiest nations: the United States, the European Union, and their allies.

Once the rules of the game have been accepted, players cannot trade in any of the cards they have been dealt. The sanctions for breaking the rules are severe and include fines, protective tariffs, and temporary market closures, among others. Poor countries face huge limitations for developing independent strategies in this game.

The objective of this game is free trade for corporations—not development. The moment a playing country sits down at the table, other objectives are automatically subordinated or even cast aside by the globalization game as defined and imposed by the WTO. Despite the fact that the current round of negotiations is called "The Doha Development Round," in practice, development and its pillars—national industrialization, food sovereignty, social welfare and equity—are discarded. Instead, market access, liberalization, international commerce and investment, and privatization become the guiding principles.

One of the most deceitful rules is the rule of reciprocity. Generally considered a basic concept of equity and equilibrium, in the context of international trade, reciprocity becomes a way of institutionalizing permanent inequality. The reason is simple: the different nations and their productive sectors enter the game with profound asymmetries between them.

The major players remain the same and continue to play with basically the same strategies. A large-stakes player, the United States holds in its hand two aces in this game: the biggest market in the world and an impressive export capacity derived from the production of huge surpluses—for example, in basic grains. In addition, U.S.-based transnational traders control important global productive chains for manufactured products.

In the WTO, the European Union, in spite of occasional quarrels, usually plays on the same team as the United States. It shares the basic strategies of forcing open new markets for its goods, extending intellectual property rights, and transferring sectors from the public to the private realm.

At the Hong Kong meeting, the strategy of developed countries will center around four points: 1) gaining access to new markets by way of formulas that permit, in some cases, extending liberalization periods and modifying terms, but that do not allow exceptions or exclusions; 2) extending terms of intellectual property guarantees to increase royalty payments and monopoly market control for knowledge industries, particularly transnational pharmaceutical companies; 3) opening up service sectors to foreign investment and; 4) guaranteeing privileged and low-risk conditions for international investors.

The creation of the Group of 20 in Cancun (G-20) at the Fifth Ministerial has resulted in some realignment among the smaller players. Led by countries with large emerging economies such as Brazil, India, China, Pakistan, and South Africa—and peripherally but still there, Mexico—these countries now have more substantial negotiating power. The G-20 has remained cohesive (with the notable exit of several Latin American countries) and even gained strength since its inception in 2003 through a series of meetings under the leadership of Brazil and India.

Another player that has begun to take a stance different than that of the Group of 20 is the African Union. The African Union took a strong stand against the principle of reciprocity in its relationship with the European Union, thus representing a sharp break in the rules of the game. It is possible that the African Union could take a more radical position in the Hong Kong talks.

In Hong Kong once again, the proposals on the table fail to benefit poor countries. In this context, it is necessary to change the rules of the game. If that is not possible, the logical reply is not to play a game where so few win and so many lose. That was the response in Seattle in 1999 and Cancun in 2003. It continues to be the only response in defense of the poor for Hong Kong in 2005.

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"No WTO: Stop Collusion between Government & Business Rally," Hong Kong, December 2005. Photo courtesy of http://glutter.typepad.com/glutter/

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