Two decades since the establishment of the World Trade Organization (WTO), over 60 agreements and numerous ministerial trade negotiations have amounted to empty promises that continue to fail developing countries and their people time and again. Throughout its existence, the WTO’s mandate to set rules for an international trading order has only resulted in unfettered liberalization causing far-reaching and disastrous impacts on economic and food systems especially in the developing world.

As it stands, the WTO represents the fundamental injustices in the current global trading system wherein poor countries are bullied into prematurely opening their markets, undermining local producers, while rich countries openly disregard the very rules they claim to uphold.

**WTO AND ITS FOLLIES**

The WTO and its predecessor – the General Agreement on Tariffs and Trade (GATT), have forced poor countries to open up their economies to foreign goods and capital by lowering or completely removing trade barriers while opening the floodgates to heavily
subsidized products from industrialized countries. WTO impositions over the past twenty years have managed to cut down global tariff averages to half, mostly coming from the developing world. The systematic dismantling of protective trade barriers also boosted global trade flows by up to 250%, primarily accumulating profits at the hands of rich countries and their corporations (WTO, 2015).

As foreign imports and investments increased, the economies of developing states suffered undue competition. The upsurge in subsidized imports from Northern countries particularly from the United States (US), Canada and European Union (EU) has destroyed the path of developing countries to self-sufficiency and worsened poverty among small farmers who were forced to halt production due to their inability to compete with cheap imported goods.

Import surges as a result of the implementation of trade liberalization in the agriculture sector have created massive damages in developing countries. In Ghana, for instance, local farmers lost 40% of their share of domestic market because of the staggering 650% increase of tomato paste imports from the EU between 1998 (3,300 tons) to 2003 (24,740 tons). After Indonesia’s agricultural sector was liberalized, rice imports kept increasing from an estimate of 1.5 million tons (from 1995-1997) to around 3.3 million tons (from 1998-2002) (APRN, 2013).

In the search for greater profit, the rapid growth of capital export brought about by the WTO is increasingly being complemented by the global restructuring of production – distributing different stages of operations where labor and raw materials are cheapest and easiest to exploit. This has resulted in the vast majority of poor countries relaxing their labor laws and opening up their lands to attract foreign investors. Moreover, in order to adjust in an increasingly globalizing assembly line, developing countries are reshaping their national development strategies to accommodate market demands for mining havens and low-tech semi-processing hubs that thwart any efforts at national industrialization. The WTO has thus created a severely unequal global economic order that favors the interests of corporations and advanced nations while underdeveloped countries are always at the losing end. And yet proponents of the current ‘free trade’ system continue to push for deep and fast liberalization across the board and to laud the multilateral trading system as the answer to problems of wide-ranging human rights abuses, climate change, poverty, and hunger.

**WTO FAILS THE POOREST**

Over the years, developed countries led by the US and EU have already been lobbying to broaden the scope and mandate of the WTO beyond traditional trade concerns to encompass issues on investments and government regulations, among others. To this end, the 10th Ministerial Conference (MC10) in Nairobi, Kenya is set to advance the interests of developed states and their corporations by abandoning efforts to implement policies being lobbied by developing states to rectify injustices in the trading system, and introduce so-called ‘new issues’ that will widen the scope of the WTO.

**Abandoning the Doha Development Round**

The economic stagnation of the US along with the rise of China and other emerging economies have led to a prolonged impasse in the current round of negotiations in the WTO. Launched in 2001, the Doha Development Agenda (DDA) is the current round of trade talks being discussed among WTO member economies. It covers a
A wide range of issues from intellectual property rights, trade in agriculture and industrial goods, services, and access to public procurement.

Since its creation, Doha Round negotiations have been mired in controversy because of the opposing positions of developed nations led by the US, EU and Japan and developing states led by India, Brazil, South Africa, and China. Developing country members have long insisted that the WTO Doha negotiations constitute a vital part in ensuring the capacity of countries to respond to global emergencies in economy, food, climate and employment. Issues on offer being pushed by developing countries include the reduction of trade-distorting domestic support of industrialized governments to their farmers and export goods, to create a Special and Differential Treatment (S&DT) monitoring mechanism for least developed countries (LDCs) and to make duty-free, quota-free (DFQF) treatment for all goods originating from LDCs. It became clear, however, in the midst of negotiations that WTO members would not manage to conclude the Doha round anytime soon. Even after attempts to produce a smaller package comprising measures that will benefit LDCs, some of the most powerful economies led by the US began to resist and demanded further concessions that will benefit advanced industrialized countries.

Despite the Doha Round's consecutive breakdowns, developing countries are still hoping for its conclusion. But even as the deadlock continues, economic superpowers are relentless in pushing for their agenda even if it meant bypassing the WTO. As a solution to the impasse, bilateral and plurilateral ‘free trade’ agreements (FTAs) are being brokered between developed and developing states to reach agreements on issues that were previously contested at the WTO negotiating table. FTAs are increasingly becoming a cause for concern as these are being used by developed states to cement weaker versions of deadlocked WTO trade deals with the aim of building consensus on otherwise controversial issues when discussed within the multilateral trading system. Furthermore, FTAs threaten to reduce any gains made by LDCs and developing countries in the WTO as they spin innumerable and overlapping trade agreements initiated by and favor the interests of the US and the EU.

At the same time, previous rounds of negotiations reveal that developed country members are actively pushing for the permanent abandonment of the entire Doha Development Agenda to replace it with a new set of policy priorities called “Singapore Issues” that emerged during the WTO Ministerial in Singapore in 2006. It includes issues that are beyond traditional trade concerns spanning from investment, competition, intellectual property, state-owned enterprises to policies on government procurement.

**WTO Impacts on Agriculture**

Under the WTO, trade inequalities have worsened in a way that developing countries with previous degrees of self-sufficiency in staple food crops and have robust agriculture have been forced by developed countries and their transnational agribusiness companies to allow cheap imported agricultural products in their domestic markets. Trade and agricultural liberalization set an uneven playing field between developed and developing countries. Countries with backward agriculture were the ones affected and burdened with the implementation and the negative effects of trade in agricultural commodities with rich countries and world monopolies in global agricultural trade. This has been the case of Haiti and the Philippines before the establishment of trade liberalization policies.
Early in the 1980s, Haiti is a self-sufficient rice producing country, but the introduction of trade liberalization has led to the rapid decline of Haiti’s domestic rice sector. Local production has greatly decreased from 124,000 tons to 73,000 tons between 1981 and 2002, while subsidized rice imports increased from 15,000 tons to 350,000 tons between 1980 and 2004. The tariffs on rice imports were also cut from 35% to 3% in 1995, displacing many Haitian agricultural workers (Georges, 2004).

The path of the Philippines towards self-sufficiency in key food commodities has been undermined by agricultural liberalization since the start of the WTO. The value of food imports increased by four-folds from USD1.5 billion to USD5.7 billion from 1994 to 2011. From 1995 to 2010, the country’s dependency on imported products climbed upwards. Dependency on rice imports increased from 4% to 19%, onions from 0% to 8%, garlic from 0% to 65%, and meat products such as beef increased from 15% to 21%, and chicken from 0.05% to 10% (Georges, 2004).

Another important agricultural issue to take note in the WTO is its failure to reduce the subsidies of developed countries to their farmers. The high subsidies in developed nations have affected the livelihood of cotton farmers in Africa because of the overproduction of cotton in the world market. The cheap price of cotton exported by African farmers led to a decline in production by almost 50% in 12 main African cotton producers between 2005 and 2009 (Lazzeri, 2015).

African cotton-producing countries known as the “Cotton-4” (comprised of Benin, Burkina Faso, Chad and Mali) continue to note the low prices of cotton in the international market. Despite the increase in development assistance in the cotton sector, Ambassador Thiam Diallo of Mali, a representative of Cotton-4, emphasized that the African cotton sector remains vulnerable to the fluctuation of cotton prices in the international market (WTO, 2015).

Aside from the Cotton-4 group, other African nations are awaiting a just and ambitious outcome regarding the cotton dispute in the MC10. Lesotho, on behalf of the African group, stated that there is no need for a new WTO because the DDA is already there. The African group also highlighted that there must be an outcome on domestic support in agriculture at the MC10, which can be finalized if developed countries led by the US and EU will not prioritize their plans to move away from the DDA negotiations and consider new ideas that widen the scope of the WTO (Third World Network, 2015).

History teaches us that WTO policies on key sectors of developing economies, particularly their agricultural industries, work for the benefit of TNCs and to the detriment of the poorest. Conditionalities, unfair trade rules and FTAs have made national governments dependent on global market demands as WTO regulations force them to abandon efforts in laying the ground for genuine agrarian reform and the development of key national industries.

‘New Issues’ in the Nairobi Ministerial

Even with the 9th Ministerial Conference’s breakthrough deal on trade facilitation, WTO negotiations still remain fragile as developing countries fear the end of the Doha Round without producing any substantial outcome to address core development issues of the Global South. Developed countries have expressed strong opposition against including Doha commitments in the business of the post-Nairobi programme, citing the need to adopt
‘new issues’ that reflect the changing landscape of the global economy.

Sidelining the Doha Round however would entail casting aside developing country concerns and ushering in a round of so-called ‘new issues’ being pursued by developed economies particularly the US and the EU. These ‘new issues’ include government procurement, competition policy, investment liberalization, privatization of state-owned industries, liberalization of environmental goods and services as well as the promotion of global value chains – all of which if implemented, would severely limit the capacity of developing states to actualize national development policies and build up their own infant industries.

### Investment Liberalization

Proponents of an investment agreement within the auspices of the WTO are ultimately pushing for binding rules that will maximize the rights of foreign investors to freely enter and operate in any developing country while minimizing the ability of governments to regulate and implement policies in the name of public interest. Currently, the GATS and TRIMS both provide a degree of flexibility on the part of foreign investors in terms of entry and operations in developing countries.

Nonetheless, the WTO’s core objective to fully liberalize investment measures has not yet been achieved. And despite regulatory risk guarantees and other TNC benefits provided by developing states to attract more foreign investments, TNCs are still not as protected as they would want to be.

As early as the 1980s, the US has been pushing for stronger rules on investment. During the first WTO Ministerial Conference in Singapore back in 1996, the EU also proposed to negotiate a multilateral investment agreement in the WTO and the inclusion of new trade rules that will give new powers to foreign investors to enter and operate freely in developing states. However, opposition from developing countries meant that full liberalization was not yet possible (Woolcock, 2003).

A key contention coming from developing countries lies in the scope and definition of “investment” – which can loosely be interpreted as going beyond foreign direct investments (FDIs) to include portfolio investments, loans and investment funds as insisted by the US. This approach begets serious implications for financial stability as it can expose developing economies to potentially damaging forms of investments and unbridled TNC activities (Khor, 2007).

### Competition Policy

Competition policies being pushed to be part of the WTO negotiating mandate would prevent countries from favoring domestic firms over foreign investors. Consistent with the neoliberal dogma of free competition, the EU continues to push for a new agreement that would restrict developing country policies that favor local industries. For instance, policies that gave importing or distributing rights to local business (including state-owned enterprises and government-owned and controlled corporations) or practices among local firms that allowed them to gain advantage in terms of marketing could be challenged and imposed with corresponding penalties.

The EU further insists that any competition policy agreement within the WTO should be consistent with the principles of national treatment and non-discrimination (IBON Databank and Research Center, 2005). According to them, foreign products and businesses have the right to compete with domestic industries on equal terms. As such, all constitutional protections and policies afforded to local firms would have to be eliminated.
to give way to the principles of national treatment and non-discrimination that ironically favors big businesses given the unequal playing field and the large capacity gap between local and foreign firms. To this end, state-owned enterprises or government-owned and controlled corporations that are traditionally provided with exclusive access to subsidies, policy favors and rights to trade would have to be dismantled to conform to free market standards.

State-Owned Enterprises (SOEs)

In line with WTO’s thrust for greater privatization, the discipline governing the transfer of SOEs from public to private ownership is based on the core concept of “competitive neutrality.” Competitive neutrality aims to promote free and efficient competition between private and public businesses and ensure that SOEs and private corporations both operate on a level playing field (Kelsey, 2012).

Competitive neutrality essentially aims to dismantle the privileges enjoyed by SOEs including exclusive access to government subsidies, reduced interest rates, favorable tax treatment, low transaction costs, government bonds with implicit guarantees, preferential rates for utilities such as electricity and water, government procurement, operational subsidies, targeted infrastructure development and protection from bankruptcy as well as bailout support.

The core objective of competitive neutrality is to gradually strip state enterprises of their integral public good. Social services provided by SOEs will be eliminated if they are not profitable. The overriding objective to act as a commercial business effectively overtakes the statutory framework of SOEs, and undermines any prior responsibilities to communities and employees. Provision of non-commercial activities will be contracted separately and funded on a full cost recovery basis.

This is an effective strategy for preparing a given sector for increased competition as a result of future trade liberalization that has either been committed to by the government in question or which said
The government intends to commit to in the context of impending trade negotiations. Interestingly, the gradual phasing out of SOEs or the removal of their privileged status has been a consistent focus of WTO accession negotiations.

**Government Procurement**

At present, WTO members are not required to subject government procurement to WTO’s market access rules unless they are members of the Government Procurement Agreement (GPA) – a plurilateral treaty formed within the WTO whose members are largely from developed states. In efforts to expand the GPA mandate, the US continues to lobby for an agreement that will liberalize government procurement deals allowing their corporations equal access to market opportunities in terms of providing supplies and contracts for public service projects in the developing world (Khor, 2003).

If an agreement on government procurement had pushed through as developed countries would have wanted, government spending policies, decisions, and procedures would have to be subjected to the WTO principle of national treatment. This would imply that governments would no longer be able to give preferences or advantages to citizens or local firms. All bids for supplies, contracts, and projects (including privatization deals) would have to be opened to foreign corporations who should be provided with the same chances as locals. Should foreign investors deem that government decisions are biased towards local firms, they reserve the right to bring the matter to court in the WTO.

**Environmental Goods and Services (EGS)**

Despite declarations from developed countries and the WTO itself to support the full liberalization of environmental goods and services (EGS) coupled with

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**Box 2. US Business Groups Push for EGS Fast Track Agreement, With or Without Doha**

In 2009, eight US trade groups sent a letter to President Barack Obama asking him to reduce trade barriers for environmental goods and services (EGS) even if it means withdrawing from talks on green trade – a commitment drawn from the Doha Round of trade negotiations. According to the letter, a fast track agreement is necessary to remove trade barriers that are hampering an otherwise thriving industry.

“Lowering trade barriers on green goods and service would be good for the environment and the US economy,” the letter says. “US businesses and workers would also benefit from the removal of disproportionately high tariffs and non-tariff barriers that US exporters face on green goods and services in a large and rapidly growing export market.”

Trade groups claim that negotiating the EGS agreement outside of Doha will effectively expedite trade liberalization in an area where there is already much global consensus. Critics however note that such an action would mean the collapse of the Doha Round leaving only a few contentious issues remaining to be negotiated.

the promise of a “win-win” outcome, major issues remain in the negotiating table particularly on how ‘environmental goods’ is being conceptualized. According to the Environmental Goods Agreement (EGA) negotiations, environmental goods and services refer to any form of business activity or goods that benefit the environment.

Supporting this general principle and in line with EU-US demands, the Fourth Ministerial Conference in Doha in November 2001 recognized the importance of EGS liberalization and therefore mandated negotiations to reduce or eliminate “tariff and non-tariff barriers to environmental goods and services” (Doha Ministerial Declaration 2001: paragraph 31(iii)). By January 2014, 14 WTO member states came forward to announce a negotiating initiative to liberalize trade on a number of environmental goods. During the course of the Doha Ministerial, some experts attribute the inclusion of EGS into the WTO negotiating mandate as a horse trade deal in exchange for EU’s commitment to phase out its agricultural subsidies. Authoritative sources also cite the US’ key role in influencing the EU’s push to include EGS in Para 31 (iii) of the Doha Ministerial Declaration (DMD).

Even outside of the WTO, trade negotiations on EGS are still being pursued through bilateral treaties and free trade agreements at all levels. For instance, the 2012 Asia Pacific Economic Cooperation (APEC) summit agreed on a list of 54 environmental goods that are expected to raise the level of ambition in EGS trading inside the WTO.

Reducing or eliminating tariffs on environmental goods and services can create a potentially huge development “loss” for poor countries. Since developed countries have already adjusted to lower or zero tariffs on most industrial goods, including EGS, their burden of effective tariff reductions would be relatively much less than for developing economies.

Furthermore, the disintegration of trade barriers on EGS will result in a deluge of imports from developed to developing countries, making the latter economically dependent on these imported goods and difficult for poor states to support the development of their local industries. Developing countries will increasingly become more dependent on technology transfers, unless otherwise provided with the necessary conditions for them to develop the technologies themselves or get copies of the design. Essentially, a market access focus on the elimination of trade barriers is overly narrow and, in a developing country context, has the potential to limit or wipe out the ability of developing country producers to develop sufficient production and competitive capacity with respect to such environmental goods and services.

Global Value Chains (GVCs)

Global value chains (GVCs) refer to the full range of value added activities required to bring a product from its conception, design, sourcing of raw materials including intermediate inputs, production, marketing, and distribution to consumers (IBON Primer on WTO Bali Package, 2013). GVCs are increasingly being heralded as a way for developing countries to achieve economic growth and prosperity. According to the WTO, developing countries can derive benefits by integrating themselves as low tier suppliers within GVCs and in the process upgrade to higher tiers of the value chain segment.

1 The 14 WTO EGA member states include Australia, Canada, China, Costa Rica, the EU, Hong Kong, Japan, New Zealand, Norway, Singapore, South Korea, Switzerland, Chinese Taipei, and the US
In reality, however, workers and communities from developing countries are pitted against each other as they compete with depressed wages and suffer dire working conditions. Big corporations situated in the upper tier segments of GVCs (i.e. design, product development, strategy) or often called “lead firms” are largely focused on high-value core activities while conveniently outsourcing lower-tier segments to developing countries whose production capacities can only accommodate relatively simple outputs. TNCs who usually dominate the entire value chain can freely push prices, products, services, and wages down by exploiting the tight competition among developing economies to be part of the value chain.

Governments, in efforts to preserve or improve attractive investment climates, are increasingly pressured to erode their own labor standards or find loopholes for the non-enforcement of these laws. To further facilitate the movement of capital, states in collusion with big businesses are engaged in seizing lands, imposing industrial methods on agriculture, and commodifying natural resources and public goods thus resulting in widespread violation of people’s rights. Public institutions that have traditionally served public interests now serve the needs of big foreign capitalists instead. People are losing their sovereignty, and their basic human and labor rights as their living conditions deteriorate at an accelerating rate.

PEOPLE’S TRADE AGENDA

These so-called ‘new issues’ that will be brought before the MC10 negotiations will only exacerbate unequal global trade relations to the detriment of underdeveloped countries. The systematic removal of government capacity to regulate TNC activities coupled with the strong push to eliminate all protective trade barriers on developing country trade goods all contribute in creating conditions for rich nations to easily exploit the developing world. In a perverse irony, as rich nations continue to block developing country proposals to achieve food security such as through public stockholding options, agricultural goods from developed states continue receiving heavy subsidies. This illustrates the fundamental flaw of the WTO as a
It is clear that developing countries have more to lose and nothing to gain in the inclusion of these ‘new issues’ into the WTO negotiating mandate. Strong opposition from peoples movements, civil society and developing countries thus becomes imperative to block these proposals that work in favor of corporate interests. Crucial in these efforts is the assertion of developing countries’ right to food security including proposals to shield public stockholding programmes. At the same time, advanced industrialized countries must remove all subsidies on agricultural trade goods that damage poor agricultural markets to the benefit of large agribusinesses.

A world trade system that truly pursues the people’s trade agenda must promote alternative forms of international exchange that are based on solidarity and complementarity toward providing the needs of the population. A truly pro-people trade regime embodies equality, the utmost respect for each country’s national sovereignty and must be guided by the principle of non-interference. The people’s trade agenda requires laying down the foundations of a strong economic base by regulating the financial sector, advancing genuine agrarian reform and promoting the development of national industries instead of seeking to subsume entire economies and governments to the interest of profit accumulation by large corporations and rich nations.

Emerging alternatives to neoliberal trade such as the ALBA-TCP (Bolivarian Alliance for the Peoples of Our America – Peoples Trade Treaty) present an important counterbalance to the WTO. Established to counter the US-led Free Trade Area of the Americas (FTAA) and the WTO itself, the ALBA is currently composed of 11 countries including Venezuela, Cuba, Bolivia, Nicaragua, Dominica, Ecuador, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Saint Lucia, and Antigua and Barbuda. ALBA offers an alternative form of trade – a political platform for regional economic and social integration that is based on solidarity, complementarity, justice and cooperation, premised on the goal of eradicating inequality through a people-centered development model.

History teaches us that the WTO and other forms of neoliberal trade systems do not respond to people’s needs and demands and instead serve the interests of the rich and ruling few. Building an alternative trade regime and advancing the people’s trade agenda requires states to uphold:

- **Sovereignty and people’s rights** - the basis of genuine democracy resides in the people’s sovereign will – they are the source of any government’s legitimacy. Governments are thus entitled to sovereign rights as the legitimate representatives of their people only as long as they fulfill their duties to them, including the responsibility to protect and fulfill their basic individual and collective rights, among others.

- **Democratic decision-making** - the current ruling system ensures an uneven political battleground that marginalizes the poor and oppressed. A truly democratic decision-making process that involves civil society, social movements, grassroots organizations, and all sectors of society at all levels of policy-making, implementation, monitoring and review must replace token and merely procedural participation.

- **Solidarity, mutual cooperation and complementarity among states** – economic trade and investment
must not be treated as an end in itself. States should thus pursue a socially just world where cooperation among states can be achieved on the basis of solidarity and in a manner that is compatible with each country's development strategies.

- **Friendship and peaceful coexistence** – the people have the right to live harmoniously, free from the threat of foreign aggression in all its forms. States also have the right to defend their sovereignty if challenged or attacked.

- **Environmental sustainability** – it is imperative for a peoples trading system to fully recognize the importance of protecting the environment and safeguarding the Earth’s carrying capacity as key to sustainable development.

- **Accountability to the people** – the state must understand that its ultimate accountability lies in its people and not to corporations. Governments must guarantee the rights of all people, particularly women, youth, indigenous peoples, workers, migrants, and the most marginalized to be part of free, prior and informed decision-making at all stages of the development process.

Achieving these aspirations requires fundamental shifts in the current ruling system and a departure from market-led pathways of development designed to benefit only the rich few, TNCs, and the global elites led by the US. In order to advance the people’s trade agenda, it is vital to challenge the current system and rebuild a global economy on the basis of solidarity, complementarity, and mutual cooperation. We must promote vibrant and alternative economies that support people’s rights including workers, peasants, women, migrants, youth and indigenous peoples. The people’s agenda demands a socially just international trading framework that allows economies and communities to exercise their right to self-determined development and creates a world trade system that truly responds to people’s needs.

**REFERENCES**


2. Doha Ministerial Declaration, Paragraph 31 (iii)


