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Developing countries unite for stronger position at WTO Ministerial

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DEVELOPING countries have come together in Cancun, Mexico, as never before in international trade negotiations.

They have formed alliances to safeguard their position, to seek a fairer world trading regime and to counter the demands of developed countries.

Poor countries from across the globe, from Latin America to the Caribbean, from Africa to Asia, have joined forces to speak with one voice at the World Trade Organisation (WTO) Ministerial Conference on a number of issues.

The developing countries, which account for the bulk of the WTO membership but find that their views are often not heard by the rich and powerful members, are beginning to demonstrate solidarity in an effort to unify their positions.

One of the alliances is the group of like-minded developing countries which have come together on "New Issues", the other is the Group of 23 which is opposed to the agricultural subsidies of the US, EU and Japan.

Members of the Smart Partnership Movement comprising 14 WTO developing countries have issued the Ezulwini Statement reiterating their belief in the role of the WTO in bringing about fair and rule-based trade.

The statement, forwarded to the world body by Prime Minister Datuk Seri Dr Mahathir Mohamad, is insisting on fairness and justice in world trade for everyone.

It also urged that the decisions by the WTO reflect democratically the views of the havenots as much as the haves.

With greater unity among developing countries in Cancun, an observer pointed out that it reflects their growing self-confidence.

Australian Trade Minister Mark Vaile acknowledged that "this is a significant shift in the dynamic structure of this organisation".

The group of like-minded countries which totals more than 70, is opposed to starting negotiations on the modalities of New Issues, otherwise known as the Singapore issues - investment rules, investment, competition, transparency in government procurement and trade facilitation - as there is no "explicit consensus".

Malaysia, viewed as a "political heavyweight" and respected for its negotiating skills, is leading the group of like-minded countries on the New Issues.

Datuk Seri Rafidah Aziz, Minister of International Trade and Industry, said WTO members had decided in Doha that negotiations on these issues could only commence if there was explicit consensus and "clearly up to now, there is none".

"It is obvious that the proponents pushing to include these issues for negotiations have not been able to convince other members of the utility of WTO rules in these areas," she said at the plenary session.

The EU and Japan have made negotiations on the New Issues a central demand at the Cancun meeting.

The Europeans have made it clear that progress on the New Issues will be vital in determining their willingness to make further concessions on agriculture, the centrepiece of the Doha Round global trade talks.

But Rafidah said the group was not prepared to trade negotiations on the New Issues for gains on agriculture.

"The EU is trying to tell us `yes', we've been trying to tell them `no'. Agriculture has its own objectives, she said, speaking on behalf of the

group, at a Press conference at the convention centre accompanied by Ministers from eight other like-minded members.

"This is not the place or time to launch negotiations (on New Issues), period."

"We will not agree to launch negotiations at this meeting.

"We will ask the meeting to refer the New Issues back to Geneva for further clarification."

The 70 developing countries are represented by a group of 16 nations, including Bangladesh, China, Egypt, India, Jamaica, Indonesia, Nigeria, the Philippines, Tanzania and Venezuela.

They want more time to analyse the implications of new multilateral rules on their domestic policies. The African Union also said yesterday it was inappropriate "even to start contemplating the launch of negotiations".

Many point out that the issues are technical and complex and some of them are quite unrelated to trade.

The alliance of developing countries in Cancun puts pressure on the US and EU and shifts the balance of power in the WTO.

It is likely to increase pressure on the EU to cut its farm support - particularly export subsidies - more drastically and to lower its import barriers further.

As ministers began the hard bargaining on Thursday, the US began a move to undermine the group, which includes China, Brazil, India and South Africa.

US President George W. Bush telephoned his counterparts in Brazil, Pakistan, South Africa and India, lobbying for a compromise.

In Cancun, Deputy US Trade Representative Peter Allgeier said:

"It's really unclear to us what is the unifying principle there among those countries."

Senator Charles Grassley, chairman of the US Senate Committee on Finance, in a statement said, "I'm disappointed by the position of many of the countries in the so-called G-21."

He added that many of them in the group, including Colombia, El Salvador, Egypt, Thailand and South Africa, are "seeking to deepen their relationship with the US through the negotiation of free trade agreements".

With pressure being put on developing countries and sweeteners being offered to some members of the alliance, the unity of the groupings will be severely tested in the coming days.

But Rafidah, who impressed those present with her clear and direct answers, said members of the group have learnt and "we will not sit in the corridor and be given sweeteners".

"They are not prepared to be by-standers and be bulldozed in the horse trading that will most certainly take place."