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Quaker United Nations Office (QUNO)

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Measuring Success at the WTO in Hong Kong

by Tom Head
Bridge City Meeting
Portland, OR

Tom Head is Professor of Economics at George Fox University, Newberg, Oregon, USA. He serves on the Quaker United Nations Committee—Geneva and is at the Hong Kong World Trade Organization (WTO) Ministerial Conference as a member of the Quaker Peace & Social Witness delegation. During December, 2005, he wrote the following report on his experiences at these gatherings. If you would like a Quaker perspective on WTO, check out <http://www.quno.org/economicissues/Dispatches.htm>.

As the 6th Ministerial Conference of the World Trade Organization gets underway in Hong Kong this week, one wonders what will come of it all. The work agenda is still that of the Doha Development Round begun four years ago.

The press routinely anticipates failure for WTO gatherings, and Hong Kong is no exception. The story lines of stalled talks, stuck negotiations, futile discussions inside the hall and active demonstrations in the streets have become the predictable content of WTO coverage. Every other year, the same things seem to happen. So, why do we bother? And will it be any different this time around?

A good many people—government trade representatives, NGO delegates, and activists from around the globe—show up because this is one of those settings in which we do hope to shape a



*"When will the poor start getting richer?" Boat protester
photo by Martin Kunz*

better economy. The current agenda is especially pressing for the millions upon millions of people on the face of the earth who are not doing all that well economically. The current round of negotiations is called a development agenda, and as such is a test of whether or not the 149 nations represented can, in fact, make moves toward trade structures which offer greater economic opportunity and justice.

One of the themes in the air is that "no deal is better than a bad deal," and "no deal" is the likely immediate outcome at Hong Kong. Trade round negotiations are routinely drawn out over many years. The last one was concluded a decade ago when the GATT was institutionalized into the WTO. At most, optimists see movement toward accommodations that might allow conclusion of this trade round in the next year or so.

The WTO decision-making process is itself part of what draws out negotiations over such a long period of time. We are not looking here at a majority-rule mechanism. As the Director-General Pascal Lamy noted at the Inaugural Session on December 13,

2005, "The WTO decision-making process, as you all know is, let us say, difficult. The difficulty stems from the fact that all stakeholders—all of you—have decided that you have exactly the same right, no matter how big or small, no matter how powerful or weak, no matter how rich or poor you are: you all have the right to speak, the right to agree, the right to disagree." The "all" here are, of course, the national governments. Many citizens may not feel well-represented by their governments, and civil society, both inside and outside the hall, carries on the effort to have the voice of the people truly heard in this multinational forum.

But I think the important point is that what goes on here this week, with all its complexities, contradictions and shortcomings, is an exercise in multilateralism. In a world in which multilateralism has been severely undermined in many ways, a successful WTO gathering offers one small opportunity for greater global cooperation. Because of pressing financial crises at the United Nations, UN Secretary-General Kofi Annan was not able to appear here in Hong Kong,

but he did send his remarks, delivered at the inaugural session by UNCTAD Secretary-General Supachai Panitchpakdi. As Annan clearly said, "Development—real gains in real peoples' lives—remains the primary benchmark for success of the Doha Round." Later in his remarks, Annan clearly lays out the challenge:

Rich countries will have to reject not just protectionism, but populism, too. They will have to speak honestly to their people about the changing economics of the 21st century, and about global interdependence and the fact that prosperity elsewhere means prosperity and jobs at home. They will have to help the vulnerable people in their societies with training and other support. And they will have to recognize that a complex network of bilateral and regional trade agreements is not a substitute for an effective multilateral framework.

Finding common ground is, indeed, the agenda. When 149 countries must agree, the process is frustratingly complex and drawn out. Progress is not measurable with any simple yardstick, and we may not know if the movements this week were successful until we look back at this meeting from the perspective of a year or two or even ten years into

HONG KONG COURSE GRADE = INCOMPLETE

As a professor, I grade my students at the end of each class. On occasion a student partially fulfills course requirements but just can't finish all the work as planned. If circumstances merit, rather than flunk the student, an Incomplete grade is given. The Hong Kong Ministerial is just such a "student." There was enough progress to keep going, but it is a little too early to tell if the WTO will successfully complete "the course." As of now, the Hong Kong grade is "I" for Incomplete.

As these things go, modest progress is about all that could have been expected in Hong Kong. After all, this 'course' is a rather extraordinary one, requiring a

group project with 149—now 150—group members. Tonga became the 150th member this week. Teamwork is doable when the group has 3 or 4 or 5 or even 10 members. But a team of 150—that's something else. And each of the 150 trade missions represents, however imperfectly, an entire nation, with each nation having its own complex mix of multiple powers and priorities. Not all groups feel well represented, and the marginalized sometimes have little choice but to express their views in the streets.

So, what did get done in Hong Kong? There was some very partial movement on agriculture, the pivotal issue of the Doha Round. It was agreed to eliminate agricultural export subsidies by 2013. It was hoped that this would occur by 2010, but 2013 was the best that could be adopted. One commodity, cotton, was singled out for accelerated attention because of the disastrous impact that cotton policies have had on a number of African cotton producing nations. Cotton export subsidies by richer nations will be phased out by 2006. Also, there was an agreement to end tariffs and quotas on most imports from 50 of the world's poorest nations, an agreement to end subsidies that contribute to over-fishing, and a plan for the US, the EU and Japan to provide several billion dollars a year in aid to developing countries to help them compete in global trade.

Is this enough to justify calling Doha a development round? Not quite. Many key issues have not yet been addressed, perhaps most significantly the topic of domestic agricultural subsidies. It was encouraging, at least symbolically, that 110 developing countries joined together in a show of unity to remind the Ministerial that economic development was to be the point of this round. At an emotional press conference, representatives of these 110 countries stood their ground. What will come of this inspiring demonstration of together-ness is yet to be known. Many in the third world have grown weary of symbolic victories that in the end offer little substantive

help in their quest for economic progress.

WTO Director-General Pascal Lamy estimates that with the December 18th Hong Kong Declaration, the Doha Round is now 60% complete. He is an optimist. But even accepting his optimistic number, that means that in four years, 60% of the work has been done, an average pace of 15% per year. With one more year to go if the round is to be completed by the end of 2006 or early 2007, the pace needs to pick up, especially given that the hardest stuff is yet to come. And the developing countries will need to see considerably more results than they have thus far. Even *The Wall Street Journal* calls the Hong Kong deal a "bust" for the world's poor.

The marginalized of the world, both inside and outside the negotiations, are waiting. The whole point of trade liberalization is that it creates the potential for win-win rearrangements of production around the globe. In my opinion, it is time for history's winners to show more willingness to give, both within and across borders.

Economists don't promote the idea of free-trade so that some can win and others can lose. The only defensible case for trade requires that the *necessary* condition of liberalization be coupled with *sufficient* readjustments, both within and among countries, to truly achieve win-win outcomes. Poor countries need rich countries to let go, especially in the area of agriculture. And the citizens in all countries, rich and poor, need a sufficiently robust public commitment to programs that allow gains from trade to truly be felt by everyone. Without a commitment to just and equitable outcomes, the economic case for trade liberalization is insupportable, as may be the entire structure of multilateral trade negotiation if the Doha Development Agenda cannot be completed. The progress report this week is "barely passing." □