

A New Beginning for WTO After Cancun

By Mark Ritchie and Kristin Dawkins | October 10, 2003

Forget the spin you have been reading about the “failure” of the World Trade Organization meeting in Cancun. It was one of the most successful international meetings in years because it redefined how trade can benefit the poor and how the developing world can be real players in these negotiations. In fact, if policymakers and global trade negotiators were paying attention, Cancun could lead to trade talks that actually bring about fair trade, and the benefits to both the developing and the developed world that have long been promised.

What did we learn in Cancun? Three things: First, that equitable and effective global trade agreements can't be negotiated when the balance of power rests exclusively with the wealthiest nations. Second, that civil society has a legitimate and useful role in these discussions. And third, that fair trade, trade that ensures that producers are paid a fair price and workers are paid fair wages, is the world's best hope for a sustainable trading environment.

The most remarkable success in Cancun was the WTO meeting itself. What happened was simply that most of the countries refused to go along with the demands made by the cabal that has been running things up until now. It was the first time that the World Trade Organization began to feel like a truly global organization—not just an extension of the U.S. government's foreign and domestic economic policy. In previous Ministerial meetings, there have been small hints of shifting power relations at the WTO, but Cancun was a breakthrough: a giant shift in the balance of forces in global politics.

This was largely due to the fact that countries now have real experience with which to evaluate the promises of so-called “free trade” that really should be called trade deregulation. Ten years ago, the poorer countries were told that, according to computer projections, the act of signing away their right to regulate imports and exports would miraculously turn into rapid economic growth and transform their societies into something along the lines of the United States—or at least like Singapore or Korea. But in reality, most countries' economies and human development have gone backwards since the WTO took effect in 1995. And the worst of the unfair trade practices—namely, the dumping of agricultural products by U.S.-based grain companies at prices below the cost of

production—has significantly increased, driving producers in both the South and the North out of production and increasing the need for expensive food imports as well as the incidence of hunger.

A second outstanding feature of the Cancun meeting was the working partnership between many governments, especially from the developing world, with non-governmental and civil society groups that provided much-needed technical analysis and just plain old political support. At both the Ministerial level and in the day-to-day negotiations at WTO headquarters in Geneva, developing country governments with smaller staff face a severe disadvantage straining to keep up with the blizzard of proposals and frenzy of meetings. In fact, this makes up a critical element of U.S. government strategy—to keep other countries off balance and on the defensive in these talks. In the lead-up to Cancun, many of the officials from these countries acknowledged the useful informational role played by NGOs and civil society to counter this challenge.

Fair Trade

Third, there was the International Fair Trade Fair, the first-ever gathering of producers from around the world that market their goods and services on the basis of global trade rules written to benefit the poor. Over a hundred producer cooperatives and networks from every continent showed off their child-labor free soccer balls, no-sweatshop clothing, and dozens of fantastic kinds of organic coffee, tea, and chocolates. This historic event opened with an evening reception with over a thousand people—the hottest ticket in Cancun the entire week. At the end of his opening remarks, Mexican Foreign Minister Ernesto Derbez (who also chaired the WTO



Americas Program, Interhemispheric Resource Center

www.americaspolicy.org

A New World of Analysis, Ideas, and Policy Options



meeting) joined forces with Nobel Peace Prize winner and Guatemalan human rights activist Rigoberta Menchu to pound open a piñata full of fair traded goodies.

For those paying attention, the Fair Trade Fair of Cancun could provide the inspiration and ideas for a way out of the current WTO deadlock. The basic principles are simple: make sure that producers are paid a fair price and that workers are paid fair wages. In addition, certified fair trade rules require direct connections between the buyers and producers and continuous environmental improvement. Discussions at the Fair Trade Fair highlighted not only the alternative marketing of products based on fair producer prices but also what alternative rules for corporate commercial trade are needed to achieve on a global scale the day-to-day well-being of poor producers in developing countries. Most fair trade coffee producers, for example, receive two to three-times the currently disastrous global market price, making it possible for them to send their sons and daughters to school and to begin securing water, sewer, electricity, and the other basics of life.

There is a reason agriculture dominated the debate in Cancun. The vast majority of the poor people on Earth rely upon agriculture for their very survival. If the goal of the WTO were to ensure fair prices to farmers and to prevent export dumping, we could find an equitable solution that would be supported by farmers and governments

both North and South. The enforcement of existing prohibitions on dumping and the right to regulate and manage supplies would go a very long ways in stabilizing rural communities and national economies throughout the world. With food security and a sound agricultural sector at the base, diversification based on the processing of other natural resources and a growing manufacturing sector follows, generating the reliable tax base upon which a healthy services sector depends.

It is a matter of political will, not a lack of good ideas that led to the Cancun collapse. With enough political will, great ideas like fairly traded goods and fair trade rules can carry us forward toward long-term prosperity. Cancun is probably best understood as an open door for genuinely worldwide trade negotiations. A real balance in political power at the WTO could usher in an era of more sustainable systems of local and regional production and consumption as well as greater democracy and social justice globally.

(Mark Ritchie is President of the Institute for Agriculture and Trade Policy (online at www.iatp.org). Kristin Dawkins is IATP's Vice President for International Programs and a member of the Advisory Committee for Foreign Policy in Focus (online at www.fpif.org.)

Published by the Americas Program of the Interhemispheric Resource Center (IRC, online at www.irc-online.org). ©2003. All rights reserved.

The Americas Program

“A New World of Ideas, Analysis, and Policy Options”

Founded in 1979, the IRC is a nonprofit policy studies center whose overarching goal is to help forge a new global affairs agenda for the U.S. government and people—one that makes the United States a more responsible global leader and partner. For more information, visit www.americaspolicy.org or email americas@irc-online.org.

Recommended citation:

Mark Ritchie & Kristin Dawkins, “A New Beginning for WTO After Cancun,” (Silver City, NM & Washington, DC: Foreign Policy In Focus, October 10, 2003).

Web location:

<http://www.fpif.org/commentary/2003/0310fairtrade.html>

Production Information:

Writer: Mark Ritchie & Kristin Dawkins

Editor: John Gershman, IRC

Layout: Tonya Cannariato, IRC