



WTO

The World Trade Organization Ministerial Meeting



Cancun, Mexico
September, 2003

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The National Union of Public and General Employees was represented in Cancun at the World Trade Organization (WTO) Ministerial meeting by Secretary-Treasurer Larry Brown, National Vice-President Leah Casselman and President of the Ontario Public Service Employees Union, and New Brunswick Public Employees Association Executive Director Tom Mann.

The National Union was the only Canadian union to be credentialed as an official Non Government Organization (NGO) participant in the process.

The World Trade Organization negotiations at the Cancun Ministerial meeting ended without a new agreement on the final day of the sessions. The collapse of the negotiations was clearly a better result than any agreement that was likely to emerge.

The draft text that was on the table was unacceptable to working people, the disadvantaged, the poor, and farmers - in Canada and around the world. For example, there was no mention in the draft text of workers' rights or the impact of free trade on workers.

Cancun was intended to put new life into the talks, which had been largely stalled since talks in Doha, Qatar, in November 2001. It is now unlikely that an agreement will be reached by the WTO's official deadline of Jan. 1, 2005, and talks could drag on for years.

One significant development at Cancun was the strong voice that emerged from developing nations. Led by Brazil, India and China, the Group of 21 (G-21), the more "militant" nations, were able to stand up to the negotiators from the world's richest countries.



Five Practical Goals

The National Union contingent identified five key practical goals for the week:

1. To participate in peaceful protest as appropriate.
2. To make links with other progressive organizations opposing the WTO agenda.
3. To 'lobby' Canadian officials, both federal and provincial, for our policy goals; to let them know we were closely watching the process and their role in it, and to demonstrate that civil society insists on a role.
4. To support those developing country governments leery of the WTO agenda and process.
5. To get knowledge and information that will strengthen our work on these issues in Canada.

Policy Goals

1. The National Union joined those pressing for significant reforms within the WTO.

There is, in the NGO community, a debate about whether the WTO should be '*fixed or nixed*' - dismantled or reformed. The National Union's strategic position is to call for fundamental reforms. To call for an end to the WTO runs the risk of ending up excluded from the debate, and marginalized - we would not be 'at the table'. At this point the elimination of the WTO is not a realistic short or mid-term objective.

Meanwhile reforms such as those advocated by the National Union and others, if accomplished, would change the WTO so significantly that it would be a different organization.

We believe in trade - fair trade - and we are not intrinsically opposed to the principle of rules. The WTO, however, tends to talk about 'rules-based trade' when what is actually being discussed is free trade, which really amounts to negative rules – trade agreements spell out what governments *can't* do, and therefore what international companies *can* do.

The WTO, as it exists, goes far beyond trade rules and significantly infringes on national sovereignty. Of course we would be in favour of international rules that worked to advance human rights, workers rights and environmental protection. The WTO rules, however, do not address any of these areas as they focus exclusively on the interests of the corporate sector.

We based our work on the belief that failure to reach a new agreement in Cancun would ultimately weaken the free trade impetus, thus effectively shrinking the role of the WTO as well as its credibility. This loss of credibility and forward momentum might very well force the existing arrogant and powerful players to incorporate some of our demands into their future deliberations.

2. We wanted to keep the WTO from expanding its reach, through new agreements in Cancun that would further strengthen its narrow corporate agenda, further threaten workers' rights, and cause further problems for the countries of the developing world.

We wanted to highlight the problems and potential dangers with the current GATS negotiations. Our two main concerns relate to the threat these negotiations pose to public services and the limits they would place on the ability of governments to regulate in the public interest. For example, the EU has made demands that would require some 120 countries to allow the private sector to be involved in their water systems.

It's encouraging to note that at this stage there are no serious 'requests' from member states to expand private health care. There is no question that this was accomplished through the pressure put on governments around the world on this issue. We have achieved a temporary victory – but GATS still poses a very real threat to public health care.

In the longer term, our objective is not just to prevent the GATS from getting worse, but to fix the worst of its problems. We need to eliminate the 'ratchet effect', which basically means that governments will be encouraged to privatize and deregulate but will not be able to return services to the public sector once privatized, except at great cost.

We need stronger unqualified protections for public services. We need to

protect the right of governments to regulate in the public interest. And we need to be very careful about the little known section of GATS that allows employers to move employees into a country with them when they get a contract to provide a service - the potential for employer exploitation of workers is very serious.

In an earlier round of WTO negotiations that took place in Singapore, there were four areas that were identified as priorities for further negotiations: competition, investment, trade facilitation and government procurement. We wanted to pressure the WTO not to proceed with the Singapore issues, especially investment and government procurement. Adding these issues to the WTO negotiating agenda would add significant new demands on the developing countries and create new negotiating pressures before they had fully dealt with existing issues. These issues are all ones that would further weaken governments and strengthen the corporate sector.

3. We wanted to make the WTO more responsive to developing countries of 'the South.' That would require more resources to assist developing countries and more flexibility from the North in dealing with Southern issues, especially export subsidies on agriculture.
4. We wanted to work for improvements in the process by which the WTO negotiates, by seeking transparency and an end to undemocratic decision-making.
5. We wanted to have workers' rights recognized, along with all other human rights, and the need for environmental protections.
6. We wanted the WTO to provide proof that its trade liberalization agenda benefits the world's peoples. There has never been an actual evaluation of the impact of the WTO rules or the GATS. Many claims are made about the 'need' to move forward with trade liberalization without any empirical evidence that there has been any benefit to anyone except the corporate sector. Surely such a dangerous enterprise should have to meet some standard of proof before it is further imposed on the world's people. There needs to be a review of the WTO rules and the GATS before either is extended.

Our Activities

It was a very busy week for the National Union delegation. Most days started with 8:30 a.m. meetings and did not end until after 8:00 p.m. We are proud of the work we did during the sessions.



We played a significant role in the strategy sessions of the International Confederation of Free Trade Unions (ICFTU), as well as in its post-WTO reflections. We strongly pushed for the ICFTU to take a firmer tone and a more aggressive posture during future WTO sessions, to be more aware of the need for a politically based campaign rather than one focused on the details of the negotiations, and to be involved in anti-trade deal work in between Ministerials not just during the formal sessions.

We worked to ensure that the Canadian delegation knew our concerns; we pushed for greater action on our issues. We were a constant presence - they knew we were there and involved in the process, and that we were holding our government negotiators to account.

We made new contacts and allegiances around the world for this important work.

We learned a great deal which will better equip us for the future work in dealing with the WTO and its GATS negotiations, both within Canada and internationally. We attended workshops and meetings on:

- health care in the Americas, a seminar organized by Public Services International for their affiliates;
- the temporary movement of people under Mode 4 of GATS to allow corporations involved in international activities to transfer employees from one country to another;
- the potential impact of GATS on public services;
- the likely effect of negotiations on investment treaties between governments;
- the high pressure and high stakes issues around agriculture;
- gender analysis of the impact of WTO agreements;
- what was meant by the 'development agenda', and why developing countries were frustrated with the lack of progress on their issues; and,
- many many more.

We were part of a huge number of people who made sure the opposition to the WTO was always present and always visible. That visible presence, in meetings and on the streets,

ensured that the developed countries knew their actions were being monitored. We also ensured that representatives of developing countries realized that they had our solidarity and support for their opposition to the WTO from a wide section of the public from developed countries.

The Outcome

Cancun was intended to invigorate the negotiations for a new expanded WTO agreement, talks which had been largely stalled since the Ministerial meetings in Doha, in November 2001. It is now generally considered unlikely that an agreement will be reached by the official deadline of January 1, 2005.

The talks broke down ostensibly on the refusal, by the developing countries, to begin negotiations on some or all of the new Singapore issues - competition, investment, trade facilitation and government procurement. Underlying this rejection of the new issues was the deep dissatisfaction, among these countries, especially with the failure of the US and the EU to consider changes to their agricultural subsidies, despite repeated promises. For many of these countries agriculture is not a sector of the economy but a way of life and a living for huge numbers of their populations.

The breakdown of the Cancun talks was good news for most Canadians, as well as most people of the world. There was nothing in the draft text, nothing on the horizon of possible agreements, that would have been in the interests of working people, people from developing countries, human rights activists, environmentalists - or anyone but small and isolated cliques of business leaders.

Canadian farmers were especially disconcerted with the draft text. When the talks broke down the general consensus was that they had really dodged a bullet.

Workers were faced with another WTO agreement without any reference to workers' rights or the impact on workers of huge trade disruptions through freer trade.

The Canadian officials had worked hard to reach an agreement but at the end of the day there may have been some relief there too, in that they did not have to explain an unpalatable deal of negotiating an end to Canadian subsidies to the farm community.

The blindness of the WTO to anything but corporate interests has been dealt a serious blow, and the developing countries have learned that if they stand together they can withstand the intense pressure brought to bear by the US and EU.

It is probable that some of the WTO's old ways are now history and that a greater awareness of people's issues and developing world issues will be visible in WTO negotiations. This will only be ensured if we are vigilant - there are many who would



love to see Cancun as a small bump in the road requiring no real change of either policy or method on their part.

Some Snapshot Observations

In the US and the EU a single cow is subsidized at a greater rate than the wages earned by an average worker in the developing world.

The WTO's goal of achieving a reduction of national tariffs and trade barriers has the effect of denying developing countries the very same tools that the developed world used to develop their economies in the first place.

Tariffs are not only used by the developing world to protect their industries from international competition, they provide a very important source of revenue that pays for their public services.

Complete free trade - the ultimate goal of the WTO - would deliver a multi-billion dollar 'competitive dividend' to the world's corporations. This perhaps innocent sounding 'competitive dividend' would arise because workers would be forced to lower their wage demands to compete with lower wage workers in other countries. For the WTO this is a good thing.

The Maquiladora zones in Mexico are losing jobs and factories - some 250,000 jobs in the last two years - because even the low wage, non union, no workers' rights, and no environmental protection approach of the Maquiladora zones cannot compete with the even lower standards in China.

The IMF and the World Bank are specifically referenced in WTO agreements because it is recognized that developing countries will go through significant 'adjustment difficulties' when they liberalize their economies and they will 'require the assistance of the international financial institutions'. In other words even the WTO negotiators understand that developing countries will be driven to virtual bankruptcy by the WTO rules and will need to be bailed out by the IMF and World Bank.

No Time To Relax

Activists opposed to corporate free trade agreements must stay informed and involved despite the apparent stalemate that occurred at World Trade Organization (WTO) meetings in Mexico.

Already, WTO leaders are busy repairing divisions that emerged at Cancun in September and getting ready to resume wide-ranging WTO trade liberalization negotiations.

The Ministerial meetings are the most visible part of the WTO negotiations, but there is a lot happening outside of this visible process. There is a permanent WTO Secretariat in Geneva and most countries, Canada included, have permanent Ambassadors there. The detailed WTO negotiations, on the central WTO agreements and on the sub-agreements like the General Agreement on Trade in Services (GATS) are taking place on a continuous basis, outside of the media spotlight.

The failure of the WTO ministerial in Cancun, Mexico was an important victory in the movement against corporate driven globalization.

But now is not the time to rest – the WTO isn't.

Since Cancun, representatives of the WTO have been busy trying to reach consensus to renew negotiations. Trade representatives from the United States and the European Union are also lobbying governments in the developing world to try and restore some momentum in the negotiations.

There have been reports that some of the countries that took a leading role in opposing the worst aspects of the agreements on the table in Cancun are taking a more conciliatory position. This was to be expected. Backroom arm-twisting is in full force.

The fact that the G 21 group of countries stood up to the pressure, refused to agree to further extensions of the WTO's reach was a hugely important development. But, we need to exercise some caution in our assessment.

We do not share the common agenda with all the countries in this group. There are countries in the G 21 that are far from supportive of workers or of workers' rights.

While we can and should support developing countries in their efforts to achieve fairer trade systems, we cannot assume they are seeking goals we would always support, in ways we would always support.

Activists must continue to speak up and support those who want a global system of fair trade and respect for human rights.

There is also real concern that trade negotiators will try to make up for 'lost ground' in other trade deals. Therefore we can expect that as negotiations on the General Agreement in Trade in Services (GATS) and the Free Trade Area of the Americas (FTAA) proceed, there will be attempts to incorporate the issues that were rejected in Cancun into these negotiations.

We have to keep the pressure on. This is the only way - here at home - that we can defend our interests on critical issues such as health care, education, safe water, and public services in general.



