

Summary Sheet: The WTO and world trade

History and objectives

The World Trade Organisation (WTO) was founded in 1995 to help trade flow smoothly, freely, fairly and predictably. It has nearly 150 members and has about 600 permanent staff based in Geneva. It grew out of a series of trade negotiations after the Second World War called GATT (General Agreement on Tariffs and Trade).

Geneva headquarters

Rich member governments have many permanent delegates in Geneva continually attending meetings to discuss issues and agree common approaches with other countries. They even fly in experts to help with particular issues. In contrast, nearly half of the least-developed country members of the WTO have no delegates in Geneva. Those that do have only one or two people to cover the WTO and other international bodies based there.

Ministerial Conference

The WTO's Ministerial Conference, made up of government ministers from member states, is responsible for making policies. It meets every two years. Here too imbalances continue. At one ministerial in Doha there were about 500 people in the EU delegation but only two from the Maldives with two, one from St. Vincent and Haiti, the poorest Western nation, had no delegate at all.

General Council

Below the Ministerial Conference is the General Council. It meets in Geneva several times a year. Ambassadors from all member states with delegations in Geneva can attend. Voting is based on one member country, one vote. In practice, however, all decisions are reached by consensus without a vote. So countries with fewer delegates, less money and less influence are vulnerable to arm-twisting by the big powers.

WTO policy: Trade liberalisation

The WTO encourages 'trade liberalisation'. This means countries opening to trade from other countries. This can do serious harm in developing countries,



for example by letting in floods of cheap food imports, which wipe out the livelihoods of small-scale farmers. Maize prices received by poor Mexican farmers have halved since Mexico opened its borders to cheap US maize, causing havoc in the countryside. One Latin American negotiator in Geneva concludes: "If you have a really open economy like ours, it's impossible to protect your farmers with WTO rules."

WTO policy: Subsidies

The WTO Agreement on Agriculture commits governments to reducing subsidies to farmers. It argues that these drive down prices and damage the livelihoods of farmers elsewhere. Yet the WTO also allows rich governments to carry on supporting their farmers with billions of dollars a year. The average European cow receives support of US\$2.2 per day, more than the income of half the world's people. This gives northern agriculture a massive advantage over developing country farmers. According to one African ambassador, "Cheap imports are coming in, destroying jobs. We are becoming beggars in our own country."