

## ***Africa and the World Trade Organization: The Issues in Brief***

By William Minter

Two years ago in Seattle, demonstrators in the streets brought previously esoteric negotiations of government ministers at the World Trade Organization (WTO) to the world's eye as never before. Less noticed, inside the meetings, African trade ministers denounced the lack of transparency in the proceedings. "African countries are being marginalized and generally excluded on issues of vital importance for our peoples and their future," they declared in a public statement. The next day the summit adjourned with no agreement, as developing countries rebelled at being pushed aside, and Europe and the U.S. also failed to resolve their own differences.

Demonstrators will be sparse at the tightly controlled site of the Seattle sequel in Doha, Qatar. The focus on security threats—not from demonstrations but from international terrorism—is likely to overshadow the substantive issues at stake. But these issues, cloaked by the technical language of international trade negotiations, are vital to the fate of ordinary people around the world, and particularly in Africa and other developing regions. Since Seattle, African governments have joined with other developing nations in sustained efforts to develop common positions and present them to the WTO. African and international nongovernmental organizations have followed the negotiations closely, and prepared detailed critiques. Rich country governments and the WTO have promised greater openness.

Despite all this, final proposals presented at the last minute by the WTO's inner club as the basis for consensus almost totally disregard these critiques. Instead of dialogue, the U.S. and other rich countries have opted for raw political power. African countries are under

enormous bilateral pressure to go along with the rich countries' agenda for a new round of trade talks on their terms, and to accept vague promises to deal with African concerns later.

Whether or not this power play results in imposing a false "consensus" declaration in Doha, the contentious issues will not go away. Below are the points of most concern to African and other developing countries, as concisely and in as non-technical language as possible.

### **Democracy and Transparency**

In theory the WTO, with 142 members including 47 African countries, operates by consensus. All countries have the right to participate in negotiations affecting them. The WTO secretariat is supposed to represent all members equally. Since Seattle, moreover, the secretariat has responded to criticism about lack of transparency by making many more documents available to the public. In practice, however, key decisions, including formulation of documents presented as "consensus" positions, take place in smaller, informal meetings that are closed or unannounced. These meetings include primarily the rich countries and sometimes representatives of a few key developing countries. Even when meetings are open, African and other developing countries are often unrepresented simply because they do not have enough personnel to send to many simultaneous meetings.

The unspoken rule is that if you are not present or do not speak up at a meeting, you are considered to support the "consensus" later presented by WTO staff. Even when there is vocal dissent, the positions of developing countries

are often totally excluded from the emerging statements.

On October 27, the chairman of the General Council of the WTO presented final draft texts for the Doha meeting of trade ministers. In principle, points of disagreement are supposed to be highlighted within brackets in the text. But the final text simply omits almost all areas of disagreement. As the Nigeria delegation commented, “The text generally accommodates in total the interests of developed countries while disregarding the concerns of the developing and least developed countries.”

## Public Health

Patent rights, by granting temporary monopolies to drug manufacturers, keep drug prices and company profits up. As a result, the pharmaceutical industry has higher profit rates than any other major industrial sector. In 1994, the WTO agreement on “trade-related aspects of intellectual property rights” (TRIPS) mandated that member countries bring their laws into accord with restrictive standards that maximize the rights of patent holders.

As Nobel Prize winner Joseph Stiglitz has remarked, the 1994 agreement was “unbalanced” and “driven by commercial interests.” The agreement does include the option for countries to use generic alternatives to patented drugs in emergencies, as the U.S. threatened to do recently to bring down the price of the patented antibiotic Cipro. In practice, however, using this option requires strong political will, economic clout, and high-powered lawyers to face up to pressure from drug companies and their home governments. Even though South Africa forced the drug companies to back down on a court

case on the issue in April 2001, the intimidation factor is still extremely powerful. While Brazil, India, and Thailand have aggressively used generic drugs to push down costs, despite U.S. pressure, only a few African countries have taken hesitant steps to do so.

African and other countries have proposed a clear declaration from the WTO meeting that “Nothing in the TRIPS agreement shall prevent Members from taking measures to protect public health.” While not changing the text of the existing agreement, such an explicit statement would make it much easier for African countries to take advantage of the loopholes in TRIPS. The U.S., Switzerland, and other rich countries are opposing this statement, and are proposing weaker language that sounds similar but would mean little change in the status quo.

The rich countries are also offering to change the deadline for patent-law compliance by “least developed countries” from 2006 to 2016. But by applying only to “least developed countries,” this would exclude precisely those developing countries most able to produce and export generic drugs, including Brazil, India, and such African countries such as Cote d’Ivoire, Ghana, Kenya, Nigeria, and South Africa.

## Agriculture

Trade liberalization, its proponents promise, will bring benefits to all countries. The World Bank, for example, calculates that “full” trade liberalization could bring between \$200 billion and \$500 billion in additional income to developing countries. The catch-22 is that in practice the rich countries take full advantage of the openings they press

on developing countries, while failing to open their own markets.

This is particularly clear in agriculture, where agricultural subsidies to farmers in the U.S., Europe, and Japan have risen to almost \$1 billion a day—more than six times the amount these countries provide in development assistance. Together with other measures, such as tariffs and quotas, these subsidies make it difficult for developing countries to compete in rich country markets. Even more damaging, they allow agricultural exports from the rich countries to drive small farmers out of business even in their home countries. This threatens domestic food security as well as undermining export potential.

The Uruguay Round of trade negotiations, which ended in 1994, promised greater market access in the rich countries for developing countries’ exports. This has not happened. African and other developing countries want this failure to be addressed before they accept another round of negotiations.

## New Issues and Old

Agriculture is only one example of the many trade sectors in which African and other developing countries have not benefited as promised from previous agreements. They want a comprehensive reevaluation of existing agreements before starting up a new series of complex negotiations on additional sectors. They want the WTO to consider the empirical evidence on benefits and damages. They also want to remedy the difficulties they have faced in setting up legal and administrative systems for implementation of trade rules. In short, they want to address the systematic imbalance that ensures that rich countries

benefit disproportionately, while the poor countries' "development deficit" only grows.

Developing countries have identified at least 104 specific "implementation" issues they want addressed. A few examples include U.S. use of "anti-dumping" barriers to restrict exports of steel from developing countries, including South Africa, the impact of lower industrial tariffs in devastating domestic industries in many developing countries, and the failure of the rich countries to provide adequate technical assistance to enable developing countries to comply with trade regulations and compete effectively. African countries have also led a fight to oppose the use of intellectual property rights to patent life forms, a trend that threatens developing country control over genetic stock vital for agricultural production.

The bottom line is that while developing countries have been forced into opening their markets, allowing cheaper imports to undermine domestic agriculture and industry, rich countries have failed to lower their own trade barriers, which cost developing countries some \$100 billion in lost opportunities. Instead of addressing these concerns, the rich countries and the WTO secretariat are pressing for a new round while offering practically nothing to address these implementation issues.

The agenda of the proposed new round sought by the rich countries includes extending WTO negotiations to include matters related to the policies of countries for regulating investment, competition, transparency in government purchasing, and trade facilitation (such as customs procedures). The effect, should negotiations be completed on these topics, would be to make even larger areas of

economic life in all member countries subject to complex WTO regulations. As in the agreements already in place, developing countries are at a particular disadvantage in defending their interests in negotiating or implementing such agreements.

These issues are already being explored in working groups, but opening a formal new round is supposed to come only after a certain level of consensus is achieved. African and other developing countries have repeatedly voiced their disagreement with proposed consensus statements. The draft declaration being presented to delegates in Doha simply ignores these disagreements.

## Special and Differential Treatment

All previous trade agreements, including the Uruguay Round concluded in 1994, recognize in theory that developing countries have disadvantages that may warrant "special and differential treatment." In other words, these countries may and should be granted better market access, be allowed greater flexibility in implementing trade rules, and be allowed to sign agreements with developed countries that do not require full "reciprocity."

The Uruguay Round assumed that such treatment would be temporary, and that developing countries could quickly adopt the general standards after brief transition periods with the aid of technical assistance from rich countries. The catch was and is that almost all the "special and differential treatment" provisions were not mandatory but instead dependent on the political will of the rich countries to implement them. As a result they have rarely been implemented. Developing countries have demanded

that the non-application of special and differential treatment provisions be reviewed, and that they should be mandatory and binding on developed countries.

The draft declaration for Doha does include a commitment for a committee to study existing provisions for special and differential treatment and consider the option of making some of them mandatory. This commitment, however, falls far short of the extensive review developing countries regard as essential.

## Crisis Now Worse than Seattle

Speaking off the record, many developing countries representatives say the levels of tension between rich and poor countries are now at even higher levels than in Seattle. Instead of taking the opportunity for dialogue, rich countries have offered little or nothing to address the concerns of African and other developing countries. The poor are asked to accept the agenda whether they like it or not and to swallow their rage as rich countries, claiming to represent global interests, once again impose their minority views.

If rich countries do succeed in imposing an artificial consensus in Doha, it will be a hollow victory. They will store up more fuel for future conflict by demonstrating once again that the wealthy of the world are oblivious to the opinion of the world majority.

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*was written for Africa Action and Foreign Policy In Focus, online at [www.fpif.org](http://www.fpif.org).)*

Note: Organizations monitoring the WTO have much additional detail

available on their websites. Particularly comprehensive and up-to-date, with perspectives from developing countries, are: Third World Network (<http://www.twn-side.org.sg/>), International Centre for Trade and Sustainable

Development (<http://www.ictsd.org/>), and South Centre (<http://www.southcentre.org/>). The official WTO site is <http://www.wto.org/>.

## Who's Who in the Bush Administration

<http://www.fpif.org/republicanrule/index.html>

*Essays Include:*

Robert Cutler  
Karen Hansen-Kuhn  
Chris Hellman  
Neil Hicks  
Chris Toensing  
Tomas Valasek  
Carol Welch  
Ian Williams

*A First Glance at Bush's Policy Toward Russia*  
*Bush's Trade Policy: The NAFTA Express*  
*What Can We Expect from the Penatagon?*  
*The Bush Administration and Human Rights*  
*Bush's Middle East Policy: Look to His Advisors*  
*George W. Bush and the "Other" Europe*  
*Republican Rule and the IFIs*  
*The United Nations: Beating Around the Bush*

And Many Others!

*Profiles Include:*

*Richard Lee Armitage*  
*Paul O'Neill*  
*Richard N. Perle*  
*Colin Powell*  
*Condoleezza Rice*  
*Donald Rumsfeld*  
*George Schultz*  
*Paul Wolfowitz*  
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