

America will not wait

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The final minutes of the World Trade Organisation session in Cancún were symptomatic of the whole meeting: we stalled after representatives of the least developed, African, and Caribbean countries reported that their colleagues had rejected any negotiation to update the 1947 rules on customs procedures.

The breakdown occurred over measures that would have simply facilitated trade and helped land-locked countries by ensuring prompt release of goods, publication of procedures, and timely and fair rulings on customs questions. These commonsense steps are in the interest of all; their rejection was a political statement. Sadly, this decision was emblematic of a broader culture of protest that defined victory in terms of political acts rather than economic results.

As Luis Ernesto Derbez, Mexico's foreign minister and chairman of the meeting, closed the session, representatives of influential developing countries finally rushed forward to say they wanted to keep going. They correctly recognised that the draft text offered an excellent opportunity to press the European Union to eliminate agricultural export subsidies; to achieve big cuts in farm subsidies in the US, EU and other countries; to impose a ceiling on unbelievably high Japanese tariffs; and to open agricultural markets for developed and developing countries alike. Yet they were too late.

The previous evening, country after country had scorned the draft text, the negotiating process and other countries. The United Nations General Assembly has its role, but it does not offer an effective model for trade negotiations. A few ministers pointed out that increasingly radical rhetoric would make it harder for all - especially developing country groups with many smaller members - to consider realistic compromises. Countries that feel victimised are unlikely to agree to anything.

Cancún could have followed a different course. Only weeks before, we had worked together to resolve the difficult issue of ensuring that poor developing countries could gain access to low-cost, life-saving medicines while protecting intellectual property. But at Cancún the naysayers' tactics thwarted those who would have cut agricultural subsidies and tariffs, triggering reform of farm policy in the US, EU, Japan, Canada and elsewhere.

They passed up an opportunity to open developing country markets gradually to other developing countries. They stymied global sourcing and production networks, which integrate developed and developing country businesses to mutual benefit. And they walked away from rules on openness and transparency that fight favouritism and corruption.

Key mid-level developing countries employed the rhetoric of resistance as a tactic both to put pressure on developed countries and to divert attention from their own trade barriers. India's average bound agricultural tariff is 112 per cent, Egypt's 62 per cent and Brazil's 37 per cent - compared with a US average of 12 per cent. Their average bound tariffs on manufactured goods are at least 10 times larger than the US average of 3 per cent. We should be able to reduce these barriers while protecting the poorest nations and providing flexibilities for special sensitivities in the bigger countries.

After the US pressed the EU to develop an agricultural framework that could achieve farm subsidy and tariff cuts far beyond those achieved in the last global trade negotiation, we asked Brazil and other agricultural powers to work with us. Brazil declined, turning instead to India, which has never supported opening markets, so as to emphasise north-south division not global agricultural reform.

Smaller developing countries resisted the reduction of US and EU tariffs because they calculated that they would lose the advantages offered by special US and EU programmes that eliminate tariffs only for their exports. Unfortunately, these well-meaning trade preference programmes have undermined the push for two-way openings, perpetuating dependency.

Four African countries insisted on "compensation" of between \$250m and \$1bn annually, and unilateral elimination of cotton subsidies. Over the course of 50 years, global trade negotiations have progressed because countries could trade off cuts across products and even sectors to achieve a balanced result. The US has no export subsidies on cotton and proposed the elimination of all export subsidies. We committed to cut domestic cotton subsidies as part of an overall package that would also have reduced European and Chinese cotton subsidies, along with all agricultural subsidies. Instead of making cotton a symbol, we wanted to make development a reality through concrete results for cotton farmers, exporters and manufacturers of cotton products, along with all farmers.

The tactics of confrontation included an assault on one of the few devices that the WTO can use to prod its 148 members towards consensus: presenting a chairperson's text for discussion and negotiation. Brazil, India and others refused even to work off an agricultural text drafted by the Uruguayan WTO chairman and forwarded by the WTO's Thai director-general. Even after Singapore's tireless minister had worked non-stop with all parties to prepare a new agricultural draft reflecting a balanced compromise, Brazil and its colleagues presented a massive list of required changes. If they were serious about negotiating a compromise for 148 countries, they overplayed their hand by failing to signal that intention. They returned home without any cuts in subsidies and tariffs.

As Chairman Derbez closed the Cancún meeting, he asked countries to reassess prospects by December 15. We know well what developing countries are demanding, but have not heard whether more competitive developing economies will cut their high barriers. We do not know whether other developing countries that blocked action in Cancún will now accept packages that ask little or nothing of them. The US stands ready to work with the draft text across the full agenda. As the Doha negotiations drift into next year, however, we recognise that a new European Commission may reflect different perspectives.

Many countries - developing and developed - were dismayed by the transformation of the WTO into a forum for the politics of protest. Some withstood pressure to join the strife from larger developing neighbours. Of course, negotiating positions differed. But the key division at Cancún was between the can-do and the won't-do. For over two years, the US has pushed to open markets globally, in our hemisphere, and with sub-regions or individual countries. As WTO members ponder the future, the US will not wait: we will move towards free trade with can-do countries.

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