

Ingezonden opinieartikel naar Bangkok Post

## **The difference between bilateral trade agreements and the WTO**

I reply to the column of Mrs. Josette Sheeran Shiner in the BP of 17-8-2003; "Free trade rewards workers". I wish to make a few comments.

Thailand is now in a process of signing more and more bilateral and multilateral agreements in the region. Nothing has to be wrong with that because mostly governments have more or less equal negotiation power and are able to include products in which they want to trade. Also issues like labor standards, food safety and environment can be included. In this Mrs. Shiner is wright.

The story in the WTO is however completely different. The WTO is dominated by (the TNC's of) US and the EU. Developing countries have mostly because of debts (and as a result) Structural Adjust Programs of IMF and World Bank, very low negotiation power and are often left out of 'informal' meetings. They are threatened to be isolated, or not getting this little debt relief or development assistance, when they not sign the deals which are made up of the big powers. The main objective in WTO is the right to export and invest of TNC's, and to obtain (raw) materials for the cheapest price as possible. Because the WTO has the possibility to put sanctions against countries that don't live up to their rules, the WTO is actually much more powerful than the UN who should be the 'world government'. UN-agreements on environment, labor standards or social issues are actually powerless against the WTO.

So it's possible to make labor standards an issue in bilateral trade agreements (as Mrs. Shiner says), in WTO only food safety is a legal non-tariff barrier only to a certain amount. For example the WTO ruled that the US could place sanctions against the EU, because it refused to imported hormone-fed beef because of concerns about health.

The TNC's do everything to get the non-tariff barriers from the WTO-agenda, because the more rules on environment or labor standards the higher the costs of their products, and the more the risk they can't trade certain products.

### Comments on agriculture

Also Mrs. Shiner says that the NAFTA (trade agreement US, Mexico, Canada) raised US farm export with 57%. She didn't however mention this was at the expense of millions of farmers in Mexico who couldn't compete against the US subsidized exports. These farmers ended up in slumps and got if they were lucky low paid jobs under bad labor conditions. The jobs didn't last for long however, when wages especially in China appeared to be even lower and industries moved to there. Of course Chinese people also need these jobs; because of their membership of WTO 200 to 300 million farmers are expected to lose their farms. The same happened in many other developing countries. This is especially a problem when there are not enough jobs in other economic sectors. Also governments need to see that small farmers are needed to supply society with an environmental friendly and mostly beautiful countryside. When they move to cities and we get a totally export oriented agriculture, all is left are environmentally unfriendly monocultures of big farmers.

All this dumping is caused because the WTO still accepts export subsidies and (disguised) income subsidies in the US and EU, which farmers get as a compensation for a product price

below the cost price. So companies like Cargill are able to buy corn, wheat and soy beans for a low price, and dump these in developing countries. Because of WTO and Structural Adjustment Programs developing countries have to lower their import taxes, and so are not able anymore to protect their farmers. They also lack mostly the finances to pay their farmers subsidies. Worse: Thailand is going to lose 2.1 billion Baht because it has to lower import taxes on agricultural products. (BP, 30-7-2003).

So a better solution would be in WTO that countries are able to protect their farmers with import taxes on a price level that they can produce an environmental friendly product. Also production control on a regional level (especially in US and EU) is needed for basic food products, or even on a global level for tropical products like coffee. Developed countries need to give market access to small farmers of developing countries especially for tropical products, but then against a fair price which includes all production costs. The current situation in the liberalized trade of coffee shows: a historical low price level for farmers because huge overproduction, processing (and so added economical value) in the developed countries, and high prices for coffee for consumers. Guess where the profits go to? A regional oriented agriculture is also much better to avoid unnecessary transport which causes greenhouse gasses. So for basic needs like food, but also education, health care and water supply it's better that governments are able to supply them to all their people. The current agreements and proposals on agriculture, services and investment in the WTO, however are giving governments less power and (multinational) companies more power in doing this job. In the end this means only people with enough purchasing power can keep access to this basic needs, because the main objective of companies is high profit by low costs and high selling prices. So basic needs should be out of WTO agreements.

\* More information about small farmers in developing countries who protest against the WTO you can find on <http://www.cancun2003.org/en/web/107.html>. Here you find a statement of Via Campesina an international farmers movement.

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