

# Strategies and Tactics at the World Trade Organization (WTO)

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Global Research, November 13, 2009

10 November 2009

Region: [Latin America & Caribbean](#)

Theme: [Poverty & Social Inequality](#)

Geneva — The WTO is an important multilateral forum because it attempts to negotiate the future. The unacknowledged purpose of creating the WTO was to perpetuate, through international agreements, the pattern of trade imbalances in the international economy. The ploy is to convene a forum to negotiate an equitable amendment. The tactic is to wear down the resistance with an apparently repetitive immobility. Therefore, the Doha Round, labelled Development Round and intended to phase out farm subsidies – which have increased – is now only about market opening and the word development is totally absent.

The irony of the negotiations is that all countries claim to seek greater market opening, while all of them call for “flexibility” to keep them closed.

Developed countries which benefit most from current imbalances, do not want to give up anything tangible, but keep demanding more market space for their industrial products (NAMA) and their subsidized agricultural exports. This process of asking without giving created an escalation of a technical imbroglio of unmanageable complexity for countries that do not have the backing of an specialized team. The wear on resistance is visible; issues sharply rejected before by developing countries are now in the negotiation texts. The rhetoric of “win-win” deals vanished and there is only left the vulgar ambition to win at the expense of others.

## **The objectives of the negotiation**

There is much rhetoric, but the original and secret aim of the negotiations is to open markets to the international production and marketing of international cartels. The cartels are stateless, but control governments in developed countries, who speak for them; if any one has doubts, take a look at the handling of the financial crisis. The international cartels control is resisted politically in some developing countries, who have their own industries and a large population making their living on agriculture. Such is the case, for example, with nuances, of Argentina, Brazil, China, India, South Africa.

Agriculture is essential to political sovereignty, as is well known by those who have suffered or suffer – like Gaza and Cuba- hunger and deprivation due to blockages, which are acts of genocidal war. For that reason the axis of the negotiation is agricultural goods. In agricultural trade there is a clear unfairness and the main problem are the price distortions caused by agricultural subsidies, which actually go more to the intermediary that to the producer.

For reasons of geography and abundant labour, tropical and subtropical countries should be the major exporters of agricultural products. Europe and America are not efficient in

agricultural production, but subsidize and also protect it with high tariffs. Until there, we find a logic based on food sovereignty criteria. The irrational fact is that Europe and America, thanks to those subsidies, are the major agricultural exporters, with prices below the cost in developing countries, a dumping which is ruining local farmers and local economies.

Some countries, like Argentina, Australia, Brazil, New Zealand, are very efficient and still compete, but with lower profits, because developed world subsidies lower world prices. That makes farm subsidies an instrument that prevents creation of capital in agricultural countries. Such practises are labelled free competition, level play or other terms of neo-liberal talk.

### **Divide et Impera**

The principle of “divide et impera” (Divide and Conquer) is Roman, but is well practised by Anglo-Saxons and other colonialists. The map of Africa shows old national communities separated by artificial lines, that now we must respect. The Spanish America was fragmented by supporting regional warlords. The English and the Brazilians divided the Rio de la Plata into Argentina, Uruguay [1] and Paraguay. United States and Britain encouraged separatism in Great Colombia and intervened to atomize the Central American Isthmus.

Developing countries in the WTO have an overwhelming majority and therefore must be divided. The first division occurred outside the WTO, when international cartels achieved all they could ambition through the free trade agreements (FTAs) which the United States and Europe signed with countries where they controlled the ruling classes. WTO negotiations are therefore limited to those developing countries that they do not control.

At WTO, an effective divisive tool is the “Special and Differential Treatment” principle, which is something like “pay me latter”. Based on this principle there are arbitrary divisions such as “least developed countries (LDCs)” and “small economies” who are exempt - for now- of giving concessions and therefore of issues to negotiate. When we see that the LDCs are still dependent former colonies and that the concept of small economies was promoted (Guatemala heading) by countries that had signed FTAs with the U.S., we know who is behind it.

There are divisions that arise from the negotiation process. There are five country groups related only to agricultural trade: the Cairns Group, G20, G33, G10 and the ACP [2]. The Cairns Group [3] (efficient agricultural countries) requests removal of all subsidies and open markets. The G-20 calls for the same, with reservations. The G-33, are 45 developing countries that defend (special products and safeguards) vulnerable subsistence sectors, but only 8 are still active, because 37 of them were given the opiate of small economies. The G-10 are industrial countries (sensitive products) that protect their strategic agricultural sectors. The ACP defend their European agricultural preferences from erosion by trade liberalization.

At “Non Agricultural Market Access” NAMA (industrial products), only the group NAMA 11 supports the right to protect its domestic industry. Of the 11, only Argentina and South Africa are still very active. Brazil is yielding.

### **Latin America in the WTO.**

Latin America is not a force at the WTO. In the agriculture negotiations there is no GRULAC, or Andean Pact or MERCOSUR, which contrasts with the profile of the African Group and the ACP Group. The picture is chaotic and some Latin American countries are members of conflicting groups. Lets see their coherence:

- Cairns Group: Colombia and Costa Rica belong only to that group.
- G-20: Ecuador belongs only to that group.
- G-33: Honduras and Nicaragua belong only to that group.
- Cairns Group and G-20: MERCOSUR and Chile are in both.
- G-20 and G-33: Venezuela and Cuba are in both.
- Cairns Group, G-20 and G-33: Bolivia and Guatemala in all three.
- Small Economies: There we find all of Central America except Costa Rica, all the Caribbean, Ecuador, Paraguay, Bolivia and... Venezuela, calls for such treatment in NAMA!

There is obvious absence of negotiation policy when – as Guatemala- a country belongs to all groups of developing countries despite the contradictions. The only benefit could be that it gathers a lot of information.

There are some Latin American structures that could be more useful. ALADI is a case, because it benefits from the WTO “enabling clause [4]”. GRULAC, has mixed policies, but there are forums where it has a distinct position. At the Codex Alimentarius Commission, GRULAC as Codex Committee of Latin America and Caribbean, managed to neutralize European initiatives calling for health standards adverse to Latin American exports.

A Latin American group that begins to demonstrate effective coordination is ALBA [5]. A few days ago it imposed a clause affirming the need for consensus [6] to make decisions, when an Indian proposal on reform and transparency of the WTO, contained a dangerous ambiguity over the expression of the multilateral will. In the United States there are already critical press editorials on the need for consensus at WTO ...

### **Reasons for rejecting the proposed texts.**

The WTO has focused on reducing tariffs, open services and protect intellectual property, rather than decreasing economic distortions. This priority aims to maintain and worsen the existing ones. The financial crisis has shown the dangers of rapid liberalization and deregulation, when we see that the most affected countries were those more involved with global financial markets. The crisis also highlighted the vulnerability of countries dependent on the world market for basic needs, such as food.

The leaders of the G20 meeting in Washington, London and Pittsburgh, seem mired in a unreal haze, repeating the mantra that we must conclude the Doha Round by 2010. There are clear policies within their own countries that are moving in the opposite direction. The decision in Argentina, China and India to curb agricultural exports to keep food available for domestic consumption. The lack of flexibility in the U.S. negotiating position and the urgent priority of its domestic agenda. The proliferation of measures to stimulate domestic industries and maintain employment. All these signs are not there by chance.

It seems that the WTO Director, Pascal Lamy, is not aware of it, but many governments believe that a general crisis, of uncertain duration, is not the best time to give up basic instruments of economic policy. The most recalcitrant in the negotiations have been, indeed, the big developed players. It is absurd to seek multilateral static deals while global

dynamics suggest major international changes.

Developing countries in control of their national policies, have a valid growth option on regional and domestic development, while watching for the geopolitical shift that will make international trade a more equitable exchange and paid for with a more solid currency.

## Notes

1. Uruguay is a curious case. It did not declare independence from Spain like other Spanish American countries. It declared independence from Brazil, who invaded it in 1816 when it was ruled by the Portuguese Crown Prince.
2. African, Caribbean and Pacific former European colonies, it includes Cuba and Dominican Republic
3. Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Philippines, Guatemala, Indonesia, Malaysia, México, New Zealand, Thailand, it was a total of 16. Pakistan adhered recently.
4. GATT Decision of 28/11/1979 (doc. GATT L/4903), that exempts from compensation any tariff preferential treatment given among members countries in development.
5. ALBA is a group of developing whose members are Venezuela, Bolivia, Ecuador, Nicaragua, Cuba, Dominica, Saint Vincent and the Grenadines, Antigua & Barbuda and Honduras.
6. It means there is no opposition. It is a fundamental rule for respect of sovereign will over coalitions of countries. Opposition must be formal, because at WTO silence is taken for approval. Consensus means that one single vote against can stop approval.

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