

Handelspolitik und Wirtschaftskrise

The Meaning of Geneva

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Recently concluded seventh Ministerial of the WTO, coincided with the tenth anniversary of the Seattle protests that shut down the WTO negotiations in 1999. Ten years later, WTO's history pockmarked with protests and high profile failures, set the tone for the ministerial in Geneva – trade ministers gathered at the heavily barricaded Centre International de Conférences, not to negotiate, but to assess the WTO's "contribution" to solutions to the global crises. The Ministerial itself was being organized after four years despite the requirement to meet every two years, further deepening the crisis of legitimacy for the WTO.

With its credibility in tatters as one sixth of humanity lives amidst the squalor of hunger and a global financial crisis wreaks havoc on national economies and the working poor alike, the spin advisories did not shy away from pitching the WTO as a way forward to deal with the most pressing issues of our times. Director General Pascal Lamy claimed that the "financial and economic crisis has been the backdrop to our meeting. ...Recognizing the crucial part that the WTO has played in mitigating the effects of the crisis," he urged the Ministers to focus on what the WTO can do now to help in the recovery. This emphasis on WTO as a solution, would be laughable were it not so tragic, given the fact that the WTO has contributed to the economic and financial crises, and would actually exacerbate them further through proposals such as increased financial services liberalization.

In preparation of the meeting, new projections of how much better off the world will be with the conclusion of the Doha round of the WTO were floated around once again. For instance, a study from the Peterson Institute for International Economics claimed that an ambitious Doha deal could deliver \$300-\$700 million in global welfare gains, with the benefits "well-balanced" between the developing and developed countries. Governments were pressed upon to aim for a close to the Doha Round by the end of 2010.

Figures from the Peterson Institute, however, contrast widely from the sobering estimates from the World Bank's widely publicized 2005 projections of the gains from a "likely" Doha deal. The Bank estimated that the global gains in the year 2015 would be just \$96 billion, with only \$16 billion going to the developing world – amounting to less than a penny per day per capita for those in developing countries. UNCTAD estimates that the costs of implementing the Doha Round would be as much as four times the projected gains. A more recent study from IFPRI demonstrates the ambivalent impact of the Doha agreement on developing countries and almost negligible impact on the global economy, improving world real income by only 0.09 percent – about \$70 billion – as an annual gain!

Not surprisingly then, those who bear the brunt of the effects of free trade policies – social movements, labor unions, and civil society organizations – were present in Geneva to demand a "WTO Turnaround," rejecting more of the same failed policies. Kenneth Quartey, a member of the Ghana National Association of Poultry Farmers, was clear: the conclusion of the Doha Round would further reduce domestic policy space when there is already little space for agriculture in Ghana and the rest of Africa despite the fact that 60 percent of the population relies on agriculture for income.

To ward off the blame placed on them for the failure of Doha talks to move further, developing nations did call for a quick completion of the Doha Round and then went on to announce the deep problems with the current agenda. Emphasizing the needs of the developing countries, Hicham Badr, the ambassador of Egypt and coordinator of the Africa group, stressed "If we had to choose between a (quickly concluded) round and a successful round, we would prefer a successful round where the developmental aspect remains at the core of the package." Recognizing the growing power of developing countries, Badr, pointed out that while the developing countries in the WTO may not make up 85 percent of the world's GDP (gross domestic product), but do represent 85 percent of the world's population. This concern with the current trade regime, paved the way for 22 developing countries, parties to the Global System of Trade Preferences among Developing Countries (GSTP), to negotiate their own multilateral trade agreement on the sidelines of the seventh WTO Ministerial Conference, which they intend to conclude by the end of September 2010.

The Geneva Ministerial made obvious one thing clearly: the declining relevance of the WTO calls for world leaders to confront the past WTO agenda which has fostered the global economic and food crises. The blind pursuit of the WTO Doha Round agenda would worsen the situation as it seeks to impose financial deregulation, curtail countries' control of their energy and other policies needed to redress the climate crisis, and further concentrate corporate control of food production. WTO might be headed to a similar fate that of the Free Trade Area of the Americas (FTAA) which died a slow death at the hands of disagreement.