

SARPN Interview with Pascal Lamy
Director General
World Trade Organisation, Pretoria Sheraton Hotel

12 February 2006

Background

SARPN in close partnership with the Economic Justice Network (EJN) had an opportunity to interview Pascal Lamy, Director General of the World Trade Organisation while on his visit to South Africa on 12th February 2006.

At the invitation of the Wits Business School and the South African Institute of International Affairs (SAIIA), Mr. Lamy was scheduled to give a talk on WTOs *Doha Round: the Post Hong Kong Roadmap*. His trip to South Africa was also part of his post Hong Kong outreach aimed at consulting with members on their priorities in the post Hong Kong period.

Barely three months has passed from time the 6th WTO Ministerial Conference took place in Hong Kong, Dec 2005. It has become apparent that the outcomes of the Ministerial Conference should be constantly discussed and understood especially at the time that there are still mixed reactions to the Ministerial Statement and subsequent documents thereof. This interview below reflects one of those efforts to shed more light on what the boss of the WTO's thinking on these issues is and the implications for poverty reduction.

QUESTIONS

Q1: To what extent does the so called pro-poor position on WTO issues/rules actually reflect the diversity of interests of the poor, considering that the evidence of the impact of WTO agreements on different groups of the poor is so apparent?

Lamy:

There are three aspects of the WTO that make it very reactive and sensitive to the needs of the poor. Firstly, the framework is clear, three quarters of the WTO membership is made up of developing countries in a forum that makes decisions on the basis of consensus. Secondly, 10 years ago there was a definite lack of capacity within developing countries to engage with trade negotiations. Today that is not the situation. The Weight and experience of developing countries has increased substantially and are being strengthened by the building of alliances such as the G20.

At a regional level it is obvious that Asia is better at trade negotiations than Latin America and similarly Latin America is better at the negotiations than

Africa, but these new trans national alliances have changed the traditional patterns of negotiations. Lastly, one must keep in mind that trade negotiations do not occur in isolation to the rest of the international agenda which includes the MDGs and poverty reduction strategies which are part of the agenda; it is just a matter of proportion.

Overall, the balance of powers has shifted from the traditional Washington Consensus to what is now termed "the Geneva Consensus" which challenged the traditional power structures of the EU and the US. The WTO negotiations are based on the premise that all members have accepted that trade openness is a good thing, but with the realisation that trade negotiations do not translate directly into poverty reduction plans, but that much more work is needed to make this a reality.

Q2: Within the framework of the World Trade Organisation's GATS (General Agreement on Trade in Services), what are the potential implications for poor people's rights to water, education, equal opportunities and sanitation?

Lamy:

It is very important to have a clear understanding of what was happening in the area of Services. Particularly to note that Services are not framed in the principles as agriculture and industry. In Agriculture and Industry, tariffs are negotiated across the board and then enforced. Within the Services sector the principle is that of countries making commitments in certain sectors but without the expectation of reciprocity. Each country has the choice of what sectors it would like to open and those which will remain closed.

In situations of comparative advantage in certain sectors such as telecommunications in India and Brazil, there are offensives in which countries are hoping to gain access to markets. Within this context there is no prescription that has to be a defensive to reciprocate the offensive. The decision to open up certain service sectors is geared towards macro economic development and necessary competition within that sector. In the area of necessary services such as water and education there is no pressure from the WTO to open these sectors and that these will remain for the country to decide with regards to access.

Q3. Within the context of GATS and the plurilateral framework of Annexure C, is there potential for developed countries to force developing countries to comply with the requirements and open up certain sectors?

Lamy:

Prior to Honk Kong Ministerial, there was a degree of ambiguity in Annexure C, but this has been clarified at Hong Kong and the provision are now clear to ensure that it is not compulsory. Offensives are looking at the size and

magnitude of markets. Developing countries can resist the inbuilt pressures within the system. Ultimately it is the decision of a sovereign state and how they want to modernise their economies.

Q4: There is concern within the civil society sector with regards to the issues of "Aid for Trade" and what impact this will have on the development agenda of both the Round and on developing countries?

Lamy:

On the issue of Aid for Trade, I am concerned by the degree of misunderstanding and misinterpretation which has been attributed to the idea of aid for trade. "Aid for Trade" is about ensuring that the way aid is given fits with the necessities of states to benefit from trade openings and not as a mechanism for influencing countries agendas and forcing them to take actions that are not in their best interests (Ref. Annexure F - Specific and Differential Treatment) of the Doha Declaration which refers to conditionality and concessions for Least Developing Countries. I must admit that the IMF and World Bank are not happy about this section. There is provision allowed for in the Doha development to take into account future obstacles to trade especially in the context of non-tariff barriers. The provisions of "Aid for Trade" promoted the idea of building developing countries capacities to trade more effectively such as technology exchange and trade facilitation especially in the area of customs procedures, an area that civil society should look into seriously as these procedural barriers could heavily undermine a state's trading ability.

Q5. Cotton is a highly topical issue at the negotiations, especially for Western African countries such as the C4 (West African cotton producing countries that have created a lobbying alliance on the issue of cotton at the WTO). In Southern Africa, countries such as Zambia have equally high stakes within this sector with over 200 000 farmers working on the cotton sector. Is there reason for concern that Southern Africa has not been such a focus in this sector?

Lamy:

I feel strongly that all cotton producers had benefited greatly from the interventions and influence of the C4 in the negotiations and that the Hong Kong Declaration gave adequate support and protection to these vulnerable sectors. Besides, cotton is not the only C4 issue. But the concerns are those regarding the challenge that states will have to face when selling the idea of cotton differential to their farmers, but I am confident that this would be achieved.

Q6. There was and continues to be concern on the degree of political will that exists in the negotiations especially with regards to the EU and its non compromising stance on agricultural tariffs. Their recent

statements have reiterated this steadfast position and one has to question how this type of attitude is dealt with at a multilateral level such as the WTO?

Lamy:

The EU and the US know that they have to move on agricultural tariffs and domestic subsidies and the G20 has to move on industrial tariffs. These three players who have created a triangle of issues within the negotiations have to make concessions in order to ensure that the negotiations move forward. I am not certain of when and how this would happen but the current responses of the various groups is a mere sounding-out exercise to try and push their respective issues.

Q7. At Hong Kong, civil society reacted strongly to the draft Ministerial Statement. What is your opinion of the role that civil society has played in the WTO and what would you suggest/advise to civil society for future engagements in the trade regime?

Lamy:

Civil society was more involved in the Hong Kong meeting than ever before in the WTO negotiations. My position as Director General has also enabled me to have an informal influence over states but - my role has been more of a midwife and broker to the negotiations. NGOs had within the Hong Kong negotiations, important influence on the positions of various negotiators and this often fed back to the issue of accountability at a national level. I also see that there is an increased trend for global accountability with more focused NGOs advocating for issues in very specific areas.

This is contrary to the position of states that have broader national responsibilities and mandate. My recommendation is that NGOs should increase their trade expertise and expand this to the general society, increasing awareness of what their governments are involved in at the WTO. I also recognise that there are some NGOs that have a strictly advocacy focus and can tend to be "extreme" in their opinions.

End!

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