



WTO trade talks "suspended"

G-6 meeting fails to break deadlock

The Doha Round of trade talks broke down in July after ministers from Australia, Brazil, the European Union, India, Japan and the United States failed to resolve their differences on tariff and subsidy cuts for agricultural products.

"We have missed a very important opportunity to show that multilateralism works," WTO Director-General Pascal Lamy told reporters at a press conference afterwards. "The feeling of frustration, regret and impatience was unanimously expressed by developing countries this afternoon."

Talks have now been suspended to allow for a "time out" in the negotiations, and can only resume when progress can be made, Lamy said.

The latest setback, Lamy explained, means that WTO members "most certainly" will not meet their goal of completing the Doha Round talks by the end of 2006.

"There's no beating around the bush," Lamy declared. "We're in dire straits."

"The round is not dead, but I'd say it's definitely between intensive care and the crematorium," Indian Commerce Minister Kamal Nath said at a press briefing after the G-6 meeting.

Nath added that unless members can "bridge the gap in mindsets" between

those such as India who are stressing the development aspects of the round and others such as the United States who are stressing market access issues, "there seems to be no future for this round."

"To be honest, I don't see any possibility that [restarting the talks] will happen anytime around the corner," European Agriculture Commissioner Mariann Fischer Boel commented. "It is a big failure. Whether it's going to be definitive, only time will tell."

U.S. and EU play blame game

Following the suspension of talks, the European Union and the United States quickly pointed the blame at each other for the breakdown in the Doha Round.

"The United States was unwilling to accept, or indeed to acknowledge, the flexibility being shown by others in the room and, as a result, felt unable to show any flexibility on the issue of farm subsidies," EU trade commissioner Peter Mandelson told reporters.

"In deciding to withhold any indication of future flexibility, the U.S. has judged that it would be better for the process of negotiation to be discontinued at this stage."

A written statement issued by the U.S. mission in Geneva vigorously rejected Mandelson's claims, accusing him of spreading "false and misleading" statements.

“The United States has sought to conduct this negotiation without resorting to blamesmanship and finger pointing,” the U.S. statement declared. “We are deeply disappointed that the European Union failed to exhibit similar restraint and hope that this will not jeopardize the few chances we have left to save the Doha Round.”

Although other G-6 countries have not followed the EU in blaming the United States directly, several have hinted that Washington’s unwillingness to move on domestic agricultural subsidies led to the failure of the talks.

“The area in which we were lagging behind more clearly was domestic support,” said Brazilian Foreign Minister Celso Amorim. “If leadership was shown in relation to domestic support, there was a strong possibility that everything would have fallen into place.”

India’s Nath said he did not want to engage in a blame game, but noted that everyone had put something new on the table except for one country he would not name.

GATS talks put on hold

The decision to suspend the Doha Round will affect negotiations and deadlines across the board, including talks aimed at further liberalizing the trade in services, including education services.

While GATS talks were initiated prior to the Doha Round as part of a built-in agenda, in practical terms they have been linked to the broader “single-undertaking” of talks whereby negotiations in one sector are not completed until all negotiations are finalized.

EI’s consultant on trade issues, David Robinson, was in Geneva following the G-6 meeting to seek clarification on the status of GATS negotiations and to lobby

delegations on the potential dangers of including education services in the agreement.

Robinson says delegations with whom he met confirmed that GATS deadlines have been suspended, including the July 31st cut-off for Members to submit revised offers on what service sectors they are willing to open. In addition, discussions on domestic regulation rules have been put on hold.

Nevertheless, several delegations indicated that the suspension of the Doha Round only means that GATS deadlines are off the table. It is very likely that informal talks will now replace formal negotiations, a situation that will make it more difficult for NGOs to monitor developments.

Several countries quietly welcomed the suspension because it will now allow them time to review their services offers and to raise their level of understanding of issues raised in all sectors, including education. They indicated that more dialogue with NGOs such as EI should take place over the coming weeks and months.

Update on education services negotiations

While in Geneva, EI’s Robinson also met with four countries targeted in the so-called “plurilateral” request on private higher education services — Argentina, Thailand, Turkey and Pakistan.

Argentina, which has no commitments on education services in GATS, stated clearly that it has no intention of putting education on the table in this round. Thailand and Turkey, both of whom made some commitments to liberalize higher education in the first GATS negotiations, say they will not be making any further commitments as demanded in the plurilateral request.

Officials from Thailand conceded that they were facing some pressure from the demandeur countries to eliminate foreign ownership restrictions on educational institutions. Turkey, eyeing possible membership in the European Union, is unwilling to go beyond commitments made by the EU.

Only Pakistan indicated that it will be making significant commitments in private higher education, with only a specific exception for student loans available to those who travel overseas to study. Pakistan feels that GATS commitments could attract new foreign investment in the education sector, allowing the country to meet rising domestic demand for higher education.

In a meeting with Pakistan's Ambassador, Dr. Manzoor Ahmad, Robinson emphasized the need for Pakistan and other countries to build capacity, but he stressed it is vitally important that developing countries maintain their control and flexibility over educational policy.

"The challenge is trying to balance your objective of attracting institutions into Pakistan with your need to ensure that the education being provided is relevant and of good quality," Robinson explained. "The danger is that GATS rules on market access and national treatment could potentially undermine your ability find an appropriate balance."

Dr. Ahmad recognized that more consultation with the education sector was needed to further consider the potential impact of GATS on education services, and he welcomed future discussions with EI.

Domestic regulation rules remain a concern

Prior to the suspension of the Doha talks, a draft text of proposed GATS rules on domestic regulation was released.

NGO Reactions to the Suspension of talks

"In our view, any trade talks that don't encompass changing unfair trade practices simply cannot succeed in the current international context. There is an urgent need for refocusing and rebalancing the negotiations. You simply cannot embark upon a process of changing world trade rules without assessing the effect these changes will have on people's lives."

- Guy Ryder, General Secretary, International Confederation of Free Trade Unions

"It's time to confront the limitations of the current model and turn toward devising multilateral trade rules focused on improving people's livelihoods, increasing employment and providing the space for poor countries to develop their economies."

- Carin Smaller, director, Institute for Agriculture and Trade Policy

"The collapse of the Doha Round will be good for the poor. With the unravelling of the WTO talks, the task should now be to shift to creating alternative frameworks and institutions other than the WTO and other neoliberal trade mechanisms that would make trade truly beneficial for the poor."

- Waldon Bello, executive director, Focus on the Global South

"The collapse of these talks is good news. The proposals on the table had been driven by certain governments attempting to put the commercial interests of corporations before the needs of workers, farmers, and the global environment."

- Alberto Villarreal, Trade Campaigner, Friends of the Earth

The text is a result of negotiations intended to develop disciplines to ensure that domestic regulatory measures affecting technical standards and qualifi-

cation or licensing requirements and procedures do not constitute unnecessary barriers to trade in services.

EI has expressed serious reservations about the domestic regulations rules, particularly as they might affect educational policies. Domestic regulation obligations could affect school licensing and accreditation, as well as quality assurance standards. Similarly, qualification requirements could have an impact on universities and vocational schools which are often responsible for recognizing qualifications. As well, rules developed on professional licensing procedures could potentially apply to teacher training.

The draft text is extremely alarming because of the references it makes to a “necessity test” for judging regulatory measures. While the GATS mandate for the development of new rules on domestic regulation stipulates that qualification and licensing requirements should not be “more burdensome than necessary to ensure the quality of a service,” some countries are concerned that such a test may constrain their ability to regulate in sectors like education to meet national policy objectives.

A necessity test would require governments, if challenged, to prove that regulatory measures they have taken with respect to qualifications, licensing and technical standards do not constitute undue barriers to trade and are necessary to achieve policy goals that cannot be achieved in a less trade-restrictive manner.

The implication is that if such challenges are launched, WTO dispute panels would have to decide whether a regulation is

necessary and therefore whether it is “legal” under the GATS.

Strangely, domestic regulation has not been a hot button issue at the WTO. However, one trade official from Turkey told EI that domestic regulation is perhaps the “most significant” element of the talks, particularly in light of the long-term impact it will have on Members.

Looking ahead

The suspension of WTO negotiations should be welcomed, says EI’s deputy general secretary Elie Jouen.

“Clearly, if the talks had proceeded on schedule and on the basis of what was on the table, we would be facing the prospect of a very bad deal for developing countries, for working people and for the education community,” Jouen says.

Jouen adds that EI will soon be issuing a package on GATS to assist affiliates in their national lobbying efforts over the coming months. In addition, given that many countries have said they will be focusing on bilateral and regional trade negotiations until Doha is re-launched, EI will be encouraging affiliates to monitor those trade talks to ensure that education services are not compromised.

“We should not take the suspension of negotiations as meaning we can now pull back on our work,” notes Jouen. “On the contrary, the suspension of GATS deadlines buys us some important time to more widely and effectively deliver our message about the dangers of GATS commitments in education services and the negative impact that domestic regulation rules can have.” ■

TRADEDUCATION has been jointly prepared by the EI Education and Employment department team composed of Elie Jouen and Monique Fouilhoux, with the assistance of David Robinson. For more information, please contact the EI Secretariat in Brussels, Tel.: + 32 2 224 0611 Fax:+32 2 224 0606 E-mail: <mailto:elie.jouen@ei-ie.org>, Internet : www.ei-ie.org