

HRIC WTO Backgrounder

What is the WTO?

The World Trade Organization (WTO), consisting of 148 member countries and encompassing over 97 percent of world trade, is a multilateral international organization that manages rules of global trade. On December 11, 2001, the People's Republic of China (PRC) became the 143rd member after 15 years of negotiations, the longest in WTO history. China's participation in the WTO is seen as a major step in its integration into a multilateral rules-based system, norms of openness and transparency, and acceptance of the central role of markets and private enterprise.

Agreements on WTO rules are established through member country consensus, and are signed and ratified by the participating nations. The fundamental principles of the WTO are: 1) no member country has preferential treatment over another member; 2) trade barriers should be lowered in order to make treatment of foreign and local goods equal; 3) practices supporting predictability and economic stability should be implemented; 4) fair competition should be promoted by discouraging practices such as export subsidies; and 5) developing countries should benefit through development and reform.

Decision-making at the WTO

The Ministerial Conference is the highest decision-making level of the WTO and is mandated to meet at least every two years, when all country members gather to decide on issues relevant to any of the multilateral trade agreements. The decision to hold the upcoming Sixth Ministerial in Hong Kong brings China to the forefront. Though Hong Kong is technically a separate trade territory, China will undoubtedly be exerting its influence, and it is very important that civil society actors monitor and participate in the planning processes to ensure full access and transparency.

The General Council, which includes all member countries, meets regularly to manage the day-to-day business of the WTO and reports to the Ministerial Conference. The General Council also convenes as the Dispute Settlement Body, which oversees the review and implementation of the trade agreements, and as the Trade Policy Review Body, which reviews the trade policies and practices of member countries. In addition to the three sectoral councils—the Council for Trade in Goods, the Council for Trade in Services and the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPs)—there are also three committees and other subsidiary bodies that report to the General Council.

Negotiating the WTO rules

Unlike other multilateral, international mechanisms that establish rules, the WTO provides a forum for its members to negotiate the rules through a consensus-based process. Agreements are reached through consensus when no member country formally opposes the agreement. This method may be problematic when consensus is difficult to reach, such as in the current Doha Round, or in cases where the final language

is deliberately vague, resulting in later disagreements over interpretation.

The anti-globalization movement

The “anti-globalization movement” consists of a diverse group of activists with different objectives, many of whom are not against globalization, but oppose specific aspects of globalization that they deem unjust. Generally, many of the activists supporting the movement maintain that liberalization of trade under the current model unfairly favors developed countries, whose wealth and political influence often lend them negotiating superiority over developing countries. Further, activists assert that the WTO and other international institutions, such as the World Bank and International Monetary Fund, have a detrimental impact on the lives of people everywhere, including on issues concerning poverty, human rights, labor and the environment.

The Doha Round

The Doha Agenda, signed at the Fourth Ministerial, initiated a new round of trade agreements to be agreed upon by January 2005. The current Doha Round of negotiations has intensified the divide between developing and developed countries that developed during the Fifth Ministerial when trade talks collapsed over lack of consensus on agricultural issues. Developing countries opposed the U.S. and EU domestic policies of providing direct and indirect subsidies to their agricultural sec-

CHRONOLOGY

January 1, 1948: General Agreement on Tariffs and Trade (GATT) comes into force

March 1948: International Trade Organization rejected

January 1, 1995: An extension of GATT, the WTO is established by the Marrakesh Agreement during the Uruguay Round

December 9–13, 1996: First Ministerial Conference, Singapore

May 18–20, 1998: Second Ministerial, Geneva, Switzerland

November 30–December 3, 1999: Third Ministerial, Seattle, Washington

November 9–13, 2001: Fourth Ministerial, Doha, Qatar. The Doha Development Agenda is the current and ninth round of negotiations.

December 11, 2001: The PRC joins the WTO

September 10–14, 2003: 2003 Fifth Ministerial, Cancun, Mexico

December 13–18, 2005: Sixth Ministerial in Hong Kong

tors while demanding that developing countries remove protectionism against foreign goods. This practice has had a devastating effect on developing countries whose agricultural sectors cannot compete with the goods that are being “dumped” into their economies at low prices.

Other major issues that could not be agreed upon were the General Agreement on Trade in Services (GATS) and Trade Related Aspects of Intellectual Property Rights (TRIPS). GATS is intended to liberalize services in the public domain, including water, health and education. Developing countries worry that privatizing these basic necessities could have a destructive impact when coupled with irreversibility and rules that prohibit some forms of government regulation. The TRIPS Agreement includes rules on patents, copyright and trademarks. Developing countries are demanding a declaration in the agreement ensuring that pharmaceutical patents would not impede efforts to protect public health through the production of more affordable medicines, and developed countries, particularly the U.S., are unwilling to concede.

The current stalemate on negotiations threatens the extended deadline set for the end of 2006.

The Singapore issues

The Singapore issues involve the declaration passed at the 1996 Singapore Ministerial mandating the establishment of working groups to consider issues related to investment, competition policy, transparency in government procurement and trade facilitation. During the Fifth Ministerial, developed countries attempted to introduce a new round of negotiations concerning these four “Singapore issues.” Developing countries are opposed to new negotiations while issues from the Doha round remain unresolved. Developing countries are also concerned that the developed countries’ main interest in pushing these issues is to benefit from market access, as new treaties relating to these issues may prevent them from regulating investments and assisting local businesses who would otherwise be unable to compete with cheap foreign products.

The role of NGOs at the WTO

The Marrakesh Agreement (1994) that established the WTO includes a specific reference to NGOs. The General Council further clarified the framework for relations with NGOs by adopting a set of guidelines¹ that “recognizes the role NGOs can play to increase the awareness of the public in respect of WTO activities.” Accredited NGOs are allowed to attend the Plenary Sessions of the Ministerial Conferences as observers. To obtain accreditation, NGOs must demonstrate that their activities are “concerned with matters related to those of the WTO.” According to the official WTO Web site, only 235 NGO observers

attended the First Ministerial in 1996. The Fifth Ministerial saw a rise in NGO participation, with 1,600 representatives of nearly 800 organizations participating. More than 2,000 NGO participants are expected at the Sixth Ministerial in Hong Kong this year.² During the period between Ministerial Conferences, symposia are periodically arranged for NGOs and representatives of WTO Member countries to informally discuss specific issues. NGO groups participating in WTO activities are diverse in objectives and geographic composition, including human rights organizations, environmental organizations, labor organizers and religious groups.

In recent efforts to formally participate in WTO decision-making processes, NGOs who are neither directly involved nor a third party have utilized *amicus curiae* submissions to raise issues to dispute settlement panels and the Appellate Body, a standing body under the Dispute Settlement Body. The controversy over this process has yet to be settled, as some member countries argue that disputes should be resolved strictly among Member countries. The dispute panels and Appellate Body have maintained the right to accept submissions, but there are no formal rules at present clarifying the process of how *amicus* briefs are reviewed, accepted or used.

In September 2003, HRIC was granted NGO observer status and subsequently participated in the Fifth Ministerial Conference at Cancun. In cooperation with its partner organization La Fédération Internationale des Ligue des Droits de l’Homme (FIDH), HRIC convened a roundtable discussion on the PRC and the WTO, which focused on the interconnectedness of human rights and trade, and the impact that Chinese accession to the WTO has had on human rights in the PRC. HRIC has been accredited to the Sixth Ministerial in Hong Kong, and plans to observe the Ministerial meetings and Conference and actively participate in NGO side activities.

REFERENCES AND SOURCES

See “Resource List: China, Trade, Investment and Human Rights” in this issue.

NOTES

1. World Trade Organization, “Guidelines for arrangements on relations with Non-Governmental Organizations,” (WTO Doc. No. WT/L/162), 23 July 1996, http://www.wto.org/english/forums_e/ngo_e/guide_e.htm.
2. Hong Kong Legislative Council, “Background Brief on Hong Kong’s Hosting of the Sixth Ministerial Conference of the World Trade Organization,” LC Paper No. CB(1)862/0405, Panel on Commerce and Industry, Meeting on February 15, 2005. The link to this document is www.legco.gov.hk/yr04-05/english/panels/ci/papers/ci0215cb1-862e.pdf, but it can only be accessed indirectly through the Legco Web site at www.legco.gov.hk.