|  |
| --- |
| A tale of betrayal: Driving the juggernaut of trade barriers against poor countries |

|  |
| --- |
| Several readers have expressed surprise and disappointment on reading in last Sunday’s column that the G20, which includes so many former champions of poor countries in the global economy are now flagrantly doing what the rich G7 countries had been doing for decades previously. That is, making pledges of support and then in a matter of weeks openly breaking these pledges. In this week’s column I shall extend my discussion of this betrayal a bit further. In June this year the Global Trade Alert (GTA) was launched. This group is dedicated to monitoring increases in government protectionist measures worldwide during the course of the present global economic crisis. This is an initiative of the London-based Centre for Economic Policy Research. As readers would know from previous columns, the G20 has made stout pledges to promote 1) the relaxation of traditional trade barriers (tariffs, quotas, subsidies, etc) 2) the removal of other trade-distorting mechanisms and 3) international efforts to monitor their performance in these areas. The GTA has taken the G20 at its word, and has focused on how they are keeping their pledges.So far the GTA has published two reports. Both have turned out to be very damning. They support my contention that the G20 is behaving in a similar manner to the G7, when it comes to their pledged obligations to help poor countries through promoting access to their markets and promising no protectionist measures. In these two reports the GTA has provided the results of their investigations of public initiatives/measures that have implications for global trade and investment. These totalled 425 up to the time of the publication of their second report in September. The overall conclusion they arrived at is telling: “These investigations reveal the emerging contours of crisis-era protectionism and the fealty of G20 governments to their November 2008 no-protectionism pledge.”**Disturbing details**Let us observe some of the disturbing details in the report. First, the report established that by September 2009, the number of protectionist measures worldwide, had outnumbered the number of trade-liberalizing measures already implemented, by the astonishing ratio of five to one (5:1). Second, the evidence the report uncovered led it to conclude that what had occurred has reversed the 25-year pre-crisis trend towards more open borders and reduced restrictions on trade. Third, initiatives and measures in the pipeline (that is those which have not yet been implemented) total 140. Of these, as many as 134 seem certain to “discriminate against foreign commercial interests when implemented.”The GTA Report has famously spoken of the “protectionist juggernaut” continuing under the auspices of G20. It describes the G20 as a “serial violator” of its own pledges. Indeed these nations were found to be responsible for 172 of the state initiatives the GTA had investigated. Of these, they found that 121 tilted the playing field against foreign commercial interests. As the report further pointed out, given that the global economic crisis was 300 days old by the time of its September publication, this meant: “That, on average, a G20 member has broken the no-protectionism pledge every three days.” Further, the global reach of these violations has been enormous, harming every region and continent, as well as both rich and poor countries alike.With such a track record of betrayal the G20 has lost much of its moral authority and credibility. Indeed, I would argue so badly that, in all likelihood, it will fail to jump-start the Doha Development Round of multilateral trade negotiations under the auspices of the World Trade Organization (WTO).**The Doha Round**As I have previously indicated the Doha Development Round, which started eight years ago in November 2001 was originally scheduled for completion by the beginning of 2005. The round has many unique features. First, it explicitly places trade issues in the context of the global development problematique. Since its establishment (1995), the WTO has always insisted that it is not an international development organization like others, especially the World Bank. If it is to promote development it can only do so as a consequence of its promotion of freer and more open access to international trade in goods and services.Secondly, as the Doha Round has progressed the focus on multilateral trade negotiations has been broadened to include trade in goods (merchandise trade) and services, as well as a plethora of trade-related issues. These latter include such items as geographical indications; state trading; trade and competition; trade and investment; trade and the environment; trade-related aspects of intellectual property rights, plus a range of trade implementation issues.Fourth, the round has directed attention to key development concerns like 1) capacity-building for developing countries to enable them to participate in trade liberalization and cope with any trade-adjustment consequences 2) special and differential treatment for developing countries and 3) the special concerns of small countries.It is general knowledge that the Doha Round has stalled. As mentioned last week, over the years, three key contributors to this stall have been 1) difficulties in satisfying the legitimate expectations of poor developing countries 2) systemic conflicts between the established rich countries (G7) and the rapidly growing emerging market economies, especially the BRIC grouping (Brazil, Russia, India and China) and 3) the global economic crisis, which has brought effective negotiations to a halt, since last August.It was hoped that with the emergence of the G20 as the lead international grouping to deal with the global crisis it would have been able to leverage global efforts in favour of a resumption of the WTO negotiations by the third quarter of this year, with the further expectation of a completion of the full round by 2010.  At present this is most unlikely for two reasons. First, the G20 has lost credibility because it has been a serial violator of its own pledges. Second, the fear is that, as the global economic crisis shows signs of easing, nations will reduce cooperation and return to business as usual. |