

What next for poor countries fighting to trade in an unfair world?

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The Doha round's promise of better market access for the poorest nations, cuts in farm subsidies and fairer trade rules has come to nothing

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The setting was a lakeside in Geneva and the cast was as international as it gets, but the Doha round of world trade talks was scripted straight out of *EastEnders*, the UK's long-running television soap opera: an endless recycling of worn-out story lines, interminable plots, and theatrical moments of hope punctured by comically predictable tragic outcomes.

In case you missed the episode last week, the main character was bumped off in the corridors of a Nairobi conference centre by European and American trade diplomats.

Launched in 2001 and intended to deliver a bold new world trade order, the Doha talks have stumbled from one deadlock to another. Last weekend, the World Trade Organisation's 164 members ended their ministerial meeting in Nairobi with a communique that "declined to reaffirm" the Doha round - trade-speak for a death certificate.

To describe the achievements of the intervening 14 years as limited would be an epic understatement. The promise of improved market access for the poorest countries, deep cuts in agricultural subsidies by the rich world and fairer trade rules has come to nothing.

What went wrong?

It's all too easy to get sucked into the ephemera of the negotiations, the acronyms and the petty disputes. The real problems go far deeper.

European and American negotiators, and their emerging market counterparts, talk like free traders but act like old-fashioned mercantilists bent on opening up other countries' markets while offering as little as possible themselves. Meanwhile, the rules-based, multilateral trading system is increasingly unable to rise to the challenge of supporting inclusive growth, eradicating poverty and tackling climate change.

If you think the denouement in Nairobi will change this, think again. Michael Froman, the US trade negotiator, has promised a new era for the WTO, with the focus shifting to regional and sectoral trade agreements. That's good news for vested interests in the corporate sector and bad news for everyone else.

The Doha round was an opportunity to tackle some of the fundamental inequities of the world trading system.

Take the long-running saga on farm subsidies. The \$6bn (£4bn) doled out to America's cotton farmers in 2014 - part of a \$41bn payout for agriculture - is undermining prices and markets for producers in west Africa. New legislation has changed the payment system for American farm subsidies (fewer direct transfers and more insurance), but the farm lobby is alive, well and reaping a bumper harvest of subsidies. And "free trading" Europe is spending \$86bn subsidising farmers.

Africa still accounts for less than 2% of world trade. Improved market access and less export dumping by rich countries would help. But the deeper problem is a \$93bn gap in infrastructure financing - a gap that leaves African farmers without the roads, storage facilities and export infrastructure needed to exploit market opportunities.

In other areas, the rules behind the WTO regime seem increasingly irrelevant. At the Paris climate summit, governments pledged to keep global warming to 1.5C. That means keeping about three-quarters of known fossil fuel reserves in the ground. So how about a WTO prohibition and phase out of the \$452bn in subsidies the G20 wastes on discovering and exploiting new fossil fuel reserves?

And why aren't governments joining up the dots between trade and tax? "Trade misinvoicing" (tax evasion to you and me) by multinational companies costs Africa about 4% of GDP, or more than \$40bn a year. Profits generated through trade are sent through tax haven circuits to rob the region of revenues needed for infrastructure, education and health.

Tax rules in the WTO could break the circuit. Yet the separation between trade and taxation, like the separation between trade and environmental sustainability, has become an article of faith.

As the Doha round is quietly discarded, the WTO is being overtaken by events. The US has been leading a drive towards bilateral, regional and sector-specific agreements, with the Trans-Pacific Partnership (TPP) - a 12-country Pacific Rim pact - the portent of things to come.

If you want to see the future of world trade as imagined by the US, read the TPP chapters dealing with investment, intellectual property, financial services and pharmaceuticals.

What's on offer is a charter for corporate self-interest giving immense power to multinational companies. Under the investor-state dispute settlement system in the TPP, companies can contest legislation and challenge governments through international arbitration panels.

We are not dealing here with hypothetical threats. Philip Morris (unsuccessfully) sought to overturn Australian legislation aimed at curtailing smoking. Chevron brought a case against the Ecuador government after the company lost a court ruling on oil pollution costs, with an arbitration tribunal challenging the country's constitution. An investor dispute panel ruled against Canada's right to withhold a blasting permit from a US mining company operating in an ecologically fragile area.

The Doha soap opera deserved to be discontinued. But in a world threatened by unprecedented ecological pressures and rising inequality, we forget the importance of trade multilateralism at our peril.

We cannot afford a new order that puts corporate profit before people and planet.

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