

## ISSUE NOTE

### WTO THIRD MINISTERIAL AGENDA & ISSUES

The Seattle Ministerial was originally intended as the meeting at which WTO member states would launch a major new round of negotiations to further liberalize international trade and to review some current trade rules. The WTO's agreements at the time were the result of the 1986-94 Uruguay Round of negotiations begun under the auspices of GATT. The existing agreements on services (the General Agreement on Trade in Services, GATS) and on agriculture required that negotiations had to resume by the beginning of 2000.

In a key speech delivered just a month before the Seattle Ministerial, Director General Mike Moore of the WTO listed the priorities for the Third Ministerial: (1) "advancing trade liberalization," (2) "integrating the developing countries into the trading system," (3) "making the global trading system truly global" by adding China, Russia, and other candidates to the WTO, and (4) "building bridges in global policy-making" by "raising important questions about the linkages between the trade system and the environment, health standards, human rights and other issues."<sup>1</sup>

The agenda for the Seattle Ministerial began to be formed as part of the previous (Second) Ministerial held in Geneva in May 1998, a meeting scheduled to coincide with the fiftieth anniversary of GATT. Members formally introduced proposals for specific items to be included in the Seattle agenda in March 1999. By September 1999, when the General Council started to put the various ideas together in a draft declaration to be issued in Seattle, more than 150 proposals had been received. According to the WTO, they ranged across a wide variety of topics including tariffs, anti-dumping, subsidies, safeguards, investment measures, trade facilitation, electronic commerce, competition policy, fisheries, transparency in government procurement, technical assistance, capacity-building and other development issues, intellectual property protection, and many other subjects -- in addition to agriculture and services. Discussions at the General Council meetings in Geneva determined which of these actually made it to the agenda for the Seattle meetings.

A politically important proposal to be discussed at the Seattle meeting involved a special deal to help least-developed countries gain easier access to richer countries' markets, along with further development of a program of technical assistance to least-developed countries under an integrated framework set up by the WTO and a number of other organizations in 1997.

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<sup>1</sup> Mike Moore, "Seattle: What's at Stake?" Speech to the Transatlantic Business Dialogue, Berlin, October 29, 1999. [http://www.wto.org/english/news\\_e/spmm\\_e/spmm13\\_e.htm](http://www.wto.org/english/news_e/spmm_e/spmm13_e.htm). Accessed December 9, 2000.

Implementation of the results of the Uruguay Round were also a high priority issue for many developing countries. Some developing countries argue that anti-dumping measures, subsidies, and agreements on textiles and clothing have been implemented unfairly to the advantage of richer trading states.

Continuing negotiations for substantial progressive reduction in support and protection for **agriculture** among member states is one of the mandated agenda items built into existing agreements. Similarly, a new round of negotiations to achieve progressively greater liberalization of trade in **services** was also slated for 2000.

### **Intellectual Property Rights (TRIPS)**

The TRIPS agreement calls for a review of its implementation after January 1, 2000, which means that discussions on how to proceed with the review should be initiated at the Seattle meeting.

All developing countries, except the least developed, must implement the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement by January 1, 2000. (Least-developed countries have until 1 January 2006.) For most, this means amended or new intellectual property legislation and new or more effective means of enforcement. Many developing countries argue that five years is not enough time to undertake such a radical change and have proposed an extension of this transition period. One perspective holds that the five year period was set arbitrarily without regard for a country's level of development. Other countries want to see reciprocal obligations included in the TRIPS agreement so that what they take on as obligations to protect the intellectual property rights of other nations are rewarded or compensated for via technology transfers and protection of geographical indications.

### **Trade-Related Investment Measures (TRIMS)**

The Trade-Related Investment Measures (TRIMS) Agreement deals with national policies that are considered inconsistent with GATT. For example, some countries enforce measures such as minimum local content and trade balancing requirements in regulating imports from other countries. Developing countries have to eliminate inconsistent measures by January 1, 2000, least-developed countries by January 1, 2002. The TRIMS Agreement calls for a review and discussion of whether provisions on investment policy and competition policy should be included in an extension of the Agreement.

As with TRIPS, developing countries assert that they can not meet this tight timetable. They are pressing to retain sufficient flexibility so that they choose their own investment promotion policies regardless of whether they are consistent with GATT.

Administrative capacity remains a significant hindrance for many developing countries. For example, countries were allowed to notify the WTO of selected investment measures immediately upon ratification of the TRIMS agreement, for which they could then be granted exceptions. But many states failed to do so for no other reason

than their general inability to respond quickly to these kinds of requests. Indeed this remains one of the important obstacles to effective implementation and an ongoing source of later conflict, i.e., the fact that developing countries often lack the professional staff to negotiate and then effectively implement international trade agreements.

### **Government Procurement**

The provisions for liberalizing government procurement are designed to create greater international access to contracts with government entities for the provision of goods and services. Many governments have resisted efforts to even the playing field between domestic and foreign suppliers of goods and services purchased by the governments themselves. Further negotiations were mandated to start by 1999, with intention of improving the agreement and achieving the greatest possible extension of its coverage among all members on the basis of mutual reciprocity. Further negotiations were begun at the end of 1998, but the completion of the negotiations, at least on the simplification and improvement of the agreement was targeted for the third Ministerial.

### **Sanitary and Phytosanitary Measures and Technical Barriers to Trade**

Sanitary and Phytosanitary (SPS) measures address animal and plant health and safety, and food safety, to prevent the transmission of disease and destructive organism from one country to another via foodstuffs, plants, animals, and other organic matter. The Technical Barriers to Trade (TBT) Agreement deals with other technical standards that countries may seek to enforce that operate as a nontariff barrier to trade. Both agreements require members to consider the special needs of developing countries in both these areas. However, many developing countries are for practical purposes excluded from the creation of international standards because they lack the expertise or administrative competence to participate fully in the discussions. If they lack the ability to help formulate the rules, they are similarly in a position of having to comply with standards that exceed their technical ability or financial capacity to implement.

### **Improved Market Access for Exports from Developing Countries**

Developing countries had expected far greater access to markets in developed countries for their agricultural and textile exports. While the agreements have not been violated, many developing countries feel the spirit of the agreements have not been honored.

#### **•Agriculture**

Developing countries' complaints focus on some extremely high tariffs, tariff escalation (higher tariffs on processed goods than on raw materials, which penalizes processing in exporting countries), the difficulties in gaining access to markets through tariff quotas and the trade-distorting effects of subsidies. They are calling for lower barriers on agricultural goods that they export.

#### **•Textiles and Clothing**

The WTO's Agreement on Textiles and Clothing does two things. Over a 10-year period, it integrates the sector into GATT rules, and as part of that process it phases out quotas. Developing countries complain that although one-third of trade has been integrated as committed, only a few quotas have actually been removed. They add that what little market access has resulted from the implementation of the agreement has been cancelled out by measures taken by the importing countries, such as transitional safeguards, anti-dumping actions and discriminatory rules of origin.

During the meetings, six working groups were formed to try to negotiate the key elements of a Ministerial Declaration. It was this work that was severely hampered by the protests. The six working groups were:

- Agriculture (chaired by Singapore);
- Implementation and rules (chaired by Canada);
- Market access (chaired by Lesotho);
- Singapore agenda and other issues (chaired by New Zealand);
- Systemic issues (jointly chaired by Chile and Fiji); and
- Trade and labor standards (chaired by Costa Rica).<sup>2</sup>

One of the key issues worth discussing in conjunction with the events surrounding the Seattle Ministerial is what did protesters accomplish? While it is true that they did succeed in significantly disrupting the meeting, Araya (see note 2) argues that some of the prospects for substantive reform that might have advanced the causes advocated by protesters was lost. The demands for greater transparency of decision-making can no longer be ignored. However, promoting environmental protection and respect for the rights of workers may have been set back somewhat. The relationship between trade and the environment is another important and growing concern in international negotiations -- and among those who were determined to disrupt the Seattle Ministerial. Eric Neumayer presents some of the salient questions and approaches that WTO engages on this front.<sup>3</sup>

While many protesters want to protect the rights of the weak and the poor, the governments of many developing countries oppose regulations that enforce higher environmental standards and stronger labor protection provisions because these rules might be used to hinder their access to developed countries' markets. This fear is not

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<sup>2</sup> An excellent brief summary key issues considered by each of these working groups can be found in Mónica Araya's article, "Lessons From the Stalemate in Seattle," *Journal of Environment and Development* 9(2)(June 2000), pp. 183-189 (also found in the "Additional Readings" section of this binder). See also Dilip K. Das, "Debate at Seattle: The Way the Cookie Crumbled," *Journal of World Trade* 34(5): 181-201. An analysis of the issues preceding the meeting is presented in the November-December 1999 issue of *Bridges* published by the International Centre for Trade and Sustainable Development. The subsequent issue of *Bridges* (January-February 2000) provides a post-mortem and recommendation about how to proceed on the stalled WTO agenda.

<sup>3</sup> Eric Neumayer, "Trade and the Environment: A Critical Assessment and Some Suggestions for Reconciliation," *Journal of Environment and Development* 9(2)(June 2000), pp. 138-159.

ungrounded; thus trade agreements may be one of the levers that can be used to bring about greater respect for human right, workers' rights, and environmental protection. Others -- in both the developed and the developing world -- argue that this kind of "linkage" has no business in trade negotiations which should remain first and foremost about market liberalization and the pursuit of freer trade. Many who support the goals of the WTO argue that an international trading system governed by a set of meaningful and enforceable rules provides the best safeguard for the rights and interests of all. Open markets will produce greater prosperity which is the sine qua non for better working and living conditions, environmental protection, and less conflict in the world. In any event, by shutting down negotiations, neither agenda advanced.