

POLICY DIALOGUE

WITH MEMBERS OF THE HIGH-LEVEL PANEL DESIGNATED BY THE
WTO DIRECTOR-GENERAL TO DEFINE THE FUTURE OF TRADE:

Analyzing 21st century trade challenges

INTRODUCTORY REMARKS

Mr. Pradeep Singh Mehta, Panellist
Secretary General, Consumer Unity and Trust Society

The crisis started in the United States, but there is not one US congressman on the list of participants at this conference. Participation by the world's largest economy, and by others, in the Doha Round is wanting, and this is at the heart of the problem. However, the playing field is more level than it was in the 1990s.

As to whether trade liberalization will help to reduce property, tasks are now being spread across the global supply chain, and there is a large amount of value addition from countries in the chain. The global supply chain is very crucial for world trade, and the international community should recognize that trade in tasks, not only trade goods and services, is becoming more and more important.



Increasing inequality in the world is a huge challenge. India, for example, has a very large number of billionaires while, at the other end of the spectrum, there are many highly impoverished people without any opportunities for employment and no means of subsistence. I would encourage you to look at the results of a survey undertaken to ascertain the views of people around the world, which have been posted on the IPU website.

The issue of standards is important. In 2005, the Canadian International Development Research Centre carried out a study on the export of peanuts from many African and Latin American countries to Europe. The European Union's decision to raise standards concerning aflatoxin – a naturally occurring toxin in peanuts – to a level above that acceptable under the international Codex Alimentarius agreement resulted in losses in the order of 415 million by the exporting countries with devastating consequences on the livelihoods of peanuts farmers and exporters. The increase in standards was expected to reduce the incidence of cancer by only two cases per billion. Another example is the wide variation in the tariffs levied on exports from different countries. Cambodian exports to the United States attract an average tariff of 17 per cent, whereas United Kingdom exports attract a tariff of only 0.7 per cent, and we need to consider how we can bring about a fairer system.

Non-tariff measures will constitute the biggest challenge in terms of trade relations across countries. There are also a large number of domestic challenges, such as the lack of availability of banking and financial services in a large number of developing countries.

Steps taken by the WTO have prevented an exacerbation of protectionism. In the future, particular consideration will have to be given to special and differential treatment.

Ms. Sharan Burrow, Panellist
Secretary-General, International Trade Union Confederation

I think that the challenges of the discussion that Mr. Lamy has set up are enormous. I do not profess to have the wisdom to say what we should look towards in terms of the design of the future global trading system. However, there are some things that we must do if, in the future, we want to avoid consequences similar to those we now are facing.

We were warning of the crisis some time before the collapse of the Lehman Brothers, but nobody wanted to listen. In addition to the global growth resulting from the trading system, there was also jobless growth in many nations. There was an absolute opposition to a floor of global rights from a few countries, and those countries still refuse to change their view, despite the social instability in Europe and the low growth rate. More than \$3 trillion of taxpayers money has been transferred directly, or in the form of guarantees, to prop up the financial sector. However, 86 per cent of the workers who have lost their jobs have no social protection. Can we accept such a global system in the twenty-first century? The answer is no.

People need to have the courage to stand up and say that the twentieth century model of capitalism will not serve the twenty-first century society that we want to build. We need an evidence-based debate to identify twenty-first century issues and how to build a system where the world acts coherently in a manner that respects human and labour rights. Labour is not a commodity, however some countries that have no freedom of association continue to employ a large proportion of migrant workers without rights, protection, safety standards, or decent living conditions. This is not the world that we need. If we simply turn a blind eye, we will get more of the same.

Inequality was clearly a cause of the crisis and, according to OECD research, is greater than ever before. We must ask how we can deal with the emerging challenges. Some 50 per cent more food will need to be produced by 2050, but land grabs and the lack of competition rules are making this challenge even more difficult. Is this being talked about in your parliaments? Energy is another challenge: 45 per cent more energy is needed by 2050, but if it is not produced on a more sustainable basis then there will be no planet to pass on to future generations. However, climate negotiations are stalled through self interest.

Some US \$25 trillion of workers' capital is invested in the global economy. We need to build an economy that is not based on speculation, but on rules and provides a sustainable – not a greedy – return for worker's pensions. We also want competition rules that are not focused on protecting the interests of the strong. What is wrong with asking for a fair share of global trade?

With regard to the future role of the WTO, the WTO already has some role in disputes and in negotiations. Does the WTO have a role in plurilateral agreements, climate change agreements and carbon trading? We need to talk about these issues on a multi-stakeholder basis with a commitment to build on the values we have already established. Some governments and individuals will oppose this, but the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and environmental



standards should form a global floor on which we can build a coherent and fair trading system. It is time to stand up and tell the truth about the current system.

EXCERPTS FROM THE DEBATE

Mr. J. Bizet (France)



The volatility of agricultural commodity prices is one of the major challenges of the twenty-first century. At the beginning of the Doha Round countries were overproducing agricultural produce, but stocks are now dwindling. Given the impact of climate imbalance, agricultural commodity prices have escalated. How can the WTO, the FAO and the World Bank contribute to correcting such volatility?

Ms. J. Sargentini (European Parliament)



We need to be honest with one another in facing difficulties of the twenty-first century. While I share the view that the Doha Round should be concluded, I am pessimistic that we will achieve that goal, particularly given the increasing number of bilateral agreements being signed.

Mr. P.D. Rai (India)

Development remains the main concern of the majority of WTO Member States, and the most important issue of the twenty-first century. It is a matter of concern that, despite the limited progress in the Doha Development Agenda, efforts are being made to introduce new issues into the negotiations, which could undermine the development aspect. The Doha Round must be concluded as a single undertaking to meet the aspirations of the developing countries. I thank the panel for highlighting the inequities that exist today.

Mrs. I.R. Simamora (Indonesia)



As a developing country, Indonesia is fully aware of the significance of trade for economic growth, and has enjoyed the benefits of international and regional trade. Indonesia is a strong supporter of the Doha Development Agenda, which should be balanced, transparent, non-discriminatory and inclusive. The lack of progress in negotiations on trade in agriculture, particularly concerning the reduction of domestic support and subsidies, is a matter of concern, particularly since more than 60 per cent of the population in Indonesia depends on this sector for their livelihoods. If progress is to be made, the agricultural negotiations must be guided by the need for fair trade, fair tariffs and fair protection.

Ms. S. Burrow (Panellist)

The Doha Round, which I support, is not enough for development. The basics, such as a social protection floor for all, a viable minimum wage and collective-bargaining that distributes wealth more equally, have to be in place otherwise development will be very unbalanced for the next decade. The increasing plurilateral and bilateral agreements that are being drawn up are a cause for concern.

How can parliamentarians agree to trade deals with countries that still oppress workers and act in huge violation of workers' rights? How can we have a fair model of trade when wealthy national and international companies exploit workers? This, however, is the global supply chain that we have allowed to grow. It has to change.

Mr. P.S. Mehta (Panellist)



The issue of equity in the trading system is a problem. It cannot be denied that trade liberalization does help to create jobs. In addition to bilateral agreements, there has been a push by some for economic partnership agreements, which are purely mercantile agreements. The way these have been touted as a replacement to the Lomé Agreement is very shocking. It is important to remember that the Doha Round was launched in the wake of September 11, and the intent was convey a sense of solidarity. In order to encourage the participation of developing countries in the Round, a development aspect was emphasized. Accordingly, developing country participants are seeking development outcomes from the Round and to ensure that imbalances in the system are redressed. Regrettably, that has not happened. If an increase in

trade openness and an expansion of trade opportunities cannot be achieved through multilateral negotiations in Geneva, it will be done elsewhere, and that is why we are witnessing a shift towards bilateral agreements.

Mr. M. Ben Henia (Tunisia)



Will the high-level panel designated to define the future of trade use the Doha Development Agenda as a point of departure for its discussions? Any new proposals made are likely to be acceptable to some but not to others.

Ms. U.-J. Lee (Republic of Korea)



Members of society are losing their motivation and the economy is becoming less active. In order to overcome this challenge, we need fair and adequate systems to redistribute the wealth created by trade, as well as a strong social security system and an efficient and healthy public sector. The focus should be on expanding and strengthening trade openness with a social conscience.

Mr. M.S. Jonathan (Lesotho)



If businesses are to flourish, employers and employees must work together and employees must be able to make a living. It is worrying that so many of the people who have lost their jobs in the crisis were without social protection, particularly when so much money has been pumped into the global economy. What is being done to narrow the gap that is now growing between the haves and have-nots in developing countries?

Mr. A. El Maati (Morocco)

What action will WTO take to respond to increasing concerns about food security in the world? Are any plans in place to ensure food security for future generations, particularly given the effects of climate change?

Mr. F. Boden (Luxembourg)



What is WTO doing to stop the productive sector from contracting and the non-productive sector from expanding? Do you think that the WTO should

become more involved in the trade aspects of challenges that we face in the twenty-first century, such as climate change and sustainable development?

Mr. R. León (Chile)



In the global crisis we are currently facing is a crisis of free market capitalism, which prioritizes money over people. The time has come to change the approach to development, and shift from a focus on money towards a focus on people.

Mr. A.H. Hossen (Mauritius)



One of our main responsibilities as parliamentarians is to identify the development priorities of our respective societies and the expectations of our populations, and ensure that the welfare component is addressed in our trade agreements.

Mr. J. Mulimba (Uganda)

When considering trade and development, we must look at issues that pertain to the people, such as

food security, which is a challenge for the global economy. With the negotiations on Doha Round stalled, many African countries are being persuaded by European countries to sign economic partnership agreements. However, when discussing rules, we should not forget morals and ethics. Openness is another important issue, including with respect to funds salted away from developing countries into financial institutions in Switzerland.

Mr. P. Murphy (European Parliament)



The current crisis is a deep, systemic crisis of capitalism reflected in the collapse of investment throughout the advanced capitalist world. In Europe, the rhetoric is that, in order to exit the crisis, each country should seek to have a balance of trade surplus. However, countries cannot export their way out of the crisis. What is required is a policy that will deliver growth and offer an alternative to the disastrous austerity policies, as well as massive public investment if the private sector is unwilling to invest. If trade is to play a role and be a tool of economic growth, job creation and poverty alleviation, there has to be a fundamental change in how it is carried out. Trade has to be built on solidarity and development, and should not be used as a tool to enable big businesses in the richer countries to access resources and markets in the lesser developed countries.

Mr. D. Kiyingi (Uganda)

The Doha Development Agenda must be concluded in order to promote trade. In addition, the issue of peace and security also has to be addressed, in particular in Africa and the Middle East, and more

investment needs to be made in order to combat terrorism and promote increased security.

Mr. B. Madtoingue (Chad)



Will Africa be able to move out of poverty through trade, in particular if developed countries do not remove trade restrictions such as non-tariff barriers? How is WTO going to tackle the challenges of the twenty-first century if it does not look forward with respect to Africa's socio-economic development and encourage the tools necessary for an open diversified economy, such as an appropriate legal framework?

Mr. J. Leichtfried (Moderator)

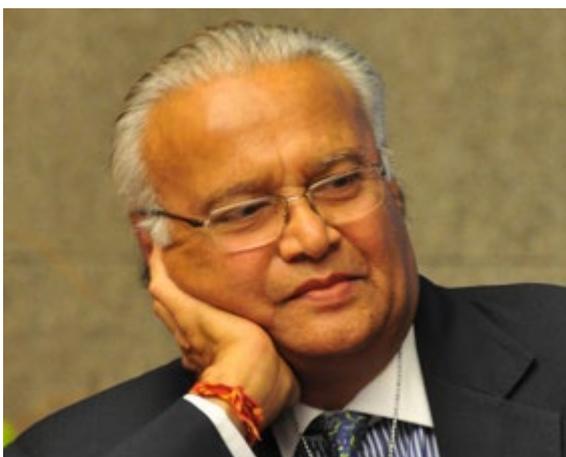


I would like to know your views regarding the slight change in European Union policy since the Treaty of Lisbon. The European Parliament is seeking to include other dimensions such as social and environmental aspects in the trade agreements it now has to approve.

Mr. M. Roumer (Haiti)

One billion people are living in abject poverty. The situation will not be resolved by tinkering with the economy and creating a few jobs here and there. The global economy is based on speculation that makes the very rich even richer at the expense of the poor. The international community must begin to think differently; it has a responsibility to act as one to address this issue.

Mr. P.S. Mehta (Panellist)



In terms of bringing in non-trade issues into trade agreements, there are cases in the past where trade conditionalities have been used for protectionist purposes. In a very short speech at the Earth Summit in Rio de Janeiro in 1992, the former President of Cuba said that, in the big scheme of things, it was important not to forget the human being. However, 20 years down the line, we are still at square one. We do not live in a moralistic world; in all countries the rich and powerful exploit the poor and weak. In the WTO, we can expect a to create a playing field that is more level than the one that currently exists. The Doha Development Agenda is not a point of departure for the panel. The panel is looking at a scenario for world trade in the future. Elements already identified include the fact that poverty eradication has been identified as an important goal of trade liberalization, and that people should feel that they will benefit from trade liberalization. There will inevitably be winners and losers from trade liberalization, and the fact that there could be job losses in the rich world is an obstacle to progress. Tariff escalation can penalize industrialization can be penalized since increasing tariffs are imposed as value is added to goods in the

production chain. This matter has to be addressed to restore equity in the system. With regard to the issues of food security and climate change, there is a need for closer interaction between the intergovernmental organizations active in those areas. It is not the role of WTO to ensure food security; what it can do is to help broker a Geneva consensus that should be promoted by parliamentarians in their capitals. With regards to openness in financial institutions, Switzerland's banks continue to operate a secretive system, and this is something that needs to be changed.

Ms. S. Burrow (Panellist)

The outcomes of the panel will not be binding. Our conclusions are for your deliberation. The governments of the world will decide whether or not they have the courage to be leaders in shaping a fairer trading system. The crux of the issue is trust. If we want to build a future that is sustainable at all levels, and then we have to build trust. To that end, people must have some guarantees, such as a social protection floor, a minimum wage on which to live, and the right to bargain collectively. Taxation money should be ploughed back into a system that benefits people. In a recent global poll, 66 per cent of people said that the next generation would be worse off, and 79 per cent were unable to save a penny. The overwhelming majority thought that their governments were heading in the wrong direction. Some 40 per cent of the productive sector is active in the informal sector with no security and nothing on which to build a future. Education and health are no longer within reach of many people in many countries following privatization, and even middle-income owners have had to take out loans to pay to educate their children. This is not a society in which we are sharing wealth with any form of dignity. Food, water and energy security are absolutely critical for peace in the world. There is work to be done; we can't simply say that the trade system will fix these issues. The WTO should have a role in the climate debate; why should the WTO not be able to facilitate agreements on a carbon trading system? Greece accounts for only 0.2 per cent of the world's economy, but because of the harsh austerity measures introduced in that country, it is now on the brink of civil war. We must have a global floor of coherence and sensible policies, and put quality jobs at the centre of the recovery.