

# INTERFAITH WORKING GROUP ON TRADE AND INVESTMENT

□ A WASHINGTON-BASED WORKING GROUP WITH REPRESENTATIVES FROM A RANGE OF FAITH-BASED ORGANIZATIONS COMMITTED TO ASSERTING A STRONGER PRESENCE OF COMMUNITIES OF FAITH IN PUBLIC POLICY DISCUSSIONS ON INTERNATIONAL TRADE AND INVESTMENT □  
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## Statement on WTO Hong Kong Ministerial

The World Trade Organization (WTO) will hold its 6<sup>th</sup> Ministerial meeting in Hong Kong on December 14-18. The purpose is to agree on the “negotiating modalities” – the actual formulas for reductions in tariffs and subsidies, for example -- in order to conclude the “Doha Development Round” by the end of 2006. Major disagreements exist between wealthy countries and developing countries. The latter make up 80 percent of the world’s population, but are seriously disadvantaged in the negotiations.

Interfaith Working Group members have grave concerns about the direction of the negotiations. We believe that the term “development round” has never been an accurate characterization. Instead, negotiations are primarily focused on opening markets to further trade liberalization. The latest *UNDP Human Development Report 2005* identifies the failure of this approach: “The problem is that the human development potential inherent in trade is diminished by a combination of unfair rules and structural inequalities within and between countries” (p. 9).

The Interfaith Working Group analyzes and judges trade and investment policies against its five ethical principles. These principles insist that international trade and investment systems:

- *respect and support the dignity of the human person, the integrity of creation and our common humanity;*
- *should advance the common good and be evaluated in the light of their impact on the most vulnerable;*
- *be transparent and should involve the meaningful participation of the most vulnerable stakeholders;*
- *respect the legitimate role of government, in collaboration with civil society, to set policies regarding the development and welfare of its people; and*
- *safeguard the global commons and respect the right of local communities to protect and sustainably develop their natural resources.*

***As we hear the voices of our partners in the Global South and analyze the current direction of WTO negotiations, we must judge them as contrary to these principles and counter to authentic development.***

### **Current negotiations lack openness, inclusiveness and democratic accountability**

The domination of the negotiations by a handful of parties, including the United States -- and their continued use of small negotiating groups and mini-ministerials to the exclusion of the majority of WTO members -- is anti-democratic. This, together with the serious imbalances in power and resources among negotiating parties, reinforces the unjust power dynamics at work in world trade. The political and economic pressure on countries to accept positions that are not in their best interest must cease. The lack of opportunity for public participation and democratic accountability make it all but impossible for the outcome to serve the common good.

### **Current negotiations undermine developing countries’ domestic agriculture and food security**

A thriving small-holder agricultural sector is essential in the developing world, where approximately 75 per cent of people in poverty work in agriculture. Developing countries must have the right to promote and protect local agriculture, rural livelihoods and food security. But the U.S. and other wealthy countries are marginalizing their proposal that *special products* (SP) (basic food staples to be exempt from any tariff reductions) and *special safeguard mechanisms* (SSM) (quotas and/or higher tariffs to protect against dumping and import surges that flood local markets) be incorporated into the formulas, with the developing countries determining their content. An even more pro-development approach would remove basic food staples from trade agreements altogether, as many civil society organizations have demanded.

Powerful members of the U.S. Congress have warned the USTR not to commit to reductions in the domestic support that the U.S. government provides to its farmers. These and EU subsidies foster over-production and lead to dumping food at prices below production on local markets. This creates unfair competition on local farmers, who are no longer able to sell even to their own neighbors. U.S. negotiators are seeking ways to *appear* to reduce such subsidies, without actually doing so.

### **Current negotiations hinder developing countries' industrial development**

The self-interested goal, pursued by the United States, of reducing non-agricultural tariffs to zero in the NAMA (Non-Agriculture Market Access) negotiations is the death knell for the industrial sector of many developing countries with weak industrial development. The competition with imported goods will seriously undermine the capacity of many countries to establish local industries and pursue development strategies. This will increase the already devastating levels of unemployment in many developing countries.

### **Current negotiations weaken essential services and the public regulation of commercial activity**

Driven by corporate interests seeking access to the emerging service markets, the EU is proposing "benchmarks" that mandate all WTO members to open a certain number of service sectors for liberalization. This is contrary to existing rules which allow countries to individually determine which services to offer for liberalization. Further, wealthy countries are pressuring developing countries to liberalize services such as water, health care and education. The consequent price increases for these essential services could place them beyond the reach of many communities.

**Therefore, we call upon the President of the United States and the U.S. Trade Representative to discontinue their current negotiating approach, which the development organization OXFAM has characterized as one of "naked self-interest." Instead we urge them to negotiate in ways consistent with their stated commitments to authentic development. They must work for formulas and agreements at Hong Kong that will be just and equitable to smaller and vulnerable economies, through supporting:**

***1. Open, inclusive and democratically accountable negotiation processes –before, during and after the Hong Kong Sixth Ministerial;***

***2. Concrete commitments and time frames for reducing domestic supports and export subsidies in agriculture that do not eliminate appropriate support for small family farmers in either the global South or the North. The subterfuge of simply re-classifying subsidies ("box switching") in order to maintain subsidies must be abandoned;***

***3. The right of developing countries to implement trade policies, including tariffs and other import barriers, which promote and protect local agriculture, rural livelihoods, food-security, vulnerable workers, essential services, infant industries and the natural environment, through, at a minimum:***

- *the inclusion of special products and special safeguard measures and flexible market access formulas adapted to each country's circumstances and development needs;*
- *A flexible industrial tariff formula – rather than a "one size fits all" approach -- allowing for variation among countries, according to each country's need and level of development;*
- *Rejection of "benchmarking" and continuation of the current ability of countries to determine individually which services to offer for liberalization;*
- *Adherence to the Doha Ministerial Declaration of "less than full reciprocity" between the developed and developing world, recognizing the grave harm that developing countries will experience if they are required to liberalize in the same ways and to the same extent as the wealthy nations.*

**Interfaith Working Group members call for these pro-development commitments, at a minimum, to be agreed upon at Hong Kong and written into the Hong Kong Ministerial Draft.**

**This Statement is endorsed by the following Interfaith Working Group Members:**

**American Friends Service Committee  
Center of Concern  
Columban Justice, Peace and Integrity of Creation Office  
Church of the Brethren Witness/Washington Office  
Church World Service  
Conference of Major Superiors of Men, Justice and Peace Office  
International Jesuit Network on Development  
Jesuit Center for Theological Reflection  
Lutheran World Relief  
Maryknoll Office for Global Concerns  
Medical Mission Sisters Alliance for Justice  
Mennonite Central Committee Washington Office  
National Catholic Rural Life Conference  
NETWORK: A National Catholic Social Justice Lobby  
Oblates Justice, Peace and Integrity of Creation Office  
Presbyterian Church, USA, Washington Office  
Share Foundation: Building a New El Salvador Today  
Sisters of Mercy of the Americas Justice Team  
Sisters of Notre Dame Justice and Peace Network  
United Church of Christ, Justice and Witness Ministries  
United Methodist Church General Board of Church and Society  
Washington Office on Africa**