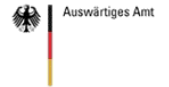


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Moving forward from Cancún

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Cancun: Victory for Whom? Measuring the Impact of the Fifth Ministerial

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Introduction

Late Sunday afternoon, September 14, I sat in the Cancun Convention Center and listened to the key architects of the Cancun Ministerial declare the meeting's abrupt end and then describe – as best they could – why.

They looked tired – and also somewhat stunned.

At the same time, several hundred people from many parts of the World, but mostly, it seemed, from the United States and Western Europe – cheered.

Who Was Victorious in Cancun?

People from all political perspectives have been quick to conclude pretty much everything:

- “Developing countries won because they stood up to developed countries.”
- “Rich countries and their business interests prevailed because ‘no agreement is better than a bad agreement.’”
- “No one won
 - poor countries, desperately in need of investment and know-how – succeeded in postponing both; and
 - rich countries saw their prospects for expanded markets evaporate.”

I believe in the long run that the Fifth Ministerial can emerge as a place where all WTO countries won.

But that will happen ***ONLY IF*** member countries:

- identify the lessons of Cancun; and
- marshal the political courage to act on those lessons.

And the lessons?

In my view they are:

- globalization is a reality – but it has a newly evolving and complex face

One of the most powerful examples of globalization in Cancun was the emergence of the G21 – an “unholy alliance” of countries, led by Brazil and India that came together, stuck together during Cancun, and made its collective voice heard.

The G21 was the fulcrum upon which the Cancun Ministerial balanced.

The G21 was evidence that globalization – with all voices having the potential to be heard and to shape the agenda – is here.

At Cancun, the G21 had its say. It was a force.

Depending on what happens next, that can be either a good thing or a bad thing.

And that leads to a second lesson:

- the WTO is not the United Nations General Assembly –

There was lots of interesting debate in Cancun. There was also a lot of posturing.

Debate has its place and is very important, but if it is the only skill a country brings to the WTO, it is merely empty rhetoric.

The WTO's purpose is to expand rules-based trade. To achieve that, everyone has to negotiate; everyone has to compromise.

To be sure, negotiation is about maximizing the advantage for your side, about being tough.

That said, negotiating needs to have a goal. Scoring political points is not a goal.

Despite some significant proposals for movement and compromise, at the end of Cancun the ministers could not move beyond debate. Too many of them could only posture. They could not summon the necessary flexibility and political will to bridge the gaps that separated them.

Instead positions hardened.

Sadly, those that will suffer the most from the inability to compromise are the poorest countries among us.

But debate and posturing weren't the only obstacles. There was something else – something more fundamental that I observed directly. Something that makes multi-lateral trade treaties extremely difficult to achieve, and something that if not addressed effectively will surely complicate matters for many years to come.

And that leads to a third lesson:

- the capacity to negotiate on an equal footing is still an elusive goal for many countries

The paradox of Cancun is that it unraveled over an objective that nearly everyone agreed would benefit poor countries.

In the early afternoon of September 14, I attended a plenary session of developing countries from African, Caribbean and Asian countries.

In the meeting, the delegates discussed whether developing nations would agree to negotiate ways to reduce border delays that often hang up imports and exports for weeks.

Trade experts say that delays caused by outdated customs rules often impede trade in poor countries more than high import duties do.

In a world of complex trade issues, customs reform comes as close as there is to an “easy” issue.

Despite this, dozens of African and Caribbean countries said “no” to negotiations on customs reform. And with that, Minister Derbez of Mexico called off the meeting.

It has been reported in the press that the nations attending this meeting wanted to send a message that they were frustrated with rich countries’ failure to give ground. It was reported that they were hostile; that they “walked out.”

That’s not what I saw.

Rather, I saw that many of the several hundred people in the room had little or no idea what the central issue of the meeting was.

The atmosphere was tentative, not hostile. The direction was confusing, not clear. The discussion was diffuse, not focused.

Most sharply apparent from this meeting was the gulf that still remains between those who have the institutional and human capacities to analyze and respond effectively, and those who don’t.

It remains a huge issue.

The WTO, the EU, the United States and other developed member countries are applying manpower and know-how to address this critical shortcoming. But we’re not there yet.

Until we are, the road to a trading system that would provide developing countries with important tools to use in alleviating poverty and raising their levels of economic development will remain rocky.

And the final lesson:

- everyone needs to care about agriculture –

Whether you care about the environment, services, intellectual property rights, or sustainable development – you had better care about agriculture.

Anyone who thinks he can advance his agenda without knowing about agriculture is badly mistaken.

More pointedly, anyone from the developed world who thinks he can ignore the role his own country's agricultural policies play in world trade is wrong.

That includes us.

But up until now, most of us who are proponents of non-agricultural issues have been busy pushing only our own issues. Important as these issues are, at Cancun they were almost completely beside the point.

If improvements in trade are to be made, those of us in the developed world need to consider how to use our domestic leverage to persuade our own countries' agricultural interests to accede to some of the requests of our trading partners from other parts of the world.

Conclusion

How do the lessons of Cancun affect trade in services?

Although GATS negotiations were some of the least controversial going into Cancun, the future of the GATS depends on the success of all other areas of the Doha Development Round.

As such, resolution of GATS issues – which are complex and sometimes controversial in themselves – will turn ultimately on how successfully the WTO and its member states address the challenges that became crystal clear in Cancun.

It is essential for services providers all over the world that these challenges are addressed successfully.

Why?

Because Services are what most businesses around the world produce and sell, and services are what most people in most countries do for a living.

Without services, electricity doesn't flow, telephones don't work, banks don't function, investment doesn't get made, and information technology doesn't exist.

Services form the essential infrastructure underlying all modern life.

Thank you.