

# **REFLECTIONS FROM THE CANCUN TRADE MINISTERIAL MEETING - SEPTEMBER 2003**

## **A BRIEFING PAPER**

This briefing paper does not represent the policy or formal position of the Church of England.

### **Introduction**

The Church of England encourages its members to think through issues themselves in the light of the Christian faith and in dialogue with the wider Church tradition. Nationally and locally, the Church of England seeks to support its members in their explorations in discipleship through encouraging participation in social institutions where moral and ethical issues arise. As an established Church, the Church of England seeks to develop debate and dialogue with a wide range of social institutions in order to explore the contribution which Christian ethics can make to the life of the nation. This paper is offered as a resource for these purposes.

### **1. Executive Summary**

- 1.1 The failure to reach agreement at the Ministerial meeting of the World Trade Organisation (WTO) in Cancun in September 2003 highlights the need for a comprehensive re-evaluation of the WTO. Whilst some Non-Governmental Organisations (NGOs) and developing nations celebrated the collapse, believing no deal was preferable to a bad deal, the potential for making a contribution to world development as part of the Doha Trade round was missed at Cancun, and it will arguably be the developing nations who suffer most as a consequence. The WTO is in a position to make tangible, positive changes in the lives of those suffering poverty, as it creates and regulates the trade rules that profoundly influence the lives of millions. Cancun is missed opportunity, but if lessons are learnt and practical change facilitated within the WTOs' purpose and behaviour, then the collapse of the talks could see the emergence of a more just and development-friendly system of trade.

- 1.2 This report will examine some of the obstacles that the Development Round faced at the WTO's most recent Ministerial in Cancun. Christian reflection upon the progress and future of the Development Round is also offered, based upon the theological assertion that God's love is universal but unequal – that God has a special concern for the poor and that this concern should be reflected in Christian and Church practice.
- 1.3 This need is urgent. Change cannot come through simply ignoring established systems and attempting to start afresh. This will not only waste time in attempting the impossible, but also negates the opportunity to learn from previous mistakes and successes. This would depend upon working from within established institutions for reform, as opposed to overturning them and refusing to critically interact with what already exists, whilst also recognising the contribution of the Non-Governmental Organisations (NGOs). It is important not to dehumanise, and even demonise, the WTO and its methods, but instead understand and clarify the flaws in its approach to support and undergird the strengths of proposed amendments.

## **2. Theological Basis**

- 2.1 According to World Bank (WB) figures, in 1999 1.2 billion people world-wide had consumption levels below \$1 a day -- 23 percent of the population of the developing world and 2.8 billion lived on less than \$2 a day<sup>i</sup>. People who live in such conditions live in extreme poverty, which the WB describes thus:
- 2.2 Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom<sup>ii</sup>.
- 2.3 That so much of the world's population is subject to these circumstances is an unacceptable situation. A Christian gospel that offers good news to the poor has a pressing need and duty to address this problem through examining the causes of marginalisation and condemning the inequalities that create such poverty.<sup>iii</sup>
- 2.4 The history and context of poverty is vast and varied, and many attempts have been made by many agencies and people to combat it. In 2001 the World Trade Organisation (WTO) launched the Doha Development Agenda, which is an attempt to regulate world trade so that it benefits international development, especially the development of the Least Developed Countries (LDCs). The Doha Declaration stated that:
- 2.5 International trade can play a major role in the promotion of economic development and the alleviation of poverty ... The majority of WTO members are

developing countries. We seek to place their needs and interests at the heart of the Work Programme adopted in this Declaration.

- 2.6 A priority of Jesus was the equality of respect for the intrinsic value of all people (so people centred), and therefore Christian ethics have a potentially distinctive voice in the economic, political and social arena. This should be used to inject such ethics into the contemporary economic situation, supported by agreement across theologies - liberation and western - to recognise the importance of the whole body of the Church and the intrinsic value of its different parts. The ecclesiological model offered by Paul (in 1 Corinthians 12), with the apparently least part taking priority, should be used as a paradigm for society.<sup>iv</sup> This model offers an impetus for a pro-poor trade policy, as a preferential option for the poor that recognises the sanctity of human life and reformulates policy to serve the common good, and especially the interests of the weaker parts of the Body. This has two advantages. As well as providing a solid and coherent theology for trade justice, it allows churches and Christians to take this understanding into the public arena and enter into interdisciplinary interaction with other organisations and people. Such a theological approach would necessitate rejecting those trade policies that do not represent developing country interests, or forces them further into deeply unjust economic relations.
- 2.7 A distinctive feature of the Development Round is its commitment to Special and Differential (SDT) treatment for developing countries “to enable [them] to effectively take account of their development needs, including food security and rural development.”<sup>v</sup> The commitment to SDT reflects the theological assertion that in order to promote the good of the whole, the marginalised should be treated with particular significance. It also relates to the ecclesiological model of a practical embodiment of the theology of God’s love as equal yet biased, and presents a model for the bias for inclusivity.
- 2.8 In a contemporary context of fears concerning international security, it is essential that there is a realisation that economic development is closely linked to peace and stability. This is a stance informed by theological principles. For example, the prophet Micah speaks of a vision in which “Nation will not take up sword against nation, nor will they train for war anymore. Every man will sit under his own vine and under his own fig tree, and no one will make them afraid.”<sup>vi</sup> This passage draws a strong link between peace and the sense of personal security - having their own, non-invaded space, the dignity and assurance of met needs. Held alongside the Biblical imperatives concerning the sanctity of life, it becomes clear that the war against poverty is a vital component in the war against terrorism.

### **3. Background to the Cancun Ministerial**

- 3.1 The Bretton-Woods system, devised for post-war, international economic reconstruction and development by the USA and UK in 1944, envisioned three institutions to fulfil these aims. The International Monetary Fund (IMF) was

- created to address monetary issues, and the International Bank for Reconstruction and Development (World Bank) was designed to stimulate foreign investment. The International Trade Organisation was responsible for liberalising trade under the terms of the Havana Charter (1947), but until the Charter was approved (and, for various reasons, the charter never came into force), the system used the General Agreement on Tariffs and Trade (GATT). This filled the institutional vacuum until 1995 when the World Trade Organisation (WTO) was formed.
- 3.2 The WTO has currently 146 member countries. It is the only international organisation dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible by regulating multilateral trade<sup>vii</sup>. It works on the principle that global economic interdependence creates international prosperity and stability. Multilateral trade deals are seen as largely preferable to bilateral deals as they can be regulated and monitored by the WTO consensus-agreed set of trade rules. The goal is to help producers of goods and services, exporters, and importers conduct their business, and bind governments to keep their trade policies within agreed limits to everybody's benefit<sup>viii</sup>.
- 3.3 There have been many global economic changes since 1944 outside the WTO. These changes have influenced the way the organisation works due to its reliance on its member states for leadership. For example, regional economic alliances have embarked on trade negotiations outside the structure of the WTO, such as the European Union (EU), the North American Free Trade Agreement (NAFTA) and the Association of Southeast Asian Networks (ASEAN). In addition, the economic rise of Asia and the proposed ASEAN-China Free Trade Agreement add to the diversity of the global economic picture. Further factors also contribute to the situation in which the WTO operates. For example, the economic meltdown in post-Colonial Africa and the ensuing devastating poverty, and South America's still-developing status and the trade deals that its countries have entered into bilaterally. Unfortunately, these regional trading networks can restrict market access for the most vulnerable developing economies. However, until Cancun these developing countries had not joined together forcefully enough to make their collective voices heard.
- 3.4 The highest authority in the WTO is the Ministerial conference, meeting at least every two years to discuss the contemporary trade agenda. The current negotiating agenda is called the Doha Development Round. The text produced at the Ministerial in Doha reaffirmed that:
- 3.5 The multilateral trading system embodied in the World Trade Organisation has contributed significantly to economic growth, development and employment throughout the past fifty years.<sup>ix</sup>

- 3.6 In the light of this statement, the WTO committed itself to a number of further measures designed to liberalise trade with a view to combating the marginalisation and endemic poverty of the majority of its members.
- 3.7 Ministerial Meetings are member led and every nation has one vote. Despite this official level playing field inequalities do exist. At the Doha Ministerial Meeting, for instance, the EU had 651 delegates, in comparison with Rwanda's 3. According to World Development Movement (WDM) statistics, the two richest delegations, the EU (651 delegates) and the USA (212 delegates) representing approximately 10% of the world's population, have a total combined delegation of 863. This is more than three times the total number of delegates (236 delegates) for China, India, Brazil, Argentina and South Africa combined. Significantly, these countries represent 51% of the world's population<sup>x</sup>. It is also over twice the negotiating strength of the combined delegations of the 30 Least Developed Country (LDC) members of the WTO (377). These inequalities in negotiating strength decrease the developing nations' ability to achieve pro-poor deals, while increasing the advantages of the developed nations. One strategy that has been pursued by the UK DfID to combat this has been to provide resources to Least Developed Countries to ensure that they can participate fully in such negotiations through adequate representation.

#### **4. What happened at Cancun?**

- 4.1 The current Development Round included negotiations on agriculture, services and market access for non-agricultural products. It was agreed that negotiations regarding four new issues (often called the Singapore issues as it was there they were proposed in 1996), investment, competition, transparency and trade facilitation, would be put on hold until "after the Fifth Ministerial Conference in Cancun on the basis of a decision to be taken, by explicit consensus, at that session on modalities of negotiations."<sup>xi</sup> This 'explicit consensus' proved to be a major stumbling block at Cancun. Prior to Cancun the House of Commons International Development Affairs Select Committee (IDC) noted: "The chances of a genuine development round being delivered, and of Cancun being a success, are not improved by overloading an already-crowded agenda. A genuine Development Round needs to focus on issues which are—and are felt by the majority of developing countries to be—development priorities."<sup>xii</sup> The British Government concurred with the IDC's analysis, arguing that it would use its position in the EU to press for any WTO agreement on the Singapore issues being "development friendly"<sup>xiii</sup>.
- 4.2 Despite these assurances the Singapore issues were pushed to the top of the agenda, overriding more 'development friendly' negotiations on trade. A report produced by the IDC following Cancun criticised the UK Government for not having done more to persuade the EU and the European Commission to 'unbundle' the issues from the existing agenda.

- 4.3 The democratic processes of the WTO were also questioned at Cancun. Although trade is a powerful engine for poverty reduction, many countries and NGOs assert that the WTO is too influenced by the interests of the developed nations to make trade work for developing nations. In the Doha Declaration (2001) there was a promise to redress this situation through applying Special and Differential Treatment (SDT) to developing nations trade rules:

“We agree that special and differential treatment for developing countries shall be an integral part of ... the negotiations ... and to enable developing countries to effectively take account of their development needs, including food security and rural development.”<sup>xiv</sup>

- 4.4 Regardless of this commitment many Developing Countries at Cancun felt that this promise had been neglected: “As things turned out... there was simply not enough time to get into the serious discussions that were needed on...special and differential treatment.”<sup>xv</sup> This was due to a number of factors, including poor management of time, and the EU’s insistence on placing the Singapore Issues at the top of the agenda.

- 4.5 Despite the agreement reached at Doha, several countries arrived at Cancun with their own hopes for the closing declaration. All Members are committed to achieving multilateral deals that benefit their country, but all have differing amounts to lose/gain. The US came committed to further liberalisation measures to further strengthen its own markets:

“We must have increased access to the fast-growing markets elsewhere in the world, and we have to bring down the trade barriers in order to gain this access. We believe it is an opportunity for U.S. farmers and ranchers to gain access to more markets and faster-growing markets.”<sup>xvi</sup>

- 4.6 The EU was committed to putting the Singapore Issues onto the agenda. The developing nations, with some exceptions, such as South Korea, wanted to oppose these introductions and negotiate special and differential treatment (SDT). When the draft text was circulated after three days of discussion not only had developing nation requests on cotton subsidies and the Singapore Issues been ignored, but there was actually backward progress on some of the development issues.

- 4.7 A point of particular concern for the developing countries linked the start date for negotiations on some of the Singapore issues with agreeing negotiating frameworks (modalities) for agriculture and non-agricultural market access.<sup>xvii</sup> In any negotiation there must be flexibility and concessions on both sides. At Cancun, however, the text only asked for developing nation concessions and its advice on the issue of cotton was an echo of the US stance that the developing cotton producing countries should simply diversify their crops.<sup>xviii</sup>

- 4.8 The draft declaration, in its exclusion of developing nations' requests, confirmed many delegates' suspicions that the 'development round' would only serve to further disempower them.

"Here we are with seventy or more developing countries speaking up clearly in the consultations, and the revised text just ignores our position.... What kind of organisation is this? Who does it belong to? Why waste our time engaging seriously in consultations only to find our views are not there at all in the draft?"<sup>xix</sup>.

- 4.9 Such feelings of disempowerment, anger at the marginalisation felt, and the realisation that they would not get a positive trade deal led groups of developing nations to refuse to finalise the text. After some hurried meetings behind closed doors, it became apparent that a decision was not going to be reached. The immediate cause for the collapse of the Cancun Ministerial may have been a lack of agreement on the Singapore issues. This collapse would not have occurred however without the growing coalition between many of the developing countries committed to SDT. Many people attributed the collapse to the WTOs' sudden realisation that these new coalitions would not be swayed.

## **5. A Victory for Democracy?**

- 5.1 Whilst some delegates angrily berated the developing nations as "petulant and uncooperative", others have argued that it represented a victory for democracy.<sup>xx</sup> Developing nations united to form blocs from which they could oppose EU and US agricultural policy and oppose talks on new and emerging issues. These groups provided increased co-ordination and coherence between developing nations. The G20+ includes many of the larger developing nations, such as Brazil, India and China, who demanded reductions in domestic subsidies and elimination of export subsidies. The G90 united the African Union, the African, Caribbean and Pacific (ACP) countries and the Least Developed Countries (LDCs) in resisting the inclusion of the new issues and protecting their preferential access to Northern markets. The G33 (the Alliance for Strategic Products and a Special Safeguard Mechanism), led by the Philippines and Indonesia, wanted to maintain their ability to protect their own agricultural interests.

- 5.2 The UK government was supportive of these newly asserted groupings. As Hilary Benn, Secretary of State for International Development, explained:

"... the more we hear that voice, the better developing countries are able to articulate what they want, the better chance we have in the end of reaching agreements that will make a difference to poverty."<sup>xxi</sup>

- 5.3 This position was not necessarily shared by other delegates. EU Commissioner for Agriculture Franz Fischler dismissively noted that if the G20+ wanted:

“... to do business, they should come back to Mother Earth. If they choose to continue their space odyssey they will not get to stars, they will not get the moon, they will end up with empty hands.”<sup>xxii</sup>

- 5.4 The House of Commons International and Development Affairs Select Committee, in their report on reviving the development round, noted that throughout Cancun, the EU and the USA “sought to undermine the G20+ through inducements, threats, denigration and predictions of the group's disintegration.”<sup>xxiii</sup> The Committee report asserts that this is a serious grouping - at Cancun the G20+ represented 63% of the world's farmers and 51% of the world's population - and should be treated with greater respect.<sup>xxiv</sup>
- 5.5 Three groups came to prominence during the Cancun Ministerial, although only the G20+ received much mention in post-Cancun analysis. This is the smallest of the three groups, but also the one containing the most-developed developing nations. It is possible that this unbalanced attention reflects the disproportionate amount of power held by this group, and raises questions concerning the extent to which the other groups were able to participate in G20+ discussions. If the G20+ does hold a disproportionate degree of power, it is important to question the extent to which it is concerned with protecting the interests of those countries less developed than itself. Although, the increased assertion of these groups is undoubtedly positive, there is a danger that these groups could also do harm to the less developed nations. For example, as a producer of cotton, to what extent is Brazil concerned with the import/export rights of cotton producers in sub-Saharan Africa? These questions are of great importance in the progression towards a more comprehensively just and democratic WTO.

## **6. The Future of the Development Round**

- 6.1 Regardless of the reasons for the collapse of Cancun, and its long-term implications, the short-term outcomes are no cause for celebration. Whilst the developing nations' delegates may have successfully asserted their voices in Cancun, the immediate result is that there will be no change in the awful conditions which billions of people face. This situation will worsen if developed nations now exert their power through bilateral deals that bypass the WTO. The increase of bilateral deals and Foreign Direct Investment (FDI), can be seen as a positive phenomena. They provide a source of capital, marketing networks, and new technology and intangibles such as organizational and managerial skills. However, very little FDI or bilateral trade flows to the poorest countries.<sup>xxv</sup> The absence of binding multilateral rules on national policies concerning bilateral deals means that there is no internal regulation to ensure that developing countries are not excluded from integration into the globalised economic market, and therefore further marginalised. As bilateral deals have many benefits that could be used to aid the development of poor countries, it is important that the WTO

formulates policy that ensures bilateralism can work in favour of developing nations. Bilateralism and FDI with a pro-poor bias could provide a stimulus to:

“competition, innovation, savings and capital formation, and through these effects, to job creation and economic growth. Along with major reforms in domestic policies and practices in the poorest countries, this is precisely what is needed to turn-around an otherwise pessimistic outlook.”<sup>xxvi</sup>

6.2 The collapsed negotiations can only be said to have failed if the development round is now abandoned by the WTO. If the round is abandoned, and there are worrying signs in the way which the US and other nations such as India have stated intent to pursue regional and bilateral deals, then the Cancun collapse will have been a disaster for developing nations. It is therefore essential that the Doha round be continued, and not allowed to dwindle from developed nation consciousness. It is encouraging therefore that the WTO Director-General Supachai Panitchpakdi told the General Council on 15 December 2003 that: “I am deeply encouraged by the strong sense of continuing personal involvement which ministers evidently feel and the growing political support for putting the Round firmly back on track.”<sup>xxvii</sup>

6.3 Many WTO member states have stated their commitment to continuing the negotiations. The EU is currently working out how it “could best contribute to a successful re-launch of negotiations.”<sup>xxviii</sup> Patricia Hewitt, UK Secretary of State for Trade and Industry, asserted that “Europe as one of the largest and leading players in the WTO does need to take a lead and put a great deal of effort into helping get the talks back on track in Geneva.”<sup>xxix</sup> If the Doha Trade round is to reach conclusion a number of questions will need to be resolved. Will future negotiations be based on the draft text produced at Cancun which often ignored the position of the developing nations? In a worrying development, the EU confirmed that it intended to push for all four of the Singapore Issues to be included on any future development round negotiations. This is despite Pascal Lamy agreeing at the last minute in Cancun to drop investment and competition from the agenda. Forty-four developing countries (including India, China and the world's Least Developed Countries) have issued a statement firmly rejecting the EU position and demanded that three of the four Singapore Issues are removed from the WTO agenda entirely. (There is ongoing negotiations regarding whether it will be acceptable to allow trade facilitation to remain on the agenda, though an explicit consensus against this seems near.<sup>xxx</sup>) Following Cancun Patricia Hewitt said: “There should be no attempt by us in Europe to put investment and competition back on the agenda.”<sup>xxxi</sup>

## 7. The Future of the WTO

7.1 There is an urgent need for the reformulation of the WTO. Freer trade (with the ability to protect developing economies) has the capability, according to recent World Bank figures, to lift 300 million people out of poverty, and this

demonstrates the importance of reformulating the WTO to allow for formulation of a pro-poor system. This would also help in reaching the Millennium Development Goals. These aim to reduce the proportion of people living on less than \$1 a day to half the 1990 level by 2015—from 28.3 percent of all people in low and middle income economies to 14.2 percent. If projected growth remains on track, the World Bank estimates that 360 million people will be spared extreme poverty by 2015.<sup>xxxii</sup> In addition, halving protectionist measures by both developed and developing countries could result in developing country gains of \$150bn a year, three times all current aid flows.<sup>xxxiii</sup>

7.2 These figures are no more than economic calculations from models that make predictions based on the assumption of a perfectly functioning market. But perfect markets do not exist in the real world - “equal access to information, perfect infrastructure, universal tastes are all pie in the economic sky - meaning the figures from these models are wildly inflated and are not a sound basis for policy.”<sup>xxxiv</sup> There is therefore a need for trade rules that work more in the favour of developing nations, as they have the most to lose. There are many suggested frameworks for this ‘fair-trade’, based around the following principles which are essentially examples of pro-poor economics and trade:<sup>xxxv</sup>

- stop forcing poor countries to open their markets and allow them to justify supporting their traders;
- introduce legally binding regulations for transnational and large domestic businesses;
- stop rich country protectionism that hurts poor countries;
- ensure trade policy is made in a fair and democratic ways.

## 8. Poverty and Peace

8.1 The urgency with which reformulation of trading practice must be addressed is of particular importance given wider international developments. One of the WTO aims of trade liberalisation is a more peaceful world in which the risk of disputes spilling over into political or military conflict is reduced.<sup>xxxvi</sup> It is worth recalling that the House of Commons International and Development Affairs Select Committee saw the development round and the war on poverty as not unrelated to the war on terrorism.<sup>xxxvii</sup> In a climate of unrest and violence, the pursuit of peace is of great importance. However, there will be no peace until people have economic as well as political security. The Prime Minister must use what political capital he has with President Bush to convince him that reviving the Doha Round is an important front in the war on poverty, and that the war on poverty is complementary to the war against terrorism.<sup>xxxviii</sup>

## **9. Conclusion: The Church in the post-Cancun context**

- 9.1 Many questions must be asked in the light of the Cancun collapse regarding the scope for WTO reform. For example, how can the positions of the new developing country blocs be incorporated into future negotiations? How will developed nations ensure that issues of specific concern to the developing nations, such as SDT, are kept on the agenda? In the light of its theological principles, the Church has a responsibility to nurture consciousness, consciences and coalitions.<sup>xxxix</sup> This can be achieved by supporting the efforts of developing nations to secure SDT and other pro-poor economic growth schemes. It should be noted, however, that developing countries have a responsibility for their development, and that many of them require internal economic and political reform. Yet, aware of the challenges posed by global poverty, Churches and the developed nations should also recognise a responsibility to protect the interests of developing countries, including through addressing world trade concerns.
- 9.2 Facing the reality of a context in which so many are marginalised, Churches can assert the Biblical principle that another world, more biased towards the marginalised, is possible. This world is described in the Old Testament by the prophet Isaiah: people “shall build houses and inhabit them; they shall plant vineyards and eat their fruit. They shall not build and another inhabit; they shall not plant and another eat.”<sup>xl</sup> This world only partially exists in the developed countries. It cannot in developing nations where, for example, cotton subsidies benefit US and EU agri-business, while farmers and their dependants in developing nations starve and lose their land.<sup>xli</sup> Christian theology has a strong affinity with the ethical, global and contemporary issues that affect the world’s marginalised, and it must use this position to interact with the contemporary situation. A Christian understanding of God, based on the principle of universal but unequal love, drives the Church to commitment to the marginalised. Using this Christian stance as a basis, the Church can illuminate issues and problems and provide criteria against which potential developments may be judged.

## **10. Recommendations for action**

- At a local level, Churches can raise awareness of these essential but often overlooked areas, i.e. trade and development. Accessible literature and resources which could be distributed to clergy and congregations or used in Church services would ensure that work conducted at a national level reaches localities. The profile of campaigning Christian NGOs and mission agencies could be promoted to local Churches to better facilitate awareness and participation. Churches could participate in national and local events organised by Christian NGOs, and also partner with groups of other or no faith to campaign locally and on a national scale. Participation in events such as Christian Aids’ Trade Justice campaign, Sundays dedicated to awareness raising and prayer, and on-line lobbies and

campaigns are all important ways in which local Churches can participate in striving for a world trade system that benefits development.

- It is crucial to developing country interests that the Development Round is revived, and produces a new declaration which developing countries feel represents their interests. It is not acceptable for the Development Round to be resumed on the basis of the Derbez text, which developing countries felt ignored their position and contribution. Churches and Christian NGOs must support and lobby the government as it presses to revive the development round, and must campaign for the production of a new and fully representative declaration. The Biblical vision for peace linked to security - in the contemporary context, economic security, food security, healthcare/educational provision security – is further motivation for Churches and Christian NGOs to strive to keep the government true to its commitment to restart the development round, and this understanding must be central to Church policy.
- Churches and Christian NGOs must use their position to support, and if necessary lobby, the UK government to challenge the EU's position on subsidies as well as its desire to inject new issues, such as competition policy, onto the development agenda. The UK Government has indicated that it opposes some of the EU policy regarding reinstating the Singapore Issues. Encouraging and petitioning the Government to be more vocal and persistent in discussions with the EU is an important task for the Church's commitment to the principle of pro-poor, environmental and participatory economic practice.
- Churches and Christian NGOs should support the UK government in its pro-developing country bloc stance in its entirety. The UK Government must remember that three developing country blocs were asserted at Cancun, and must remember that the G20+ does not necessarily represent the views and needs of the G33 and G90. Christian concern for the most marginalised dictates that these least developed country blocs are not overlooked, and Churches and NGOs should support the UK government in this understanding.
- After Cancun much must be done. Too many opportunities to use trade to developing nations advantage have been missed. The Church should now take this opportunity to stand in solidarity with all people and nations, and work with them to amend the current trade policies. Questions must be asked and policy must be reformulated. Injustice must be condemned and coalitions formed and strengthened.

#### **Appendix. Cotton Case Study:**

The issues in cotton trade are emblematic of some of the problems regarding world trade, marginalisation and the Cancun talks. Developed nations put pressure on developing nations to open up their markets to foreign investment and imports, and, according to NGOs such as Christian Aid, threaten them with cuts in aid if they do not

comply<sup>xlii</sup>. However, at the same time as forcing developing countries to demolish the protective barriers that safeguard their economies, the developed nations subsidise their own industries to protect them from foreign competition. Unfortunately, these subsidies encourage surplus production of cotton, which is then exported and dumped onto developing world markets. As price is determined by availability, these surpluses drive the world price of cotton right down. Since 1995, the world cotton price has fallen by 66%<sup>xliii</sup>. The price is now at its lowest since the Great Depression of the 1930s<sup>xliiv</sup>. The cheap exports of cotton into developing countries not only undercut the world price, but even the nation's own market price. This has catastrophic consequences on the domestic cotton trade within developing nations, and the already marginalised suffer directly.

Developing nations are unable to protect their industries as they are barred by the conditions of the Structural Adjustment Programmes they signed with the International Monetary Fund and World Bank to qualify for some measure of help to escape their debt burden. At Cancun, developing nations hoped to redress this. They wanted to address previous agreements that mean that developing countries have to export to developed countries and face heavy import charges. They also wanted to see the dismantling of subsidies, and compensation for developing countries until the subsidies have been removed. In Seattle in 1999, the agenda included a discussion on passing a WTO Agreement on Textiles and Clothing, designed to remove obstacles from developing country goods being exported into developed markets. However, this negotiation only resulted in bringing the least crucial products under this ruling and postponing dealing with the more important, more controversial and currently restricted imports until later. This included cotton. No agreement was reached on cotton at Cancun either, and cotton farmers in developing countries will continue to be marginalised and poverty-stricken until this is redressed.

In contrast, the US subsidises its cotton industry about \$4 billion a year. On average, American cotton farmers receive \$10,000 per year in subsidies. This is 25 times more than the average Kenyan earns. In addition, the world price decline in cotton cost West Africa alone \$200 million. This is far more than it gets from the US in debt relief. Statistics like this demonstrate the extent to which the trade rules are benefiting the already developed nations. A pro-poor Christian theology demands that these rules are reformed in order to favour the marginalised.

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- <sup>iii</sup> Luke 4:18
- <sup>iv</sup> 1 Corinthians 12: 22-3
- <sup>v</sup> Doha WTO Ministerial 2001: Ministerial Declaration [on-line]. Available at [http://www.wto.org/english/thewto\\_e/minist\\_e/min01\\_e/mindecl\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm). Date of publication 20 November 2001.
- <sup>vi</sup> Micah 4:3-4
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- <sup>ix</sup> Doha WTO Ministerial 2001: Ministerial Declaration [on-line]. Available at [http://www.wto.org/english/thewto\\_e/minist\\_e/min01\\_e/mindecl\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm). Date of publication 20 November 2001.
- <sup>x</sup> Doha 2001 - World Trade Organisation Ministerial meeting, 9-13 November 2001 [on-line]. Available at <http://www.wdm.org.uk/campaign/doha.htm>. Date of Publication unknown.
- <sup>xi</sup> Doha WTO Ministerial 2001: Ministerial Declaration [on-line]. Available at [http://www.wto.org/english/thewto\\_e/minist\\_e/min01\\_e/mindecl\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm). Date of publication 20 November 2001. The four new issues are Relationship between trade and investment, Interaction between trade and competition policy, Transparency in government procurement and Trade facilitation.
- <sup>xii</sup> International Development Committee (IDC), Seventh Report of Session 2002-03. *Trade and Development at the WTO: Issues for Cancun, HC400-I*. [on-line] Available at <http://www.publications.parliament.uk/pa/cm200203/cmselect/cmintdev/400/400.pdf>. Date of publication 14 July 2003.
- <sup>xiii</sup> International Development Committee (IDC) First Report *Trade and Development at the WTO: Learning the lessons of Cancun to revive a genuine development round*. [on-line]. Available at <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/92/9202.htm>. Date of publication 11 December 2003.
- <sup>xiv</sup> Doha WTO Ministerial 2001: Ministerial Declaration [on-line]. Available at [http://www.wto.org/english/thewto\\_e/minist\\_e/min01\\_e/mindecl\\_e.htm](http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm). Date of publication 20 November 2001. This commitment supports the principle of pro-poor economic growth, and reflects the theological principle of the least important taking priority.
- <sup>xv</sup> International Development Committee (IDC) First Report *Trade and Development at the WTO: Learning the lessons of Cancun to revive a genuine development round*. [on-line]. Available at <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/92/9202.htm>. Date of publication 11 December 2003.
- <sup>xvi</sup> Tele-news Conference to Discuss Upcoming World Trade Organisation Ministerial With Agriculture Secretary Ann M. Veneman, Under-secretary for Farm and Foreign Agricultural Services J.B. Penn and Ambassador Allen Johnson, Chief Agricultural Negotiator for the Office of the U.S. Trade Representative. [on-line]. Available at <http://www.ustrade-wto.gov/03090501.html>. Date of publication Thursday, September 4, 2003
- <sup>xvii</sup> Preparations for the Fifth Session of the Ministerial Conference, *Draft Cancun Ministerial Text, Second Revision*, JOB(03)/150/Rev.2 [on-line]. Available at: [www.ictsd.org/ministerial/cancun/docs/draft\\_cancun\\_minist\\_text\\_rev2.pdf](http://www.ictsd.org/ministerial/cancun/docs/draft_cancun_minist_text_rev2.pdf). Date of publication 13 September 2003.
- <sup>xviii</sup> International Development Committee (IDC) First Report *Trade and Development at the WTO: Learning the lessons of Cancun to revive a genuine development round*. [on-line]. Available at <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/92/9202.htm>. Date of publication 11 December 2003. See appendix on cotton.
- <sup>xix</sup> This attitude of frustration and disappointment explicitly echoes the voices of those in local contexts of regeneration, especially concerning the practice of 'consultation' For example, in a William Temple Foundation interview with a leader in a social enterprise development initiative based in East Manchester,

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the speaker states, "I think morally that's what this consultation is all about - its false" and "I hate being consulted, [we're] being consulted to death"

<sup>xx</sup> Robert Zoellick, US Trade representative.

<sup>xxi</sup> International Development Committee (IDC), Seventh Report of Session 2002-03. *Trade and Development at the WTO: Issues for Cancun, HC400-I*. [on-line] Available at <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/92/9207.htm>. Date of publication. Date of publication 14 July 2003.

<sup>xxii</sup> Franz Fischler "Ten ingredients to make Cancun [a] success", Press Conference, Brussels, 4 September 2003. Available at: [europa.eu.int/rapid/start/cgi/guesten.ksh?p\\_action.gettxt=gt&doc=SPEECH/03/384|0|RAPID&lg=EN&display=](http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=SPEECH/03/384|0|RAPID&lg=EN&display=). Date of publication unknown.

<sup>xxiii</sup> International Development Committee (IDC) First Report *Trade and Development at the WTO: Learning the lessons of Cancun to revive a genuine development round*. [on-line]. Available at <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/92/9202.htm>. Date of publication 11 December 2003.

<sup>xxiv</sup> *G20 Ministerial Communiqué* of 9 September 2003. Available at: [www.mre.gov.br/portugues/imprensa/nota\\_detalhe.asp?ID\\_RELEASE=1838](http://www.mre.gov.br/portugues/imprensa/nota_detalhe.asp?ID_RELEASE=1838). Date of Publication unknown.

<sup>xxv</sup> Blackhurst, Richard and Otten, Adrian. *Trade and Foreign Direct Investment* [on-line]. Available at [http://www.wto.org/english/news\\_e/pres96\\_e/pr057\\_e.htm](http://www.wto.org/english/news_e/pres96_e/pr057_e.htm). Date of publication 9 October 1996.

<sup>xxvi</sup> Blackhurst, Richard and Otten, Adrian. *Trade and Foreign Direct Investment* [on-line]. Available at [http://www.wto.org/english/news\\_e/pres96\\_e/pr057\\_e.htm](http://www.wto.org/english/news_e/pres96_e/pr057_e.htm). Date of publication 9 October 1996.

<sup>xxvii</sup> General Council: Follow up to the Cancun Ministerial [on-line] Available at [http://www.wto.org/english/news\\_e/news03\\_e/stat\\_gc\\_dg\\_15dec03\\_e.htm](http://www.wto.org/english/news_e/news03_e/stat_gc_dg_15dec03_e.htm). Date of publication 15 December 2003.

<sup>xxviii</sup> European Commission, *Reviving the DDA negotiations-the EU perspective*, Communication from the Commission to the Council, to the European Parliament, and to the Economic and Social Committee, 26 November 2003, p.7 and p.17. Available at [http://trade-info.cec.eu.int/doclib/docs/2003/november/tradoc\\_114259.pdf](http://trade-info.cec.eu.int/doclib/docs/2003/november/tradoc_114259.pdf)

<sup>xxix</sup> International Development Committee (IDC) First Report *Trade and Development at the WTO: Learning the lessons of Cancun to revive a genuine development round*. [on-line]. Available at <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/92/9202.htm>. Date of publication 11 December 2003.

<sup>xxx</sup> International Development Committee (IDC) First Report *Trade and Development at the WTO: Learning the lessons of Cancun to revive a genuine development round*. [on-line]. Available at <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/92/9202.htm>. Date of publication 11 December 2003.

<sup>xxxi</sup> Author Unknown. *EU behaving like 'Santa in reverse' at WTO* [on-line]. Available at <http://www.wdm.org.uk/presrel/current/EU%20Santa%20WTO.htm>. Date of publication 15 December 2003

<sup>xxxii</sup> Author Unknown. *Eradicate Extreme Poverty and Hunger* [on-line]. Available at <http://www.developmentgoals.org/Poverty.htm#top>. Date of last update September 2003.

<sup>xxxiii</sup> Author Unknown. *Suggested responses for Trade Justice Movement campaigners* Available at <http://www.wdm.org.uk/campaign/responsetjm.htm>. Date of Publication March 2003.

<sup>xxxiv</sup> Author Unknown. *Trade Justice* [on-line]. Available at <http://www.wdm.org.uk/campaign/responsetjm.htm>. Date of publication unknown.

<sup>xxxv</sup> Author Unknown. *Trade Justice: The Basics* [on-line] Available at <http://www.christian-aid.org.uk/campaign/trade/basics.htm>. Date of publication unknown.

<sup>xxxvi</sup> Author unknown. *The WTO..... In brief* [on-line]. Available at [http://www.wto.org/english/thewto\\_e/whatis\\_e/inbrief\\_e/inbr00\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/inbrief_e/inbr00_e.htm). Date of publication unknown.

<sup>xxxvii</sup> International Development Committee (IDC) First Report *Trade and Development at the WTO: Learning the lessons of Cancun to revive a genuine development round*. [on-line]. Available at <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/92/9202.htm>. Date of publication 11 December 2003.

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<sup>xxxviii</sup> International Development Committee (IDC) First Report *Trade and Development at the WTO: Learning the lessons of Cancun to revive a genuine development round*. [on-line]. Available at <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/92/9202.htm>. Date of publication 11 December 2003.

<sup>xxxix</sup> Jenkins, David. *Market Whys and Human Wherefores*. (USA: Continuum, 2003)

<sup>xl</sup> Isaiah 65:21-2

<sup>xli</sup> Duane Shank. *Miami FTAA Protests: Another World is Possible* [on-line]. Available at [http://www.sojo.net/index.cfm?action=news.display\\_archives&mode=current\\_opinion&article=CO\\_0311](http://www.sojo.net/index.cfm?action=news.display_archives&mode=current_opinion&article=CO_0311) 19. Date of publication unknown.

<sup>xlii</sup> Author Unknown. *Cottoning on to trade* [on-line]. Available at <http://www.christian-aid.org.uk/news/features/0307trade.htm>. Date of Publication 16.07.03.

<sup>xliii</sup> Author Unknown. *Cottoning on to trade* [on-line]. Available at <http://www.christian-aid.org.uk/news/features/0307trade.htm>. Date of Publication 16.07.03.

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