

## **Lessons from Cancun - Where do we go from here?**

By Peter Clark  
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*Cancun – Day 5* - Was this a failure of the WTO system or a breath of enhanced democracy for an institution too long dominated by the big players?

The protestors were not the cause of what Ministers refer to as a “setback” but all have claimed credit. Well traveled Canadian anti-business anti-trade activist Maude Barlow told the press it the same feeling as Seattle but without the tear gas. See attached photo of the jubilant activist. It appears she couldn’t get closer to the action and tear gas/water cannons on Monday.

The differences were North-South. The USA and the E.U. seriously underestimated the solidarity and determination of the developing countries to pursue and stick to their positions. It remains to be seen whether this actually was a demonstration that the North will no longer be able to dictate the rules or tell the rest of the world to take it or leave it.

There were efforts to bridge positions. Lamy showed some flexibility on the Singapore issues and tried to get authority from his member states to amend the position but they were not prepared to do so, on a single issue basis. Senator Grassley issued a press statement indicating that the USA could now buy a less than satisfactory agricultural package. He followed up with a post collapse statement that

“Unfortunately, some participants seemed to be more satisfied with hollow rhetoric than real negotiation. As we can see, the WTO process can’t subsist on hollow rhetoric”.

The G-21 (Brazilian Minister Celso Amorim) noted that the meeting did not come to a successful conclusion but it would be picked up and move on from here. They have received respect for their solidarity and business-like approach. The now G-20 plus will not cast blame or point fingers and cast blame. They are growing and will continue their professional good faith approach. The characterization “this is not the end, it is the beginning”.

We expect the USA to continue its bilateral/Regional initiatives. USTR Zoellick expressed a willingness to continue focusing on work and not rhetoric to attain a fine balance between ambition and flexibility. He could not resist accusations of excessive rhetoric on the part of larger developing countries of denying the time to get things done. He indicated many developing countries had expressed interest in negotiating FTAs with the

USA. It appears that the seductive element of trade negotiations is better done in private and it is not a spectator sport. But one should take this U.S. initiative seriously as they find more and more countries willing to share preferential access to their market. Soon it may be the norm, and not the exception. This will continue to marginalize the multilateral trading system. We are probably not ready for a USA-China or E.U.-China FTA, but this may not be too far off, particularly as China integrates with ASEAN.

Once again Senator Grassley as Chairman of the Senate Finance Committee issued the following warning:

“The United States evaluates potential partners for free trade agreements on an ongoing basis. I’ll take note of those nations that played a constructive role in Cancun, and those nations that didn’t.”

An E.U. negotiator listed a number of countries including Canada who were anxious to do bilateral with them.

I cannot say that this will delay the negotiations because I said after Doha that the realistic end date was 2007 or 2008. This does not fit the U.S. negotiating authority, but that can be extended if the USA is interested in maintaining a system which has served it well.

Minister Pettigrew said Canada was disappointed, but will continue to work towards achieving the Doha objectives and a balanced and equitable global trading system in the interest of Canada and developing countries. We remain fully engaged in the Doha Round. Indeed, the round cannot be called off except by a decision of all Ministers who endorsed the launch less than two years ago.

So where are we going?

Ministers have instructed their officials to continue work on outstanding issues with a new sense of urgency.

There is to be a meeting of the General Council at Senior officials level by December 15, 2003 to get the negotiations back on track.

Minister Derbez said that the gaps couldn’t be bridged if the Conference was extended for a week.

Now they have three more months to add to the 21 months they have had since Doha. No predictions from here, but we wish them well. However,

after listening to half an hour of Zoellick on rhetoric it seems it will not be easy.

That's it. I am off to La Madonna for dinner which I recommend highly. I expect that frustrated delegates will be letting off steam and winding down at COCO BOGGO which I am told by usually reliable sources makes Coyote Ugly look tame.