

Mumbai. This article is reprinted from *Perspectives in Social Work* XII(3), September–December 1997. Contact details: Maithreyi Krishnaraj, Apt 53–58/Block A-6/3, LIC Colony, Borivali (W), Mumbai 400103, India.

Developing countries in the WTO: support or resist the 'millennium' round?

Eric Neumayer

When members of the World Trade Organisation (WTO) gather for their ministerial meeting in Seattle from 30 November to 3 December 1999, the most fundamental question for them to decide is whether to launch a new, so-called 'millennium' round of trade negotiations. The developed countries are all in favour, the most explicit and vocal supporters being the European Union (EU) and Japan. The developing countries are split: while most Latin American and some Asian countries support a new round, the majority of African and Asian countries—most notably Egypt, Zimbabwe, India, Bangladesh, Pakistan, and Malaysia—are opposed. This opposition is shared by many development NGOs, some of which are indeed outspoken critics of virtually any form of market opening in developing countries (see, for example, Khor 1999).

Those opposed to a new round of trade negotiations argue that the earlier Uruguay round has been unbalanced in its beneficial effects for WTO member countries. The developed countries, it is argued, have benefited quite substantially from including topics in the agreement that they favour: intellectual property rights, services, telecommunications, restriction of pro-

duction and export subsidies, increased access to developing countries' markets, to mention just a few. The developing countries, on the other hand, are said hardly, if at all, to have benefited from trade liberalisation that transformed the General Agreement on Tariffs and Trade (GATT) into the WTO. Opponents of a new round of trade negotiations therefore demand that the old Uruguay agreement be re-negotiated and re-balanced and that no new items be put on the agenda. This Viewpoint paper will argue that, while the critics are right to a great extent in maintaining that developing countries have not benefited as much from the Uruguay round as they should have, it is in their best interest to support rather than resist a new round of trade negotiations as this represents their only chance to get their fair share of benefits out of the international trade regime.

How do developing countries currently fare in the WTO? On paper they are privileged. The WTO agreements of the Uruguay round guarantee them 'special and differential' treatment (WTO 1999). Developed countries are encouraged to grant developing countries trade preferences and a number of WTO agreements contain special provisions that are supposed to safeguard developing countries' interests. For example, in the Agreement on Technical Barriers to Trade (TBT Agreement), the preparation and application of technical regulations and standards is supposed to take into account the special needs of developing countries. The same applies to measures taken in pursuance of the Agreement on Sanitary and Phytosanitary Measures (SPS Agreement). Furthermore, most of the WTO agreements allow developing countries a transitional period of grace until the provisions must be implemented. For example, in the Agreement on Subsidies and Countervailing Measures, developing countries were given eight years to phase out the relevant subsidies, and a number of least developed countries and other developing countries with an annual per capita income of less than

US\$1,000 were totally exempted from the prohibition of export subsidies. Lastly, a couple of WTO agreements envisaged the provision of trade-related technical assistance to developing countries either by developed countries on a bilateral basis or through multilateral institutions.

Developing countries welcomed their 'special and differential treatment' at the time of conclusion of the WTO agreements, but have now grown disillusioned about their actual effects. They rightly complain that the special provisions that were supposed to safeguard their interests have been largely ineffectual in reality, that the transitional time periods were too short for them to adjust to the requirements of the WTO agreements, and that the promised technical assistance was too little and too unsystematic to strengthen their capacity to comply with trade obligations. In a high-level symposium on trade and development held by the WTO in Geneva on 17–18 March 1999, developing countries were united in their suggestion that, by and large, 'special and differential treatment' has proved to be a 'dead letter' (ICTSD 1999).

This does not mean, however, that developing countries have not benefited at all from the Uruguay round. Substantial gains have already arisen and are bound to rise further over time due to the gradual phasing in of agriculture and textiles into the WTO for which developing countries have a clear comparative advantage. They have also benefited from a further clarification and formalisation of dispute settlement rules, including some special provisions for developing countries, such as participation of a panelist from a developing country upon a developing country's request and provision of qualified legal assistance to developing countries. This has led to increased participation from a broader range of developing countries that are trying to defend their trade rights, whereas the former GATT dispute settlement was mostly invoked only by large developing countries such as Argentina, Brazil, Chile, Hong Kong, and India (Ku-

ruvila Pretty 1997). It is encouraging to see that an Advisory Centre on WTO Law, which will provide legal expertise and training to developing countries, is now supported by enough WTO member countries to make its full establishment by the end of 1999 likely (BRIDGES 1999a). Very poor countries especially have always demanded this legal assistance to help them realise their rights.

Nevertheless, it is fair to say that the developed countries have benefited much more than have developing countries from the Uruguay round, a conclusion that was tentatively accepted even by outgoing WTO Director-General Renato Ruggiero (ICTSD 1999). Given this imbalance, it is easy to understand why India and other developing countries want to resist a new trade round and want merely to re-negotiate existing agreements in their favour. But is this a viable political strategy? Probably not. Why should the developed countries make any concessions if any benefit to them is automatically excluded by banning from the agenda all issues such as investment, competition policy, and government procurement in which they have a special interest? Only if the developing countries constructively, but critically, support a new comprehensive trade round will they also be able to push for provisions that are favourable to them. These can either consist of a rectification of existing agreements or the negotiation of new provisions. Developing countries should push for the removal of persisting impediments to market access for goods in which they have a particular export interest such as agriculture, textiles, leather, clothes, and footwear. These impediments exist in the form of escalating tariffs, which discourage the manufacturing and processing of raw materials in developing countries, tariff peaks, and non-tariff barriers. They should also push for restrictions on the use of so-called anti-dumping actions by developed countries that are often protectionist measures in disguise; and press for openness, certainty, and transparency on the

use of environmental measures for restricting market access, especially in the form of 'eco-labelling'.

The chances that the developing countries might be able to secure substantial benefits for themselves in a new trade round are not too bad. For example, with regard to agriculture, developing countries can count in many aspects on the USA to press for reduced subsidies in the EU, Japan, and other highly protectionist countries, while keeping protection in those countries which cannot afford to import food in times of crisis. The US representative at the March 1999 symposium also assured developing countries that the USA would be willing to consider increased market access for developing countries' industrial goods (ICTSD 1999:3). Similarly, the developed countries seem to be open towards considering duty-free market access for exports from the least developed countries, even at an early stage of a new trade round, and also towards further debt relief packages, even if these are not strictly within the scope of the WTO. Certainly, a new comprehensive trade round with a multitude of potential new obligations would further increase the pressure on the limited institutional capacity of developing countries to comply with these obligations. On the other hand, because developed countries are aware of this, a new round might provide a unique chance to push through commitments for effectual, substantial, and systematic assistance for capacity building and technology transfer.

The developing countries should seize the opportunity to signal to the industrialised countries that they are willing to support a new comprehensive round of trade negotiations, but only under certain conditions. Only such constructive, but critical, support makes a re-balancing of the benefits from the Uruguay round possible and a realisation of further benefits likely. An attitude of total resistance will not rectify any past imbalances and will prove a self-defeating strategy in the long run. What is important, however, is that alongside such negotiations,

which are expected to run over several years, there should be a comprehensive assessment of the social and economic effects on developing countries of the Uruguay trade round and of the likely effects of any new negotiations, to include an environmental and gender analysis. Such an assessment is the only way to establish which provisions are most in need of rectification and where substantial improvements are required. The WTO secretariat is currently preparing a paper on the review of 'special and differential treatment' provisions (BRIDGES 1999b). But this can only amount to a first step towards a comprehensive assessment that looks at the full socio-economic dimensions. Developing countries and development NGOs like Oxfam and the International Coalition for Development Action (ICDA) should close ranks and do their best to see that the new 'millennium' round of trade negotiations gives the poor and disadvantaged of this world their fair share of the benefits of the international trade regime.

References

- BRIDGES** (1999a) 'WTO in brief', *BRIDGES Weekly Trade News Digest* 3(21), 31 May 1999.
- BRIDGES** (1999b) 'WTO committee on trade and development discusses special and differential treatment', *BRIDGES Weekly Trade News Digest* 3(22), 7 June 1999.
- ICTSD** (1999) *Report on the WTO's High-level Symposium on Trade and Development*, Geneva, 17–18 March 1999; available at <<http://www.wto.org/wto/hlms/sumh-lenv.htm/>>.
- Khor, M.** (1999) 'New battles begin soon in the World Trade Organisation (WTO)', *Third World Resurgence* March 1999; available at <<http://www.twinside.org.sg/>>.
- Kuruvila Pretty, E.** (1997) 'Developing countries and the GATT/WTO dispute settlement mechanism', *Journal of World Trade* 31(6):171–208.

WTO (1999) *Background Document for High-level Symposium on Trade and Development*, Geneva, 17–18 March 1999; available at <<http://www.wto.org/>>.

The author

Eric Neumayer lectures in environment and development at the London School of Economics and Political Science (LSE). Contact details: Department of Geography and Environment, London School of Economics, Houghton Street, London WC2A 2AE, UK. Fax: +44 (020) 7955 7412; E-mail: <E.Neumayer@lse.ac.uk>.

Endangering women's health for profit: health and safety in Mexico's *maquiladoras*

Hilary Abell

Introduction

As the sun rises, Yolanda is already awake and working—carrying water from a nearby well, cooking breakfast over an open fire, and cleaning the one-room home that she and her husband built out of cardboard, wood, and tin. She puts on her blue company jacket and boards the school bus that will take her and her neighbours across Piedras Negras to a large assembly plant. Yolanda and 800 co-workers each earn US\$25–35 a week for 48 hours' work, sewing clothing for a New York-based corporation that sub-contracts for Eddie Bauer, Joe Boxer, and other US brands. These wages will buy less than half of their families' basic needs. Consumers in the USA,

however, will pay two to four times Yolanda's weekly salary to buy the garments she sews.

Thirty years ago, Piedras Negras was a quiet border town. Today, the city churns out clothing, car parts, and other products, along with millions of gallons of industrial pollution each year. Approximately one million Mexicans now work in over 4,000 *maquiladoras* (assembly plants) on the border since the North American Free Trade Agreement (NAFTA) was agreed. The plants are owned by foreign corporations or sub-contracted by them to produce parts or do 'final assembly' of products for export. Mexico's *maquila* industry produces textiles, electronics, furniture, chemical and petroleum products, car parts, processed food, toys, and leather goods. While products vary from plant to plant, violations of workers' human, labour, and health rights are consistent—a tragic but logical by-product of 'free trade'. As more export processing zones (EPZs) are established around the world, a growing number of workers will find themselves in the position of Mexican *maquiladora* workers.

Corporations profit while communities deteriorate

Many governments in Asia, Africa, Latin America, the Middle East, Eastern Europe and the Pacific and Caribbean islands see EPZs as their best opportunity to attract new jobs. EPZs are intentionally located where labour is cheap and plentiful, often drawing workers who have lost land or jobs elsewhere. Governments offer substantial tax breaks to foreign corporations, sweetening the deal with loose environmental regulations and active repression of unions. On the Mexican border, for example, US corporations have been exempt since 1965 not only from taxes on raw materials they bring into Mexico, but also from legally mandated profit-sharing provisions. As the final products are exported, primarily to the USA,