

**Joint statement by COSATU, South Africa and CUT, Brazil.**

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The Doha Agreement challenges the entire membership of the WTO to ensure that its outcomes are consistent with the development objectives as identified in the founding documents of the WTO as well as the Millennium Development Goals.

The manner in which negotiations are unfolding at the moment, as manipulated by the EU, the USA, and some other developed countries, are severely undermining the ability of this institution to achieve its objectives, as well as creating a crisis of credibility for the entire system of multilateral agreements.

The ongoing talks at the WTO pose ever greater dangers to developing countries if they accede to the developed countries' demands around services. The developed countries, including the EU, the USA and Japan are strongly pushing for developing countries to open their services to international trade. They are effectively asking developing countries to bind themselves to continued poverty and underdevelopment. This cannot be acceptable under any circumstances.

The proposed text on the table regarding services is highly contentious, both for what it contains and for how it was put forward into the negotiations. The text (Annexure C) was not drafted by members of the WTO but by the Chair of services negotiations on his own responsibility and this is simply not made clear. This promotes a false view that countries have agreed to intensify negotiations to liberalise services. It also shows the claims by director general Pascal Lamy that the drafting has been 'bottom up' and inclusive, to be totally false. The process could not be more undemocratic even if they tried.

Most developing countries have not agreed to intensify the negotiations on services because there are many areas in the text that spell disaster and are totally unacceptable.

The text contains elements to oblige members to take on serious new commitments. Many developing countries had not wanted to open their markets to services, but did so under pressure from the developed countries and assurances that under GATS, (the General Agreement on Trade in Services), they could liberalise at their own pace. They also agreed to GATS in order to get the developed countries to re-integrate agriculture into the multilateral trade system in the Uruguay Round. However, the developed countries have not properly implemented their commitments under agriculture, while developing countries have suffered damage from opening up their trade in services. Developed countries have used every loophole in the book to not implement agriculture commitments and have not yet committed themselves to any meaningful reductions or to an irreversible and time-bound reform process. Yet they want to change the structure of GATS and force developing countries to negotiate services in any area that the developed countries want.

In 2001 members in the WTO agreed guidelines and procedures for the services negotiations. Yet, even though developed countries have shown little movement on agriculture, they expect the negotiations on services to move forward rapidly.

Even worse, the existing text erodes the flexibilities in the GATS agreement and counters the principles of strengthening the domestic services of developing countries.

In spite of repeated opposition by groupings such as the African , LDC, Asean and Caribbean groupings, and many developing countries, the text contains commitments to:

- \* mandatory plurilateral negotiations (i.e. you have to negotiate now and can't choose to negotiate),
- \* detailed references to qualitative benchmarks (commitments in various modes/ areas of services negotiations),
- \* to sectoral negotiations
- \* to a possible framework on rules for government procurement.

And if the above demands from developed countries are not far reaching enough, the EU is pushing for quantitative targets and indicators in the services negotiations - which would set targets for liberalization.

If the rich and powerful countries demands are successfully forced upon developing countries, they will lose their chance to promote development.

Under the current system (which itself is far from ideal), developing countries do not have to submit offers to other countries. The request offer approach operating now means that a developing country only has to give access to its markets if it has something to gain and has requested market access into other economies. Under the system being pushed for by developed countries, developing countries would have to negotiate services. And even though the text does not say that they have to agree in the negotiations, the power plays and bully tactics we see so often in trade negotiations make it highly likely that developing countries will be unable to refuse the demands put forward by the developed countries.

Under the current system (which is hardly ideal) countries can identify areas that are sensitive and should not be opened to market access (this would include basic services provided by the state to drive development and address poverty and inequality). Developing countries can therefore draw up a negative list - a list of services that must not be opened to trade. They can also protect domestic services against competition by imposing stringent conditions on market entry and retaining flexibility to give support to domestic services without extending the same support to foreign services.

If the present demands by developed countries win out, it is likely that developing countries may be severely limited in their ability to give reasonable preference to their domestic suppliers to drive development.

As COSATU and CUT we strongly believe that South Africa and Brazil should not further open their sectors to liberalization under the WTO. Recent cases have proved how this severely limits country's ability to regulate and drive their economic policy. This is very clearly shown in the gambling case the USA lost against the Appellate Division of the WTO when it ruled that the USA was not allowed to ban international providers to provide internet gambling facilities to citizens of the United States, even if companies in the USA were not allowed to provide these

services themselves. The WTO is thus able to overrule a country's ability to even limit what it regards as illegal behaviour in their country.

The case of Mexico shows how the GATS prevents a government from trying to cross subsidise domestic sectors using levies from international companies.

Here, Mexico had liberalized international telecommunications, and was unable to gain any money from that liberalization in order to cross subsidise domestic state owned telecommunications.

We condemn the developed countries attempts to divide developing countries who are trying to protect their ability to have a autonomous development and address the needs of their people, including workers and the poor.

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