



The World Today

The World Trade Organization (WTO) and the Caribbean Experience

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Although CARICOM Member States were highly suspicious of the international trading arrangement at the time, the majority of them joined the World Trade Organization (WTO) at the time of its establishment on January 1, 1995. The experience of membership has not been pleasant because it has resulted in the erosion of trade preferences which CARICOM previously enjoyed.

As a result of our historical past many of the metropolitan countries agreed to have our primary commodities exported to their markets duty free. More than that, some of them allocated quotas which guaranteed access to their markets in circumstances where our products might not have been price competitive.

Those preferences are now under threat because the basic principles of the WTO look suspiciously at preferences. The trading dispensation created by the WTO insists on non-discrimination in trade between its members. This explains why the United States and the Latin American countries were successful when they complained against the banana regime of the European Union. The European Union was required to modify the regime so that it would be compatible with WTO rules. They made no distinction between large and small, developed and developing countries. The banana industry is still reeling under this inequitable decision.

Not surprisingly, Caribbean countries and other developing nations express their grave concerns about developments which have taken place since the creation of the WTO. The institution has encroached on the policy space of those countries in such a way that they no longer enjoy the degree of freedom over their industrial and trade

policies, as was the case previously. Even more worrisome, they have made considerable concessions in the areas of intellectual property and services and received little in return.

It was hoped that the launch of the Doha Development Round would have provided some relief but little has happened since then. The Round purports to establish a link between trade and development and, one can hardly question the laudable intention. However, it should be recalled that earlier development initiatives did not result in the redress of imbalances in the international system.

Be that as it may, there is now a flurry of diplomatic activity to restart the WTO engine. Since the debacle in Seattle it has barely been progressing but the Director-General of the WTO has been traveling to different regions of the world to get things started again. Indeed, he recently paid a visit to this region and called for greater flexibility on the issue of agricultural subsidies. The major trading nations are reluctant to make significant concessions on this issue even though they are quick to pronounce on free trade and the need to have a level playing field.

It should also be noted that Trade Ministers from the United States, the European Union, India and Brazil recently met in New Delhi. Obviously, there is nothing wrong with such a meeting but there is need for CARICOM States to be wary. Too often, decisions are taken by only a few, but are expected to be observed by all WTO members. In other words, WTO suffers from a serious governance deficiency.

This may seem curious when it is considered that WTO decisions are taken on the basis of consensus. Additionally, all its important organs are plenary. In light of the leverage which the states conducting a large volume of international trade exercise within the WTO, more often than not, developing countries feel pressured to be part of a consensus developed by the big powers and the Secretariat.

If the consensus is reached as a result of compromise, there is no need to object. However, if it is based on undue political pressure and economic coercion, it should be condemned. It is only through the skilful practice of diplomacy that developing countries would be able to secure their objectives but these must first be clearly defined. The major problem is that sufficient work is not done prior to important meetings and the cost and benefits of concessions made are not carefully evaluated.

There are frequent reports coming out of WTO Meetings that major decisions are taken, not in the plenary, but in so-called ‘Green Rooms.’ Sadly, most members are excluded from these ‘Green Rooms.’ Such a strategy seems to be taking the practice of corridor diplomacy too far. It is unacceptable that all members are not given the opportunity to participate effectively in the decision-making process.

Developing countries should now understand that if they are not given the chance to participate in a meaningful way, they should seize it. They cannot afford to await a call from the Secretariat but should begin forming their own caucuses. For example, there is no reason why groups of developing countries should not be meeting at this time so that they can mobilize opinion behind the positions which they intend to take to WTO meetings.

Unlike most international organizations, the basic instrument of the WTO observes the principle of sovereign equality. There is no weighted-voting but every Member has one vote. In addition, as pointed out earlier, every Member has representation in all its organs. Most importantly, decisions are taken on the basis of consensus. This means that one state can prevent a consensus being reached.

Clearly, on the issue of decision-making the flaw is not in the Agreement Establishing the World Trade Organization, but in the manner in which the diplomacy is being conducted. There is need for greater confidence and for adequate participation in the process.