

**Report of a CPA Study Group on
Parliament and the International Trading System**

Saint Lucia, February 2002

Foreword

Understanding the effects of globalization, especially in terms of trade liberalization and the World Trade Organization's (WTO) processes in negotiating trade rules, is a matter of vast importance to all Parliamentarians. Opening up an economy to trade liberalization often triggers economic restructuring. Within this context Parliamentarians have to balance the potentially competing claims of national self-interest, their domestic constituencies and the concerns of civil society, while seeking to maximize the benefits of a more liberal world trading system.

Against this background, in late February 2002 the Commonwealth Parliamentary Association, with the assistance of the CPA Saint Lucia Branch, arranged a Study Group consisting of eight Parliamentarians from all Regions of the CPA and two technical advisers, one from the Commonwealth Secretariat and the other from the WTO Secretariat. The aim of the Study Group was to examine the implications for Parliamentarians of developments relevant to strengthening world trade in a rules-based international trading system. The Study Group explored ways to better inform Parliamentarians about WTO activities and recommended steps to achieve the Group's core objective: to assist Parliamentarians to be able to influence key areas of discussion and debate in fulfilling their obligations as legislators.

In a broader sense, the event was part of our activities to provide a parliamentary dimension to international co-operation. The participation of the WTO in the Study Group was particularly welcome. These linkages will be further developed in order to strengthen the CPA's outreach and enhance our ability to assist our Members to keep abreast of and therefore influence important developments relating to trade.

I extend the thanks of the CPA to the Study Group Members and advisers, to the CPA Saint Lucia Branch for hosting their first international CPA event and to my colleagues Raja Gomez, Director of Development and Planning, and Anthony Staddon, then Assistant Director, for their valuable contribution to the organization and delivery of successful deliberations.

This report, prepared by Dr Siva Ram Vemuri, Northern Territory, Australia, who acted as Rapporteur to the Group, and edited by the CPA Secretariat, identifies the issues discussed by the Study Group and presents to the reader the Group's recommendations which I hope will inform many of the current national and international debates on global trade in the Commonwealth and enhance the role of Parliamentarians in understanding, debating and ultimately strengthening the international trading system.



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August 2002

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Introduction

After the global recession in the 1930s and the devastation of the Second World War many governments identified trade as a key factor in rebuilding economies by generating economic growth and maintaining political stability. This view led to a provisional agreement signed by 23 countries in 1948 called the General Agreement on Tariffs and Trade (GATT), the origins of the present multilateral rules-based trading system.

The prime objective of GATT was the reduction of obstacles to trade in manufactured goods, particularly the reduction of tariffs. The World Trade Organization (WTO)¹ is a very different entity. It deals with a much wider range of issues and concerns in international trade such as trade in services and intellectual property. The contractual nature of the WTO has been developed through a quasi automatic and binding dispute settlement mechanism. In short, it is a system through which contracting parties agree to submit themselves more fully to a rules-based system for the greater good of expanding trade across the globe.

The WTO is owned by and accountable to the people through their governments. Ambassadors and Ministers who represent these governments negotiate WTO Agreements. Since the WTO was established in 1995, four Ministerial conferences with varying degrees of success have so far taken place. They were held in Singapore in 1996, Geneva in 1998, Seattle in 1999 and more recently in Doha in 2001.

The accord reached at Doha clearly showed that there was general support among member governments for a rules-based trading system that sought to promote a free, liberal and equitable global system: “We are determined, particularly in the light of the global economic slowdown, to maintain the process of reform and liberalization of trade policies, thus ensuring that the system plays its full part in promoting recovery, growth and development. We therefore strongly reaffirm the principles and objectives set out in the Marrakech Agreement establishing the World Trade Organization and pledge to reject the use of protectionism.”²

The importance of the role of Parliamentarians in this new world trading system has been acknowledged at many forums and platforms. In June 2001, for example, an Inter-Parliamentary Meeting (IPM) held in Geneva focused on requirements for effective participation by Parliamentarians. This CPA Study Group, which met in Saint Lucia and was made up of representatives from each of the eight CPA Regions together with technical advisers, was convened to further explore the issues and examine the implications for Parliamentarians of developments relevant to strengthening world trade with particular reference to the WTO.

This report summarizes the issues discussed by the Study Group and it will also focus on the various roles Parliamentarians can play in a rules-based international trading system and ways to better inform Parliamentarians about WTO activities.

Whilst a rules-based trading system should ensure that fair trade conditions prevail between trading, there will be occasions when disputes occur between members. However, since 1988, many more disputes have been initiated under GATT and its

¹ The WTO is an intergovernmental organization that succeeded the General Agreement on Tariffs and Trade (GATT) on January 1, 1995 following the conclusion of the “Uruguay Round” of multilateral trade negotiations.

² Ministerial Declaration, adopted on 14 November 2001, Ministerial Conference, Fourth Session, Doha.

successor WTO than in the first 40 years of GATT's existence combined. The Group agreed with American academic Eric Reinhardt that "many of these conflicts target hundreds of millions of dollars of potential annual trade. Some erupt into lasting trade wars; many more reach fully or partially liberalizing conclusions, but only after years of costly delay."³ The recent rise in the number of trade disputes may be interpreted in two ways. On the one hand critics argue that it indicates the system is not working. The contrary view is that the higher rate of notification of disputes can be seen "as an expression of greater confidence of member governments in the efficacy of the new dispute settlement system [and] a reflection of the wider range of WTO rules [and] as a result of the larger number of WTO member countries."⁴

What is commonly accepted is that it is in the interests of all countries in the world, irrespective of their levels of development, to foster conditions that enable a free flow of goods and services. However, although the economic advantages of engaging in free trade are substantial, the paths toward attaining benefits are not always immediately recognizable. Liberalizing trade therefore becomes a necessary but not sufficient condition for growth and development of the economies in the world.

The Group called for more parliamentary involvement in national government decision-making on the WTO and trade policy. Parliaments are the pivotal institution which could communicate trade issues to the people whilst scrutinizing the actions of governments and influencing the direction and outcomes of trade talks.

A debate about the benefits or otherwise of the WTO and the rules-based international trading system will continue. It will probably never end. However the debate should be based on a full understanding of international trade issues, the role and operations of the WTO and the opportunities available to Parliamentarians to influence the policies of their governments in dealing with the WTO process.

The Role of Parliaments and Parliamentarians

Governments are accountable to Parliaments which ratify the results of WTO negotiations. There should be, therefore, a very close relationship between the workings of Parliaments and the WTO. In an increasingly global context, one cannot function without the other and the nature of this interaction is dynamic and ever-changing.

Parliaments and Parliamentarians have an important constitutional role to play. As Mr Anders Johnsson, Secretary-General of the Inter-Parliamentary Union, wrote in a paper presented to the Group: "At the national level, Parliaments have a constitutional role to legislate and to oversee the government. They should therefore take an active interest in trade negotiations and help to shape policy relating to international trade and to develop their respective government's negotiating positions. Moreover, Parliaments are called upon to ratify international trade agreements, implement their provisions through the

³ Eric Reinhardt, *Aggressive Multilateralism: The Determinants of GATT/WTO Dispute Initiation, 1948-1998*, Atlanta, 2000.

⁴ WTO Policy Issues For Parliamentarians

adoption of appropriate legislation and budget allocations and oversee the implementation process as a whole.”⁵

The basic issue that then arises concerns the lack of information. Greater involvement by Parliaments will lead to improved transparency and better scrutiny of trade negotiations both at the WTO and in national Parliaments. The Group agreed with Sen. the Hon. Peter Cook of Australia in saying that “Parliament is the key institution as it is the arena in which popular opinion can meet the *realpolitik* of international trade negotiations”.

A better understanding of trade agreements and trading issues by Parliamentarians is essential if an effective and efficient world trading system is to achieve global efficiency and equity. It is therefore necessary to better familiarize Parliamentarians the workings of the WTO. There is also a need to provide advice and recommend steps to assist Parliamentarians so that they can influence key areas of trade discussion and debate and fulfil their obligations as legislators. They need to be much more aware of the importance of pre-negotiation and the authentication of trade mandates, negotiation, ratification and review of legislation in developing and implementing treaties under rules-based trading and the dispute-settlement process.

Towards a rules-based international trading system

From the outset the group acknowledged that: a rules-based trading system is a reality; the WTO is a fact of life, and Parliamentarians and Parliaments must work with the WTO and other relevant organizations to promote economic and social betterment for their own people. The WTO has “managed to make itself indispensable on the world stage. The attention it garners...is a testimony of its importance. From one side, it is criticized for not doing enough – for developing countries, for the environment, etc.; from the other it has been too successful, infringing on countries’ abilities to pass domestic laws and regulations.”⁶ It is therefore essential that all Parliamentarians, irrespective of their involvements in trade matters, should have a very clear understanding of what a rules-based trading system means and its implications for their work in Parliament.

It was felt the rules-based approach to trade agreements available through WTO processes has a great capacity to address any issues of disadvantage resulting from international trade activities. No alternative system yet devised can provide the “level playing field” to participate in multilateral trade negotiations, to negotiate removal of trade barriers imposed by other trading countries and to participate in impartial dispute settlement procedures.

There was a general consensus that a thorough understanding of the workings of the WTO is essential for a rules-based multilateral trading system. It is necessary not only to understand what the rules are, but also to recognize the sources of misinformation that exist about the system on various sides of the debate.

⁵ Mr Anders Johansson, “Creating an International Parliamentary Voice in WTO Decision-Making”, a paper presented at the CPA Study Group, Saint Lucia 25-28 February 2002.

⁶ Sarmite Bulte, From GATT to the WTO: Towards a Rules-Based International Trading System, CPA Study Group, Saint Lucia, 25-28 February 2002.

It is essential for example to recognize that once rules are agreed upon they are difficult to change until the next round of negotiations. In this sense, participation at WTO negotiations is a privilege that becomes an obligation once rules are agreed upon. In particular, it must be highlighted that rules do not govern only those who negotiate and sign on. They apply to the nation as a whole. In addition, rules negotiated under WTO will lead to varying degrees of economic restructuring. It is inevitable that restructuring will generate costs and benefits, produce winners and losers.

It is therefore in the interests of all Parliamentarians that they understand the far-reaching implications of trade negotiations. The Study Group was deeply concerned about the low levels of awareness and the impact of the WTO negotiations on the daily lives of people. Concerns were expressed about the misinformation that play on the sentiments of those experiencing the immediate effect of restructuring. The Study Group acknowledged the need for certain reforms within the WTO, but at the same time a consensus emerged that Parliamentarians need to be better informed about the existing workings of the WTO and the positive effects of increasing participation in a rules-based trading system.

The group saw the WTO, and the rules-based approach to trade agreements available through WTO processes, as having a great capacity to address issues of disadvantage. The group placed particular emphasis on WTO membership, seeing it as an opportunity of significant value, particularly to small vulnerable states and developing countries. This value arises from the platform and procedures the WTO provides for authenticating trade mandates, addressing the implications of trade negotiations, approving and ratifying agreements, and resolving trade disputes. The challenge is to help foster the active participation of small vulnerable states and developing countries in this system.

Against such a background the Study Group considered the steps Parliamentarians could take towards a better understanding of the WTO and towards increasing their participation at the WTO negotiations. In particular the group focussed on how Parliamentarians in developed and developing countries can play an active role in ensuring a fair and equitable trading system by promoting the interests of both small nations and developing countries.

Ensuring a fair and equitable trading system in promoting the interests of developing countries

The Study Group reaffirmed the notion that free trade boosts economic growth and helps alleviate poverty. However, the Group reiterated that international trade is a necessary but not sufficient condition for growth and development. There will be winners and losers in all trade negotiations and the concerns of those who are adversely affected by trade rules must be addressed.

Many developing countries have completely ignored the truism that openness to trade is strongly associated with economic growth and poverty reduction, and have made no efforts at mainstreaming trade as a growth strategy into development plans and poverty reduction strategies....Several factors intervene in the relationship between trade liberalization and reform on the one hand and growth and development on the other.⁷

⁷ Hon. Abdullahi Musa, "Ensuring a Fair and Equitable Trading System: Promoting the Interests of Developing Countries", CPA Study Group, 25-28 February 2002.

The Study Group examined how Parliamentarians should address and overcome the concerns of many developing countries. It was recognized that developing countries “face many difficulties in the implementation of the various WTO agreements and provisions [for example Technical Barriers to Trade (TBT), Trade-Related Aspects of Intellectual Property Rights (TRIPS), Agreement on Textiles and Clothing (ATC), etc.]”⁸ There was also a call for better financial and non-financial resources to help supply capacities and export diversification efforts by:

- Assisting in capacity-building in trade policy and related areas such as tariffs, customs, investment and technology;
- Assisting in developing human capacities;
- Assisting in removing procedural and institutional bottlenecks;
- Assisting in creating an enabling environment and incentive structure to promote competitiveness without interfering in the workings of a market environment;
- Removing all trade barriers facing exports from Least Developed Countries (LDCs) in the markets of developed trading partners in the shortest possible time so as to help ensure that LDCs benefit from the market access opportunities granted, in particular to value-added production;
- Implementing in full and as a matter of priority the special and differential measures in favour of LDCs;
- Making available necessary technical assistance for the implementation of multi-trade agreements in which each trading relationship is negotiated on the merits of its own rules;
- Providing technical and financial support to enhance the productive capacities of LDCs through stimulating investment and human resources development and enhancing technological capacities with a view to increasing the commodity exports of LDCs;
- Providing short-term emergency financial assistance, including balance of payments support, through appropriate institutions to help LDCs cope with the consequences of serious external shocks, and
- Strengthening the institutional and technical capacities of LDCs to gain access to modern risk management in anticipation of international price stability⁹.

Without a positive resolution of many of the issues confronting developing countries, it will be difficult to convince people who are adversely affected by trade negotiations that engaging in trade is a good thing and the trading system currently in place is indeed equitable. “There are millions in developing countries who have not been able to truly

⁸ Hon. Senator Dato’ Dr. Chin Fook Weng, “Ensuring A Fair and Equitable Trading System – Promoting the interests of developing countries” Saint Lucia, 25-28 February 2002.

⁹ Mr. Sarwar Jamal Nizam, MP, CPA Study Group, Saint Lucia, 25-28 February 2002.

benefit from the growth of world trade and the promises that the international trading system would bring.”¹⁰

The WTO itself is “delivering” on assistance to the poorest countries in a number of areas. They include: significant market-access improvements for their exports, technical assistance and capacity-building on trade-related aspects within a coherent policy framework, assistance in mainstreaming trade issues into developmental plans, and provision of other technical assistance programmes in addressing issues related to anti-dumping, subsidies and non-trade matters.

There was unanimous agreement that building the capacity of Commonwealth developing countries to participate effectively at the WTO should be a priority. There is a need to focus attention on how to promote a better understanding of the rules-based trading system, how to increase the presence of developing countries in Geneva, and how to provide better avenues for Parliamentarians from developing countries to participate in the system.

A clear consensus emerged that attempts must be explored to make Parliamentarians from developing countries more knowledgeable about the workings of the WTO. The WTO Secretariat and the Commonwealth Secretariat are involved in developing plans for capacity-building based on the Doha Declaration. Closer co-operation among Members of Parliament, government representatives, technical experts and international agencies, including such organizations as the World Bank, International Monetary Fund (IMF), United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme (UNDP) and the International Trade Centre (ITC), was suggested as a means to further increase the capacity of developing countries to participate and to ensure a fair and equitable trading system becomes a “reality”.

But the Study Group acknowledged that a rules-based trading system is the best structure for establishing a fair and equitable trading system. It provides an opportunity for discussing interests of both developed and developing countries on trade related matters. The Group felt that Parliamentarians should become advocates of the economic and social benefits of open markets, especially in developing countries and in sectors of developed countries.

However, equal opportunity for participation is needed. The system has the ability to deliver fairer and more equitable outcomes only if developing countries can maintain a continuous presence in Geneva and gain substantial access to “Green Room”¹¹ discussions. The Study Group recommended that Parliamentarians should explore and access avenues for relevant funding and support, particularly those available to developing countries and small countries, for better participation in the process of analysis, negotiation and implementation.

Ensuring a fair and equitable trading system in addressing the vulnerability of small countries

¹⁰ Hon. Senator Dato’ Dr. Chin, op.cit.

¹¹ “Green Room” consultations are private informal discussions on key issues which take place among a small group of people specifically invited by the WTO Director-General.

Small countries are more vulnerable to a rules-based international trading system than large countries. By their very nature, “small countries suffer from a combination of economic and political constraints to their integration into a multilateral trading system.”¹² The nature of small nations is that commercial legislation is a *fait accompli*, as they are mostly price takers in the commercial sense, and the inherent characteristics of small economies make them highly dependent on external sources for their growth and development. Unfortunately, most are ill equipped to adjust to circumstances resulting from WTO negotiations.

In such a scenario, a fair and equitable trading system can only be achieved if negotiations can “incorporate provisions that are appropriate and meaningful which will effectively address the difficulties inherent in small size and vulnerability”.¹³

The WTO has formally recognized the urgent need to address the challenges faced by small economies. In 1998, the second session of the Ministerial Conference of the WTO formally acknowledged the difficulties of marginalization of least-developed countries and certain other small economies. The Doha Declaration “agreed to a work programme, under the auspices of the General Council, to examine issues relating to the trade of small economies. The objective of this work is to frame responses to the trade related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system, and not to create a sub-category of WTO members.”¹⁴

Building on such declarations, the Study Group focused on mechanisms and processes by which the limitations facing small countries could be better addressed by Parliamentarians. The plight of the most vulnerable was highlighted to be those who have no say on the outcome of negotiations either because they are not a part of the negotiation process or because they do not possess abilities to be rule makers. Although the workings of the WTO are trade related, it was felt that small countries face implications that extend beyond trade relations. Small countries are particularly vulnerable to developmental impacts of trade relations resulting in distortions to daily lives of people. The Study Group called for discussions of trade negotiations beyond trade matters.

There is a need to assist the development of small economies by involving more Parliamentarians to address mechanisms to deal with economic integration, restructuring and structural adjustments. These issues need to be addressed when rules are formulated. As a result, there is a need for increasing participation and presence of all Parliamentarians, especially those from small countries, at the negotiation stages.

At the same time, any formation of a sub-category of small nations within the WTO was not considered to be an effective or viable option because the Study Group felt that it was not in the interests of small nations to isolate their concerns. Calls were made, however, for assisting the representation of small nations at the WTO. These strategies relate to

¹² Dr. Roman Grynberg, “Small Vulnerable States, the WTO and the Democratic Process”, CPA Study Group, Saint Lucia, 25-28 February 2002.

¹³ Hon. Ignatius Jean, “Ensuring a Fair and Equitable Trading System : The Vulnerability of Small Countries”, CPA Study Group, Saint Lucia, 25-28 February 2002.

¹⁴ Ministerial Declaration, Fourth Session, Ministerial Conference of the World Trade Organization, WT/MIN(01)/DEC/1, 20 November 2001. (01-5859), Doha, 9-14 November 2001, para 35.

both establishing representatives in Geneva and educating the WTO about the problems of small states. As a long-term strategy, the Study Group suggested that the economic impact of a rules-based trading system must be considered more comprehensively as a development concern and address ways and means by which matters related to economic restructuring resulting from trade can best be addressed.

In this context, the need to explore avenues for improving the economic, physical and social infrastructure of small nations must be considered at the time of trade negotiations. Creation of an investment preference facility jointly funded by the private and public sector partnership through agencies such as IFC was considered as an essential step in the right direction. In addition, technical assistance provided by the WTO, CPA, Commonwealth Secretariat and UN Developmental agencies needs to be enhanced and extended to the wider community including the private sector and civil society at large. Parliamentarians must have a better understanding of their roles in balancing potentially competing claims of national self-interest, their domestic constituencies and the concerns of Civil Society, while seeking to maximize the developmental benefits of a more liberal world trading system.

The WTO is considered by some as “one of the most powerful and secretive international bodies on earth”¹⁵, while others regard it as “a forum for countries to thrash out their differences on trade issues.”¹⁶ A common theme that emerged from the deliberations of the Study Group was that the system is not perfect — otherwise there would be no need for further negotiations and for rules to be revised. Parliamentarians, however, need to contend not only with the varying perceptions and views about the WTO but also with the legislative role of Parliaments in relation to the workings of the WTO.

Role of Parliament in relation to the WTO: Legislation

The WTO does not instruct national, regional or local governments how to conduct their trade policies. The rules of the WTO are agreements resulting from negotiations among member countries. These rules are ratified by members’ Parliaments. In other words, decisions taken in the WTO are negotiated, accountable and are democratically formed.

However, a closer examination of the role of Parliament in relation to the WTO is still needed. The Study Group acknowledged that, while some LDCs do not have such elaborate procedures, in most countries many layers of Government and parliamentary processes are followed prior to entering into trade negotiations at the WTO. Once again the discussion revolved around not what structure needs to be put in place, but how the current structure needs to be improved for more effective participation at the WTO.

A number of concerns were expressed that relate to the working of Parliaments in relation to the WTO. While it was noted that parliamentary business is normally conducted on a structured and well-informed basis with a number of checks and balances, the Study Group felt that trade decisions and negotiations are entered into without proper consultations with other Parliamentarians. Parliaments should ensure proper procedure is

¹⁵ Jerry Mander and Debi Barker, “The World Trade Organization: Process and Rulings”, *Invisible Government – The World Trade Organization: Global Government for the New Millennium?*, <http://www.ifg.org/aboutwto.html>

¹⁶ http://www.wto.org/english/thewto_e/whatis-e/10b00-e.htm

practised in this area, and each Parliament will weigh its obligations to provide a democratic structure for its decision-making in its own way. But Parliament and parliamentary procedures should provide ample opportunity and time to scrutinize issues of concern prior to entering into trade negotiations. A number of steps can be followed. For example, Select Committees are bodies that offer “constructive criticisms” on the implication of rules. In the United Kingdom, two Select Committees — Trade and Industry, and International Development — provide scrutiny on all trade deliberations. A practice has developed in Australia in recent years of the Trade Minister making an annual report to Parliament, thus opening up trade issues for parliamentary debate. The Study Group recommended a review of the work of Parliaments and Parliamentarians, and of parliamentary mechanisms such as parliamentary committees, focused on the role of parliamentary structures in facilitating good practice in matters of international trade, particularly in small and developing countries.

Increased bilateral contacts between the WTO and Parliaments were seen as vital to enhancing the involvement of Parliaments in the discussion of trade issues. These should include: Select Committee visits paid for by the Parliament; commercially sponsored visits by Backbenchers to the WTO, and joint visits by Members of Parliament and representatives of non-governmental organizations (NGOs). The Study Group also felt that WTO officials should free up time to visit Parliaments and discuss trade-related issues with Members. A further suggestion was that a system of “roving ambassadors” could be established, under which experienced Parliamentarians and agency officials involved in trade negotiations could provide support in specific local discussions and interactions focused on trade issues. This would strengthen the resources available to Parliaments and Parliamentarians in addressing local issues of significance.

Parliaments should debate all aspects of trade-related issues. The Study Group was concerned with a general trend whereby “debates on structures and priorities are more likely to occur outside the Chamber and be driven by NGOs and the media, who have narrow agendas. Increased interest in development/aid, intellectual property, economic sustainability and the environment, globalization, protectionism, and implications of European enlargement are all affording opportunities for arguments being advanced for greater scrutiny by non-specialist (i.e. non-Select Committee) Parliamentarians.”¹⁷

Many Parliaments are “over dependent” on the executive. Governments are often supported by an army of civil servants who receive training to improve their abilities to deal with the demands imposed by the new world order. In contrast, Parliamentarians are under pressure to perform usually without receiving any formal training. Backbenchers play an important role in representing various interests, but often are uninformed about trade-related matters. In addition, the workings of the WTO presuppose that a level of informed debate has preceded negotiations. Although this may be true in many instances, it is necessary to ensure appropriate support and mechanisms exist to facilitate a high level of debate at the national level. These discussions must generate “more light than heat”.¹⁸

¹⁷ Martin O’Neill, “The U.K. Parliament and the WTO”, CPA Study Group, Saint Lucia, 25-28 February 2002.

¹⁸ Senator Peter Cooke, CPA Study Group, Saint Lucia, 25-28 February 2002.

Role of Parliamentarians in relation to the WTO: Scrutiny

The role of Parliamentarians has become more complex since the introduction of the rules-based trading system and increasing market liberalization policies:

A Parliamentarian's role is not only about the up-front scrutiny of a new trade deal; there is also the obligation to remain tuned to new developments in order to be able to fulfil their duty as a representative.¹⁹

In order to meet the challenges posed by such a system, the preparation of training materials, manuals, guides to agreements and other training tools in a format suitable for use by Parliamentarians was highlighted. The possible creation of a "User's Guide to the WTO" was discussed. It was felt that such a User's Guide could shed better light on the plight of those that would be particularly disadvantaged in facing the negative impacts of trade such as the concerns of developing and small countries. It would highlight the need to increase understanding of changes needed, increase transparency and assist national Parliaments to appreciate the workings of the WTO.

Calls were also made to build on existing documents such as the Commonwealth Secretariat's Business Guide to WTO and the WTO's Policy Issues for Parliamentarians. It was suggested that to achieve effective participation "Parliamentarians themselves need to consciously acquire the necessary knowledge to enable them to play their role."²⁰

The Group acknowledged the need for scrutinizing and monitoring different stages of deliberations including pre-negotiations, negotiations, ratification and evaluation. There was general agreement that Parliaments must remain informed at all stages and that Parliamentarians must be made aware of the format and timetable of the WTO. At the same time, they should be well versed in dealing with media perceptions. Parliamentarians owe it to their constituents to communicate the effects of the negotiations and should take an active role in engaging in debates on how negative impacts of trade agreements will be addressed. To assist in these roles, calls were made for the WTO to be more transparent and more sensitive to the general needs of the public. For example, the WTO should explain decisions taken by member states and the dispute settlement process by presenting more user-friendly communiqués.

Reconnecting the WTO with the people through Parliament

The Study Group acknowledged that Parliamentarians have been involved with the WTO right from its creation:

Parliaments had to ratify the results of the Uruguay Round of multilateral trade negotiations in 1994 and 1995 before their governments could join the WTO. Parliamentarians regularly form part of national delegations to Ministerial Conferences and parliamentary involvement with the organization continues to

¹⁹ Senator Peter Cooke, "The Role of Parliamentarians in relation to the WTO: Scrutiny" Parliament and the International Trading System, CPA Study Group, Saint Lucia, 25-28 February 2002.

²⁰ Senator Peter Cooke, *op.cit.*

intensify. The first-ever meeting of Parliamentarians at a WTO Ministerial Conference occurred in 1999 in Seattle. A similar meeting was held last year in Doha, Qatar, at the WTO's 4th Ministerial.²¹

However, there is a growing sense of uneasiness about the workings of the WTO, much of it based on a number of misunderstandings that need to be redressed. However, “there’s no question the issues of globalization and trade and investment liberalization are creating anxieties in our communities, exacerbated by the regular violent protests seen on television.”²²

The Study Group therefore explored a number of possibilities to reconnect the WTO with the people. Foremost among these is how Parliamentarians can themselves have a better understanding of the rules-based system and the workings of the WTO. Although people of different political persuasions may have conflicting views on the benefits and costs of the WTO’s multilateral trading system, it is necessary to clear up a number of misunderstandings from the very outset.

Some of these misunderstandings are: that the WTO is an undemocratic institution that dictates policy to national sovereign governments; that it espouses free trade at all costs; that commercial interests take priority over development, environment and health and safety issues, and that weaker and smaller countries are coerced into joining the WTO.

The Group highlighted one of the main reasons for the perceived disconnectedness between the WTO and the people: Parliamentarians are not exposed to the WTO long enough to constructively engage continuously in actions and deliberations, which, unfortunately, results in “slogans beating the arguments”! The Study Group called on Parliamentarians to take appropriate action to increase the WTO’s connections with the people. “Be informed, read the research, access the WTO’s websites for latest developments. Encourage your governments to support progress and work with them to help shape negotiating briefs....Work on policies to assist your people in the difficult transition to more open economies, and work with fellow Parliamentarians, as you are here, to build networks to support your particular issues.”²³

There is a need for training to be designed for Parliamentarians to enable them to adequately deal with interest groups and powerful NGOs. Regional forums, establishment of network groups within the CPA on trade matters, use of videoconferencing on a regional and pan-Commonwealth scale and the use of roaming WTO envoys were all suggested as strategies to achieve more effective participation by Parliamentarians at the WTO.

In this context, the Group especially highlighted the need for Parliamentarians to have a better understanding of their role in balancing the potentially competing claims of national self-interest, their domestic constituency and the concerns of civil society, while

²¹ Dr Alain Frank, “Looking to the Future: Reconnecting the WTO with the People through Parliament”, CPA Study Group, Saint Lucia, 25-28 February 2002.

²² Lockwood Smith, “Reconnecting the WTO with the people through Parliament”, CPA Study Group, Saint Lucia, 25-28 February 2002.

²³ Lockwood Smith, *op.cit.*

seeking to maximize the benefits of a more liberal world trading system. Interactive links between Parliamentarians and organizations in the wider civil society, including NGOs and labour unions, could be established through parliamentary hearings focused on trade issues and the capacity of the rules-based system to address domestic issues flowing from structural readjustment.

As economies are continuously under pressure to restructure, Parliaments, Parliamentarians and parliamentary staff are constantly engaged in change management practices. The need to adopt different approaches must be acknowledged. The approach adopted will depend on each Parliamentarian's level of experience in being involved in trade relations, their length of service and their roles in Parliament.

A more proactive role in all areas of trade negotiations was considered to be an enormous task. Therefore, the Study Group examined how Parliamentarians can learn from one another. The type of capacity-building necessary for Parliamentarians would largely depend on their respective roles, duties and experiences as Members.

It was suggested that Parliamentarians who are relatively new and have to face existing rules should adopt a "learning approach" and rely on technical assistance to understand the working of the WTO and other developmental agencies. The focus of their learning should be restricted initially to knowing the rules of the game and understanding the strategies used by governments. On the other hand, it was suggested that new Parliamentarians should adopt a "participatory approach" to understand the ramifications of evolving rules. They will need to be able to decide the most appropriate forums needed for engaging in trade and development discussions. Finally, they would need to develop marketing strategies for communicating with society and interest groups, maintaining a constant dialogue with the electorate.

An "introspective approach" was suggested for those experienced Parliamentarians who have to deal with existing rules. They build on case studies and contribute towards professional development by identifying "what not to do" and recognize "early warning systems" in trade negotiations. In addition, they should be involved in evaluating dispute settlement processes. It was suggested that those experienced Parliamentarians engaged in evolving rules should build on their past experiences and influence the shaping of future rules by adopting a "prescriptive approach". They should be engaged in forming alliances with other experienced Parliamentarians, building on "lessons of experience" in providing "strategic directions" for future negotiations.

Creating an international parliamentary voice in WTO decision-making

The Study Group acknowledged the Inter-Parliamentary Union (IPU) initiative undertaken in Geneva in June 2001. The Global Parliamentary Meeting on International Trade proposed an examination of globalization from a trade perspective, discussed the legislative and oversight role of Parliaments in relation to the WTO, and analysed current multilateral trading systems and their impacts on future trade negotiations.

The Study Group examined different forums where Parliamentarians could be more systematically and deeply involved in emphasizing the truly global nature of negotiations. The Study Group also considered the merits of establishing a "Standing Body of Parliamentarians" working either through existing institutions such as the IPU and the CPA, or establishing a separate independent body of Parliamentarians.

However, the Study Group felt that the infrastructure and administrative costs involved in the formation and operation of a standing body of Parliamentarians could potentially exclude the participation of many developing countries and small states. It was felt preferable to find means to enable Parliamentarians to play a more active and informed role in their own Parliaments. To achieve this, the Study Group recognized the value of inter-parliamentary and cross-organizational mentoring arrangements, work attachments and other forms of mutual exchange.

Better and more meaningful representation of Parliamentarians could also be achieved if Parliamentarians were included in ministerial delegations. It was considered that joining a country's delegation and being actively involved in trade discussions would provide a more meaningful voice for Parliamentarians at the WTO. The role of institutions such as the CPA, Commonwealth Secretariat, IPU and the WTO were seen central to such an active participation.

Conclusions and recommendations

The Study Group concluded by reaffirming that liberalizing international trade is a necessary but not sufficient condition for growth and development. The group's conclusions specifically addressed: matters relating to the structural impact of international trade and liberalization; the constructive potential of the WTO and rules-based approaches, and capacity-building and related education and awareness-raising initiatives, particularly focusing on the role of Parliamentarians, Parliaments and associated organizations.

While emphasizing the importance of trade liberalization and a rules-based trading system, the group recognized that while this would lead to greater economic benefit overall some sectors of the domestic economy would be less competitive and suffer adverse business and employment consequences. Given that these difficulties are often felt most acutely in small vulnerable states and developing countries, the group was deeply conscious of the need to develop supportive strategies to help those bearing the burden of change to acquire the skills and adjust to the opportunities opening up elsewhere in the new growth economy.

The group saw the WTO, and the rules-based approach to trade agreements available through WTO processes, as having a great capacity to address issues of disadvantage. The group placed particular emphasis on WTO membership, seeing it as a right and opportunity of significant value, particularly to small vulnerable states and developing countries. This value arises from the ability to fully participate in the WTO, the leverage that membership of a consensus decision-making body brings, the ability to negotiate removal of barriers to trade imposed by other countries and to participate in a dispute settlement procedure based on merit, not on might. The challenge is to help foster the active participation of small vulnerable states and developing countries in this system.

The group was deeply concerned about low levels of awareness with regard to the massive impact of trade issues on the daily lives of people, and about widespread misunderstanding surrounding the role of the WTO. Concerns were also expressed about misinformation that played on the sentiments of those experiencing the most immediate impacts of restructuring. The group considered that while there was significant scope for reform of the WTO, particularly its transparency, and for developing countries to share

more equitably in the benefits of a rules-based trading system, the protests and the negative arguments were obscuring a full appreciation of these positives.

It was felt that because trade issues have a decisive influence over the economic shape and health of a country, decisions relating to them often define the choices available to governments and society right across the policy board. Yet, despite its pervasive significance, an understanding of how trade links with other policy areas is not always obvious or is obscured by the impenetrable jargon of the trade debate. Parliamentarians have to clarify the linkages between trade and other policy areas in order to debate their policy options or to balance the targeted views of the lobby groups and they have to interpret the jargon in explaining how fundamental the issues are to their constituents.

To do this Parliamentarians, like other sections of the community, need access to more and better user-friendly information and analysis not just about the WTO but about the effect on their own economy of trade decisions and the implications they hold for economic, political and social policy choices. This is particularly important when the Parliamentarians are debating the trade-negotiating mandate for their country, following and responding to events during the negotiation phase and in judging their attitude to the adoption of a final package deal.

Such an approach would help all Parliamentarians, irrespective of the extent of their formal responsibilities for trade matters, to remain informed and able to relate trade issues to their day-to-day responsibilities. It would also equip them to better manage transitional changes in the move towards free market economies and related structural changes, and would underpin more informed and active involvement in the WTO. Such involvement would not only enable Parliamentarians to participate more effectively in developing the rules, but also would allow them to recognize and learn from the strategies of other participants.

In this context, the group highlighted the need for Parliamentarians to have a better understanding of their role in balancing the potentially competing claims of national self-interest, their domestic constituency and the concerns of civil society, while seeking to maximize the benefits of a more liberal world trading system. In particular, Parliamentarians need to be much more aware of the importance of pre-negotiation and the authentication of trade mandates, negotiation, ratification and review of legislation in developing and implementing treaties under rules-based trading and the dispute-settlement process.

The group considered that a capacity-building approach offered the best potential to support these new levels of awareness, understanding and activity. Strategies for capacity-building within the WTO are being developed and need further support; but the urgently needed capacity to help developing countries cope with the strains of structural adjustment has received little attention.

A system of “roving ambassadors” could be established, under which experienced Parliamentarians and agency officials involved in trade negotiations could provide support in specific local discussions and interactions focused on trade issues. This would strengthen the resources available to Parliaments and Parliamentarians in addressing local issues of significance.

Regional and sub-regional forums could be used to facilitate dialogue and the development of positions to underpin negotiations at the WTO level. This would increase

opportunities for Parliamentarians to develop their common ground and to define issues for negotiation in rules-based discussions.

Interactive links between Parliamentarians and organizations in the wider civil society, including business associations, non-governmental organizations and labour unions, could be established through parliamentary hearings focused on trade issues and the capacity of the rules-based system to address domestic issues flowing from structural readjustment.

Workshops, study groups and training programmes at the national, regional and full international level could focus on developing Parliamentarians' understanding of the international trade system, the role of the WTO, and strategies for using available mechanisms to address regional and local concerns. Such approaches could be supplemented through the development of appropriate training and information materials, mentoring and partnership arrangements, and the use of existing networks and publications.

The group considered a suggestion put forward for the setting up of a standing body of Parliamentarians, which could either be formally linked to the WTO or exist as a separate group. The group felt that among other things the cost of administering such a body and problems of effective participation, especially by small and developing countries, made such an approach unviable. It was felt preferable to find means to enable Parliamentarians to play a more active and informed role in their own Parliaments in the operation of a liberalized and rules-based trading system.

The role of institutions such as the CPA, the Commonwealth Secretariat and the WTO itself was seen to be central in supporting the strategies discussed to develop the capacity of Parliamentarians. The recommendations of the Study Group are therefore grouped in two sections, the first relating to Parliamentarians and second to institutions.

Recommendations for Parliamentarians

There is a need to build increased capacity among Parliamentarians to bring to fruition the benefits and solutions available through the liberalized international trading system. This need can be met by developing the role of Parliamentarians so that they are equipped to:

- Become more involved in trade matters as an essential part of their parliamentary roles;
- Be up-skilled on a continuing basis to perform roles appropriate to Parliamentarians in matters of international trade;
- Become more attuned to their obligations and responsibilities in respect of WTO deliberations and decisions;
- Keep abreast of developments in international trade, including the implications and interpretations of trade rules;
- Become advocates of the economic and social benefits of open markets, especially in developing countries and in sectors of developed countries;
- Participate in a skilled and informed manner in the rules-based trading environment, including the negotiating, ratification and legislative phases, and evaluation of structural adjustment measures, and

- Explore and access avenues for relevant funding and support, particularly those available to developing countries, for better participation in the process of analysis, negotiation and implementation.

Recommendations for institutions

Institutional resources need to be deployed via international organizations and bodies to support Parliamentarians to undertake the roles envisaged. The following strategies are recommended:

- A review of the work of Parliaments and Parliamentarians, and of parliamentary mechanisms such as committees, focused on the role of parliamentary structures in facilitating good practice in matters of international trade with particular regard for the needs of small and developing countries;
- The establishment of a system of roving ambassadors to provide support where required to address international trade matters as they impact at the regional and local level;
- Assistance to small and developing nations to make effective use of parliamentary hearings and other processes to engage with civil society, including non-governmental organizations, business associations and labour unions, within the context of trade liberalization and options provided by the rules-based approach;
- Workshops, study groups and other participatory processes focused on Parliamentarians' access to information, knowledge, skills and understandings for effective participation in international trade issues;
- The facilitation of interparliamentary and cross-organizational mentoring arrangements, work attachments and other forms of mutual exchange;
- The preparation of training materials, manuals, guides to agreements and other training tools in a format suitable for use by Parliamentarians, and
- The further development of linkages between the CPA and other organizations within and outside the Commonwealth to undertake related work.