

24/10/2003

Poor nations victim of divisive trade blocs

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"It is hoped the rich can accept that the agenda can come from the rich as it can also come from the poor countries," Prime Minister Datuk Seri Dr Mahathir Mohamad said.

"What should be done now is that members should be ready to sit and admit that the wrong step was taken in the first place by not giving due consideration to the problems of developing countries," he said at the Asia-Pacific Economic Co-operation (Apec) business forum.

He was referring to the Cancun trade talks, held under the auspices of the World Trade Organisation (WTO), where developing countries for the first time stood firm on their demands and did not succumb to those from developed nations.

"We are ready to be exploited but (we) must be fairly exploited," Dr Mahathir said, adding "but they tell us we are inefficient".

The Doha Round has been dubbed the Doha Development Agenda but very little has been done for the developing countries. Launched in 2001 the round set out to address the concerns of many developing countries that previous trade talks had benefited mostly industrialised countries.

In fact, as Dr Mahathir said: "It was not our agenda (at Cancun)." This cannot go on and the developing countries said so in no uncertain terms.

The united stand of developing countries, their resolve and ability to stand up for their constituencies and needs of the poor was a "minor success and we need to follow up".

The developing countries account for a majority of the WTO membership and their views cannot be ignored. "We are not seeking free trade but fair trade. Fair trade can be free, but free trade can be unfair," Dr Mahathir said.

"It is no good rejecting if there is no alternative agenda. We should then draw up a new agenda agreed to by all countries, how we can improve the situation in developing countries along with the situation in developed countries," he told the Apec business forum in the heavily fortified Thai capital.

Malaysia would like to see fair and equitable trade in the process of globalisation as the WTO agenda. The agenda should accord sufficient weightage to the thinking of developing countries.

This challenge can be taken up in Geneva next month when the negotiators meet to re-energise the negotiations.

The 21 Apec leaders, who account for half of the world's trade, directed their negotiators to go back to work on the text of the chairman of the Cancun talks, Mexican Foreign Minister Luis Ernesto Derbez.

The Bangkok statement said the leaders agreed to "re-energise the negotiation process, building on chairman Derbez's text of Sept 13, recognising that flexibility and political will are urgently needed to move the negotiations towards a successful conclusion."

But it is the same text that had been criticised by some countries in Cancun as being unacceptable for not reflecting the views and concerns of developing countries.

Although the text proved unacceptable in Cancun, some suggested that it appeared to offer enough common ground to enable a compromise to be arrived at. It offers a basis for discussions and something that needs to be worked on.

Recognising the need to move forward the Apec Bangkok statement calls

for "the abolition of all forms of agricultural export subsidies, unjustifiable export prohibitions and restrictions". This is viewed as a victory for major farm exporters.

Whether the grouping will be able to push the negotiations forward is something that will be closely watched. But the business community from the Apec economies is not so hopeful.

"There's a lot of talk of Bogor goals, Bogor goals, Bogor goals, but what does it mean when Apec can't agree in Cancun," Herna Somerville, Chairman of the Chilean Association of Banks said. "What's the point of a non-binding group which can't take a common position on a major issue?"

There is no common position in Apec and the grouping does not stand united in major issues of importance to its members. It is divided on issues that are critical to its developing members.

In Cancun, a number of Apec members were on the opposite of the arguments. Several developing nations, some Apec members, including China, Chile, Indonesia, Mexico, Thailand, and the Philippines, were part of the Group of 21 developing countries led by Brazil that opposed the demands of the rich including the US.

Although globalisation and multilateralism are preached by the developed members, they still work unilaterally and seek bilateral arrangements. There is a proliferation of bilateral agreements. Even as the Apec leaders stressed the need to re-energise and move the Doha process forward there were talks of bilateral arrangements on the sidelines of the Apec meeting.

It is important that the free trade arrangements "must complement and enhance the multilateral trading system, and not divide the global economy into numerous trading blocs". But the world is being divided into trading blocs.

The 21-member grouping with 2.5 billion people accounting for some 47 per cent of world trade and a combined gross domestic product (GDP) of US\$18 trillion (RM68.4 trillion) in 1999, are currently negotiating some 20 potential bilateral free trade agreements. These include talks between Thailand and US, Peru and Thailand, China and the US, and Australia and US.

The shift in emphasis to bilateral trade deals will overload the limited resources of many developing countries. This again stacks the chips against the poor nations in favour of the rich.

Once again, the developing world's interests and agenda might be overlooked and with the US elections next year, the American domestic agenda will take centre stage. Chile which will play host to next year's Apec meeting, has its task cut out with its President Ricardo Lagos saying it is "to restart multilateral negotiations that make free trade possible, with clear rules and opportunities for all".

But the question remains whether Apec will be able to serve the aspirations of its developing members for greater co-operation without "drawing a line in the middle of the Pacific" and not ignoring the agenda of its poorer members.