The recently concluded Doha round of trade negotiations that were held under the auspices of the World Trade Organisation (WTO) collapsed yet again, and possibly for the final time. WTO Director, Pascal Lamy, announced on 30 July, with great sadness, that the world had allowed a great opportunity to.... "slip through its fingers."

The trade talks that have been limping along for the last seven years, were initiated amidst great hope and fanfare in Doha, Qatar in November, 2001. They were expected to bring about a more open world trade order, in terms of lowering trade barriers, tariffs and facilitating the freer flow of goods, services and personnel. The WTO-designed model of free flow of trade amongst its members, however, has not delivered its promises of increased economic prosperity, and in fact the economic, political, social and environmental situation has worsened in most developing and in some developed countries.

The recently concluded negotiations, were seeking to obtain greater cuts in tariffs and agricultural subsidies and agree on the modalities to achieve these reductions. Traditionally, WTO negotiations are very complex procedures, as the guiding principles have to be transparency, flexibility and consensus and mainly the realisation that no one formula can fit the requirements and needs of all member states. It is the consensus that has chiefly eluded these talks.

Doha Round 2008 sent several important messages by its collapse. It signaled that governments of most developing countries are unwilling to agree to terms that are unacceptable to their people and sacrifice their concerns for the greater good of free trade. There is a strong commitment to put the concerns of small farmers first, and a refusal to compromise policy space by agreeing to measures that can jeopardise their livelihoods and economic security. The major stumbling block was agricultural subsidies. The message was clear, the OECD countries can no longer force their heavily subsidised agricultural products on emerging economies in Asia and Latin America.

The resounding "NO" also heralds a new world order politically, where American hegemony is seen to be on a decline. Emerging economies like India and China, which are identified as the main dissenters at the Doha Round, are positioning themselves in asserting their rights to defend their economic independence by protecting their agricultural sectors, especially since the acceptance of the proposals would have sounded a death-knell for the small food producers and indigenous agricultural micro-economies.

The US and the EU can no longer dictate the direction these economies will take, or regulate their momentum and expansion.

An unequal playing field is created by subsidies offered to their agricultural sector by developed countries, and the livelihood of millions of poor farmers and agricultural workers in the less developed regions of the world, face extinction.

The attention has focussed largely on the extent of market access that can be garnered by the developed countries for their exports, without much consideration for their weaker importing partners to gain equal access for their own exports.

On one-hand, these subsidies allow for cheap agricultural products to flood markets in developing regions, severely affecting local production; on the other hand, highly subsidized commodities, like cotton, rice etc. flood the markets...
and force down prices, threatening the livelihood of millions of small growers and farmers.

A case in point is African cotton which competes with heavily subsidized American cotton, on the world markets. "Since almost all the cotton produced by West Africa farmers is exported onto the world market, it competes directly with subsidized US cotton crippling the livelihoods of poor African farmers. Millions of cotton farmers risk losing their main source of livelihood with the issue of subsidy to farmers by the American government now in abeyance. Removing subsidies to the over 20,000 American farmers would result in a higher world price of cotton. Oxfam America estimates 8 to 20 per cent increase in household incomes by farmers if the world price of cotton were to increase by six to 14 per cent..... "(Eric Mgendi - ActionAid, Africa...08 August 2008, Business Daily, Nairobi.)

By removing these subsidies, the price of cotton would rise, and the lives of millions of poor farmers in Africa, would greatly improve.

The Doha Round originally had rather different objectives and focus.

The negotiations held the promise of ushering in a new era of open and free flowing trade, in which smaller, less developed economies would stand to gain access to new and expanded markets. It also hoped to convince the US and the EU to re-examine their excessively protectionist farm subsidies, which had skewed the world markets for agricultural goods.

Liberalization of agriculture and trade across-the-board, without considerations or adjustments for small-scale producers, can have life threatening effects and can be instrumental in dramatically raising poverty levels in developing countries. Most developing countries saw these negotiations merely as a means for huge, agro-based corporations like Monsanto, etc. to establish a large, permanent presence in developing countries, crippling their own small-scale agro-businesses and imposing their policies and products on the local markets and gaining control on food supply mechanisms.

The US and EU are seen by the developing world as the major culprits in the failure of these talks as their focus shifted away from the original development based agenda to one that was self-serving and revolving around expanding their export base at the cost of the developing world. Officially, however, the blame was placed on countries like India, China and Brazil to cause first the stalemate and eventually the collapse of the talks by their dissension.

Mritunjay Mohanthy, assistant professor of economics, Indian Institute of Management (IIM) Calcutta) explores the reasons that led India to voice its resounding "No". He explains, in his recent article, WTO flop show - why it was right to say no:"India was "looking at protecting the livelihood of farmers"[i]. But for once there might be substance to rhetoric. For a while when it looked as if there was a reasonable probability that a deal might be done, it was clearly going to be at the expense of policy space in agriculture. India's farmers, the G-33 and developing countries with a defensive interest in agriculture must have heaved a huge sigh of relief.... " (rediff.com 30,July 2008).

He goes on to explain that developing countries are becoming vocal in their reluctance to sacrifice policy space available to them to address issues of protection of livelihoods and reduction of poverty at the alter of globalisation and world trade. His argument is that marginal and small farmers and farm workers in developing countries like India, are already leading very precarious lives, the balance between survival and annihilation is fragile and delicate. They are very vulnerable to natural and political calamities and upheavals as there are few safety nets available to them.

It is therefore unrealistic to then expect these groups to effectively compete in world markets, where their goods are pitted against those produced by large units enjoying heavy subsidies by the world's most strong economies.
The issue he sees at the heart of the problem is not the question of agricultural modernization, but it is the way developing countries are being asked to implement it. That is the crux and it was inevitable that the dissenting voices quashed the negotiations to the chagrin of the OECD members. The modernisation strategy suggested, was at the expense of small and marginalised farmers. He concludes that it is important to remember that 95 percent of the world small and marginal farmers live in poor, developing countries and that 75% of the world's poor survive on agriculture. For developing countries therefore the key to both food security and livelihood security is the ability to protect small and marginal farmers from unfair competition and the policy space within which develop an agricultural policy centered on small-farmers and the maximization of employment growth. Therefore, once again, China, India and developing countries with defensive interests in agriculture held firm and, despite the threats and blandishments and the nature of other deals that might be cut, said clearly that policy space in agriculture is not tradable. It was right to say no.

One may assume from that with the failure of the Doha Round, the future of trade talks is doomed, and a great opportunity is lost for true globalisation of world trade.

This doomsday scenario is not shared by all. Many sincerely believe that in fact within the ashes of its failure, lie a future path for more vigorous and fruitful multilateral negotiations and discussions, based on a more egalitarian and broad-based framework. In all practical sense it will be "business as usual" for many and the process of trying to reach new understandings and concessions will continue amongst trading partners both large and small.

In view of the present food crisis, it is imperative for developing countries to ensure food security and protection of their policy space on issues concerning protection of small farmers.

By its failure, the Doha Round provides a opportunity to the developing countries to formulate stronger trade and agricultural policies that allow them more muscle and clout. It will give the US and the EU an opportunity to re-examine their existing policies of high farm subsidies and encourage a re-evaluation of negotiating tools if they are to expand their markets. New challenges have been thrown up by the demise of the Round. The gauntlet has been flung down by the developing world and it awaits to see what adjustments and compromises are to made by its stronger trading partners.

It is clear that the old way of doing business by partial coercion and dictation, now stand repudiated. The newly emerging forces like India, China and Brazil, that are driving the economic engines of Asia and Latin America, are unwilling to complacently accept the status quo and are forging ahead to take a leadership role in international politics and trade. There is an emergence of political and economic readjustment and realignment.

The WTO will continue to function as a multilateral trade facilitator, and if it wishes to remain effective and viable, it will have to rethink its future role in tackling and managing the diverse requirements of its members. Its' negotiating process needs to be more inclusive and transparent, encouraging greater debate and open discussion versus the present mode of closed-door negotiations. A greater level of democratic debate and discussion will ensure that every stage of the negotiations allow the weaker, more vulnerable participating countries to safeguard their interests and ensure that their concerns are addressed and not sidelined.

Trade is always a means of achieving economic development, never an end in itself.

It must serve a greater purpose of lifting communities out of poverty instead of increasing it. If the world community wishes to achieve a truly global world trading market, adjustments have to be made to include the concerns of all the participants, both developed and developing countries.