

MEMORANDUM

Date: December 10, 1999
From: Mark D. Nguyen
Re: WTO Failure in Seattle and the Implications for Future Negotiations

I. Overview

The failure of WTO members to launch a new trade round at the Seattle Ministerial Conference (hereinafter “Ministerial”) was a surprise to many, and may have troubling implications for mandated areas of negotiations and other areas targeted for liberalization. The collapse of negotiations had many causes, but essentially was a result of the complexity of the agenda which remained unresolved despite a year of preparations in Geneva, and therefore placed enormous demands on WTO members within a short time-frame in Seattle. In addition, the Ministerial decision-making process has come under attack as not being able to achieve consensus among the 135 members who are often not involved in all negotiating sessions.

Despite the collapse of negotiations in Seattle, WTO members came close to consensus on important areas such as services, e-commerce, industrial products, and even agriculture. Presently, wide differences remain on agriculture, and the implementation terms of WTO obligations, including the agreements on antidumping and subsidies. The more prominent areas of the Seattle Declaration will be discussed, including:

- ***Agriculture*** - Agreement nearly reached, however, strong EC insistence on more flexible phase-out of subsidies too difficult to overcome.
- ***Services*** - Strong approval for comprehensive negotiations.
- ***Industrial Tariffs*** - Agreement close on comprehensive negotiations, with certain sectors proposed by APEC possibly considered in 2000.
- ***Electronic Commerce*** - Wide approval for extending moratorium on duties for 18-24 months, the work program, and other disciplines on new barriers.
- ***Implementation and Rules*** - Strong U.S. opposition to re-open antidumping and subsidies agreements. Greater flexibility on Customs Valuation, TRIMS, and TRIPS obligations likely.
- ***Labor and Biotechnology*** - Attempts, particularly by the U.S., to launch these working groups met with opposition. Labor issue remains highly sensitive.

In addition, the collapse of trade talks in Seattle is considered a victory by most opponents of the WTO, such as labor and environmental groups, whose arguments are often protectionist in consequence. They have now turned their attention towards defeating further WTO-related initiatives, including derailing the U.S. Congressional vote on granting China permanent NTR/MFN as a part of China's accession to the WTO. If their criticisms are not quickly curtailed, the multilateral trading system will truly be at risk.

The work of the Ministerial is now suspended by Chairperson and USTR Charlene Barshefsky, who has directed WTO Director General Michael Moore to initiate consultations in order to reconvene the Ministerial and conclude the Seattle Ministerial Declaration (hereinafter "Declaration") as quickly as possible. However, it remains unclear whether the Declaration will be suspended intact, or whether WTO members will insist on restarting negotiations in certain areas, thereby creating further delays. This report will analyze the progress and setbacks of the Ministerial, and includes personal insight based on my participation in Seattle.

II. Lack of Ministerial Preparations

A. Deadlock in Geneva

Preparations of the Declaration in Geneva had failed to present the Ministerial with a workable document.¹ Before the Ministerial, WTO DG Moore and several delegations had warned that a lack of consensus in Geneva would place severe strain on the work of the Ministerial.

Beginning in the Fall of 1998, WTO members submitted nearly 250 proposals addressing all areas of the Declaration. However, throughout much of this process, the General Council was distracted by the selection process of the new WTO Director General (DG) and four Deputy Director Generals (DDG).² The lack of decision left the WTO without its top leadership for five months. The role of the DG and DDGS is to forge consensus among members, and is critical during a period of negotiations. By Fall 1999, the Ministerial was forwarded a Declaration that included over 400 brackets, signifying disagreement on a wide range of issues.

B. Disorder in Seattle

The city of Seattle, as reported widely in the global press, underestimated the activities of the protesters and was generally unprepared to host the Ministerial. Within an

¹ The Ministerial is the highest level of decision-making in the WTO, and is convened as a conference of ministers within every two years. The General Council in Geneva serves as the executive body in the interim, and is composed of ambassadors to the WTO.

² The race between New Zealand's Michael Moore and Thailand's Supachai Panitchpakdi lasted five months after the departure of DG Renato Ruggiero, resulting in each of them splitting three-year terms, starting September 1, 1999 for Moore and September 1, 2002 for Panitchpakdi.

hour before the Opening Session on Tuesday, disorder had erupted in the streets surrounding the Convention Center. The human barricades forming around downtown included more aggressive protesters who proceeded to harass verbally and physically thousands of Ministerial participants. To add to the confusion, the police were overwhelmed and unresponsive to the pleas of participants who attempted to cross the human barricades. Even Chairperson Barshefsky and featured speakers U.N. Secretary General Kofi Annan and U.S. Secretary of State Madeline Albright were unable to leave their hotels (three blocks away) to open the Ministerial.

The cancellation of the Opening Session, and other difficult events throughout the week undermined the cooperative efforts of the Ministerial. For example, President Clinton dismayed many delegations by not countering the demands of protesters. By the time of his arrival on Wednesday, he angered virtually every WTO member by commenting that there should be an ultimate link between labor abuses and trade sanctions in the WTO.

A number of delegates believed, even late Friday afternoon, that a Declaration could have been concluded if they had more time. Time was working against them throughout the week due to delays in meetings. Also, one highly-placed official explained on Friday that a midnight deadline was forced upon the Ministerial as the Seattle police and Convention Center organizers would not yield to their requests for more time.

III. Ministerial Declaration Draft (3 December 1999)

The final draft of the Ministerial Declaration, dated 3 December 1999 (“December 3 Draft”) is attached for reference and will be analyzed below. The December 3 Draft builds upon the last draft offered in Geneva, dated 19 October 1999.

Chairperson Barshefsky attempted to shore the differences among WTO members by holding four large working sessions inclusive of all delegations, as follows: (1) Agriculture; (2) Implementation and Rules; (3) Singapore Issues (e.g. investment and competition policies); and (4) Market-Access.

In addition, smaller groups of about 30 influential delegations met in the highly publicized “green room” sessions.³ These “green room” sessions provoked much criticism from the more than 100 delegations that were excluded. For example, the countries of the Organization for African Unity (OAU) and Caribbean Basis (CARICOM) threatened not to join a consensus because they felt excluded.

³ “Green room” sessions are named after a green-colored room used during the GATT era that was the meeting place for key delegations. However, Ministerial participants have remarked that the era of the “green room” appears over as the membership of the WTO is larger and more complicated, and demands greater transparency in decision-making process.

A. Services

Services negotiations are least affected by a lack of a Declaration as significant consensus exists to launch a comprehensive round on services, including not to exclude any sector *a priori*.⁴ This meant that WTO members were willing to expand (i) market-access on a sectoral basis, including financial, telecoms, professional, energy, distribution, and (ii) strengthen rules on a horizontal basis, including disciplines on discriminatory domestic regulations. Former WTO Director General Renato Ruggiero and USTR Barshefsky had remarked that this positive consensus towards broadening services negotiations represented a major shift in attitude since the Uruguay Round.

Services negotiations, like agriculture, is mandated to commence by 1 January 2000, as set out in the Uruguay Round's "built-in-agenda" according with Article XIX of the GATS. Article XIX:1 sets out the objective of "progressively higher level of liberalization" which "shall be directed to the reduction or elimination of the adverse effects on trade in services of measures as a means of providing effective market access."

However, Article XIX itself is not sufficient as it lacks clear benchmarks, including the following areas (as proposed by the Declaration):

- ***Negotiation Proposals*** - Modalities submitted by 1 November 2000 and initial offers by 1 November 2001.
- ***Technical committees*** - The Working Party on Domestic Regulation and the Committee on Specific Commitments should complete their work no later than the Fourth Ministerial.

B. E-Commerce

The extension of the moratorium on customs duties on electronically-traded services ("e-commerce") was another area of wide agreement.⁵ At the 1998 Geneva Ministerial, several WTO members including Malaysia and Pakistan nearly blocked consensus until the last minute on the e-commerce moratorium. However, most WTO members were in agreement to extend the moratorium for a period of another 18-24 months (*i.e.* until the Fourth Ministerial Conference). In addition, the work program on e-commerce, started in September 1998 to study e-commerce related issues, is also expected to be extended.

The lack of a Ministerial statement on extending the e-commerce moratorium may have troubling consequences in the long run. The difficulty of imposing duties on e-

⁴ Para. 28 of the Declaration.

⁵ Paras. 62-64 of the Declaration.

commerce has made the practice negligible thus far. Nevertheless, important issues raised in the work program, including (i) relationship of e-commerce to GATS; (ii) classification of “cyberproducts” as either goods and/or services; (iii) other issues beyond the scope of the WTO, including consumer protection.

Of note, the EC position that “the electronic supply of services falls within the scope of the GATS”⁶ appears to be too stringent for most WTO members to accept as it attempts to isolate e-commerce only within GATS rules. Although most would agree in principle, the EC position is designed to narrow the scope of e-commerce issues which have not been properly addressed. In addition, there appears little support for the horizontal non-negotiating group proposed by Canada and Japan, and the bracket has been omitted.⁷

C. Industrial Tariffs

(i) Agreement on Comprehensive Negotiations Close

Most WTO members support inclusion of industrial products as a part of the next round.⁸ The EC and Japan were the strongest supporters of comprehensive negotiations, particularly in light of their sensitivities in the agricultural sector, as wider negotiations would balance out their interests.

The U.S. and some developing countries such as India were reluctant to launch comprehensive industrial tariff negotiations as they feared a broad agenda would delay, or distract work from other mandated areas. Towards the final day, a number of APEC countries such as the U.S., Canada, Australia, New Zealand and Singapore were willing to agree to comprehensive negotiations in exchange for strong language to conclude the APEC ATL-initiative in 2000.

(ii) ATL-Initiative Delayed

The APEC-initiated effort to liberalize tariffs in eight sectors ran into opposition by non-APEC members, notably the EC, and environmental groups which opposed the inclusion of forestry products. The U.S., Canada, Australia, New Zealand and Singapore proposed to have a strong statement of an “early harvest” of the ATL, by 2000, in exchange for support for comprehensive tariff negotiations.

⁶ Para. 62 of the Declaration.

⁷ Para. 64 of the Declaration.

⁸ Paras. 30-33 of the Declaration.

(iii) ITA II Still Delayed

Malaysia remained the main holdout in Seattle on expanding liberalization of \$50 billion in information technology products (“ITA II”).⁹ Currently, there are 51 WTO members of the Information Technology Agreement, which is a plurilateral effort implemented on an “MFN” basis at the multilateral level. The original ITA liberalized tariffs on nearly \$600 billion in IT products such as computer equipment. The conclusion of ITA II requires a consensus of all ITA members, and does not appear likely in the near future. In addition, other WTO members expressed hesitance.

D. Agriculture

WTO members, like for services, are mandated to begin negotiations on agriculture by 1 January 2000. While the agriculture language was among the most contentious issues of the Declaration, agreement was close.¹⁰

WTO members must not refer to Article 20 of the Agriculture Agreement, which in the preamble sets out guidelines for “substantial progressive reductions in support and protection.” However, like Article 19 of the GATS for services, there is a lack of clarity in scope and time-frame for the negotiations.

(i) Multifunctionality Dropped

The EC and Japan had urged that the agricultural language include recognition of the “multi-functional” nature of agriculture, citing “non-trade” concerns such as food safety and security, environment, animal welfare. Most WTO members objected to the term “multifunctionality” as problematic, but were willing to agree to the concept, which is mentioned in Article 20 as a “non-trade concern.” Late in the week, the EC and Japan dropped this demand in exchange for specific mention of “non-trade” concerns including “the need to protect the environment, food security, the economic viability and development of rural areas, and food safety...”¹¹

(ii) “Substantial Reduction” - So Near Yet Far

The EC position on agriculture hinged upon the term “substantial reduction” of subsidies and domestic support, which appeared to be enough of a compromise to gain EC approval. For instance, Agricultural Commissioner Franz Fischler stated on Wednesday

⁹ Malaysia was not represented in Seattle by its trade minister as Malaysian elections were being held the same week as the Ministerial. Nevertheless, the Director-General of its trade ministry was present, though he did not indicate whether he had negotiating authority to conclude ITA II.

¹⁰ Paras. 23-27 of the Declaration, revised through paras. 27-30 (dated 03/12/99, 14:20).

¹¹ Para. 29*bis*. of the revised text on agriculture.

that the EC was willing to accept “*substantial reductions* in all forms of export subsidies” and “substantial reductions in domestic support,” which are close to the language of Article 20. Fischler stood firm against the U.S. and Cairns Group countries who urged a “total elimination” of export subsidies. However, towards the close of the Ministerial, the U.S. was willing to be more flexible towards “substantial reductions” of subsidies, though the EC took a more firm position due to concerns raised by France.

The EC’s last minute modifications included (i) elimination of “in all forms” from “substantial reductions ... of export subsidies; and (ii) adding “progressive” to “substantial reductions in domestic support.”¹² Commissioner Lamy’s last stand on Friday proved inflexible, which supported by Japan, led to a breakdown in negotiations on agriculture.

(iii) Biotechnology Working Group Stalled

The U.S., Canada and Japan wanted to establish a Working Group to review WTO rules and their application to biotechnology products such as genetically modified organisms (GMOs).¹³ The EC had been lukewarm to the idea, but decided to support the establishment of the Working Group conditional upon four factors, including: (1) quick completion of the negotiation of a biosafety protocol to the convention on biodiversity; (2) the work is of a fact-finding nature; (3) the work draws on relevant input from WTO but also from other multilateral fora; and (4) “very early” conclusions to the biosafety talks. The EC also had implicit agreement from the supporters of the Working Group that it could discuss the “precautionary principle”, which it has used as a basis to delay approval of GMOs.

However, by late in the week, the EC retracted its support for the Working Group due to pressure from trade ministers meeting in the Council. The Council overruled the Commission by a near unanimous vote. Towards the close of the Ministerial, the U.S. dropped its demand that the Working Group be given any specific term of reference beyond “a fact-finding mandate to consider the adequacy and effectiveness of existing rules as well as the capacity of WTO members to implement these rules.” Still, the EC said it was unable to support the Working Group.

E. Implementation and Rules

The Declaration sections on Implementation (attached as an Annex to the Declaration) and WTO rules proved to be the most contentious issue between developed and developing countries.¹⁴ However, the two most intransigent positions within this area

¹² Para. 29(ii) and 29(iii) of the revised text on agriculture.

¹³ Para. 55 of the Declaration.

were those of the U.S. and Japan. The U.S. became isolated in its opposition to reopening the Antidumping Agreement while Japan would not back off from urging a review, a position favored by virtually all other WTO members.

The original October 19 draft of these sections included detailed proposals on modifying existing WTO rules on antidumping, subsidies, and other areas developing countries encountered difficulties. Towards the end of the Geneva process, DDG Hoda proposed moving most of the section on implementation to an Annex, and took out most specific mention of provisions which developing countries had difficulties with. The Annex addresses the following main themes:

(i) Antidumping Deadlock

Antidumping remained among the most difficult issues as the U.S. became isolated in its views to not reopen the Antidumping Agreement.¹⁵

The Annex eliminated virtually all specific reference to the Antidumping Agreement, except for the 365 day provision, suggesting that investigating authorities should not initiate within a year another antidumping investigation where an investigation of the same product from the same country resulted in a negative determination.

However, the issue of greatest contention between the U.S. and WTO members was para. 40, which reads in relevant part:

“Anti-dumping: the rules shall be reviewed, and where necessary amended, on the basis of proposals by participants, with a view to strengthening and clarifying the disciplines and facilitating their proper implementation.”

The U.S. made an aggressive effort to remove this provision entirely as it would result in a reopening of the Antidumping Agreement.¹⁶ The U.S. also offered other WTO members an opportunity to comment in a review of its own antidumping law, though would not agree to a review of the Antidumping Agreement. This point of contention remains unresolved.

(ii) Subsidies In Contention

¹⁴ “Implementation of Existing Agreements and Decisions” fall under paras. 16-20 and the “Annex: Possible Decisions at Seattle on Implementation”; and “WTO Rules” was modified, originally para. 34 of the Declaration, now para. 40.

¹⁵ Annex para.(a) and para. 40 of the Declaration.

¹⁶ There was speculation by late Friday afternoon, during Clinton’s last-minute call to Japanese Prime Minister Obuchi, that he would provide some flexibility to Japan’s demand on antidumping in exchange for support for labor.

Developing members wanted a review of the list of non-actionable subsidies and a general review of the Agreement on Subsidies and Countervailing Measures (SCM).¹⁷ The U.S. and most developing countries were at odds on review of the SCM Agreement with the U.S. asserting it would not agree to reopening the SCM.

The Annex provides more flexible provisions in two main ways, including (i) a “peace clause” on initiating disputes for countries listed in Annex VII(b) of the SCM whose GNP per capita per annum is around US\$1000; and (ii) extension of the “peace clause” for non-actionable “green box” subsidies to the Fourth Ministerial Conference. In particular, many developing country members had problems with the suggested review of non-actionable subsidies as its criteria was too vague, for example “with a view to considering the possibility of including as non-actionable subsidy measures implemented by developing country members in the furtherance of legitimate development objectives.”

Similar to the Antidumping Agreement, the main contention was between the U.S. and developing countries on reopening the SCM Agreement, as provided for in para. 40, which reads in relevant part:

“**SCM:** The rules shall be reviewed, and where necessary amended, on the basis of proposals by participants, taking into account, inter alia, the important role that subsidies may play in the economic development of developing countries, and the effects of subsidization on trade.”

This point of contention remains unresolved.

(iii) Textiles Quota Increase

Developing members wanted “advancement of improved growth rates”, which would lead to increased textiles quotas.¹⁸ The U.S. has not offered any flexibility on quotas while the EC has offered to move ahead growth rates by one year for Stage 3 (2004 to 2003). Greater flexibility is not a legal requirement of the Agreement on Textiles and Clothing (ATC), though developing countries wanted a quicker phase-out of quotas as a gesture of goodwill.

(iv) TRIMS Extension

Certain developing members wanted extension of the notification period for TRIMS, and a “peace clause” on disputes until 31 December 2001.¹⁹ The extension of notification

¹⁷ Annex para. (b).

¹⁸ Para. 17 of the Declaration and Annex para. (e).

¹⁹ Annex para. (f).

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has created a division among developing countries as those who have notified their provisions early stand to benefit more than those that did not take advantage of Article 5.1 of TRIMS (i.e. notification before 1 April 1995).

(v) TRIPS “Peace Clause” Extension

Developing countries, most of which must implement fully the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) by 1 January 2000, wanted extension of the “peace clause” for GATT Article XXIII:b “non-violation” complaints.²⁰ The expiration for non-violation claims expires also on 1 January 2000, and is expected to trigger many new disputes against developing countries in particular. The U.S. has been the strongest opponent to any reopening of the TRIPS, and is prepared to initiate a new round of disputes on violations of intellectual property rights.

(vi) Customs Valuation Extension

Developing countries wanted extension of the transition period for their customs valuation system for up to one and a half years, and for three years for the least developed countries.²¹ Many developed WTO members have been resistant to the extension, though expressed greater flexibility at the Ministerial.

F. Singapore Ministerial Issues

(i) Agreement on Transparency in Government Procurement Delayed

The Singapore Declaration launched an effort to achieve an Agreement on Transparency in Government Procurement. Although agreement seemed to be close at the Ministerial, staunch EC opposition in the final moments delayed the agreement indefinitely.²² The EC objected to what it felt were vague and flexible terms inserted by the U.S. to build consensus. WTO members have agreed generally to attempt conclusion of the Agreement by the Fourth Ministerial Conference.

(ii) Competition Policy and Investment Stalled

The Seattle Declaration attempts to continue the “educational and analytical” work of the two working groups initiated at the Singapore Ministerial, namely the (i) Working Group on the Relationship between Trade and Investment (WGTI)²³, and (ii) Working Group on the Interaction between Trade and Competition Policy (WGTCP)²⁴. Although a

²⁰ Annex para. (g).

²¹ Annex para. (h).

²² Para. 35 of the Declaration.

²³ Paras. 38-40 of the Declaration.

²⁴ Paras. 41-42 of the Declaration.

wide majority of countries favor continuing the working groups, the EC and Japan have urged that the Declaration include a negotiating mandate.

- *Negotiating mandate* -- The EC and Japan were the strongest opponents for giving these two groups mandates for launching negotiations, which was not the commonly held view. When they realized they were isolated in their views, they urged that the Declaration include a mandate to launch negotiations at the next Ministerial Conference.
- *Stronger purpose* -- Many WTO members such as developing countries and the U.S. favor continuing the working groups with stronger mandates, but are not in the position to support negotiation.

The existing text only provides that the next Ministerial will decide “whether specific guidance is needed for any negotiation to be launched at the time under the single undertaking.”

Apparently, a number of WTO members believe that the positions of the EC and Japan on competition and investment policies are linked to their desire to deflect focus from agricultural liberalization. EC Commissioner Lamy himself appeared in the working group on Singapore issues, and asserted the EC would not be flexible.

(iii) Least-Developed Country Initiative

The Singapore Declaration called upon WTO members to hold a High-Level Meeting on Least-Developed Countries (LDCs) to propose ways to integrate them in the world trading system, particularly on (i) expanding market-access; and (ii) needs assessment. The Seattle Declaration addresses immediate actions, and new areas of technical cooperation.²⁵

The EC, U.S., Canada and Japan said in Seattle their intent to expand market-access for LDCs, though each had a list of exemptions. The U.S. wants exemptions on liberalizing textiles quotas; the EC on bananas, beef, rice and sugar; Canada on certain textiles and agricultural goods; and Japan on rice and leather. Meanwhile, President Clinton initiated new efforts to encourage market-access and technical cooperation for LDCs, though provided no specifics due to a lack of general agreement at the Ministerial.

G. Dispute Settlement

(i) DSU Review Deadlock

²⁵ Paras. 57-61 of the Declaration.

The review of the WTO Dispute Settlement Understanding (DSU) was supposed to conclude at the Ministerial. However, the U.S. and EC remained deadlocked prior to the Ministerial, and throughout the week due to their different approaches to "carousel" retaliation, which would allow countries to rotate the product list of punitive sanctions. U.S. negotiators have threatened to forgo the whole process if the EC does not show flexibility in U.S. efforts to gain WTO authority for carousel retaliation.

In addition to retaliation, the DSU review considered areas of greater transparency, including earlier release of panel findings and procedures for submission of amicus briefs.

(ii) U.S.-EC Disputes Remain Unresolved

In addition, the U.S. and EC met on the sidelines in an attempt to resolve the WTO dispute over the EC's ban on hormone-treated beef and EC's banana regime. EC Agricultural Commissioner Franz Fischler urged in Seattle that the U.S. accept compensation rather than retaliation. Fischler argued that compensation in the form of EC tariff concession would increase trade while U.S. retaliation ultimately hurt trade. The U.S. has rejected this position and wants the beef ban lifted, and the banana regime modified.

H. Other WTO Issues

(i) Clinton Drops a Labor "Bombshell"

The U.S. stands alone in its efforts to establish a Working Group on Trade and Labor. President Clinton's statement in Seattle of an ultimate link between labor rights and trade sanctions infuriated many, including developed and developing countries, U.S. business groups, and Congressmen.

(ii) China WTO Accession on the Sidelines

Chinese foreign trade minister Shi Guangsheng met with the EC and other WTO members which have yet to conclude bilateral WTO deals in Seattle. Shi predicted completion of remaining bilateral talks by February 2000. After China concludes negotiations with the remaining 20-plus countries, it must combine all bilateral concessions into an accession protocol.

(iii) Anti-WTO Groups Remain Vocal

Opponents to further WTO liberalization declared victory upon news of the collapse of trade talks. These groups, including labor, environment, and human rights groups assert that the lack of transparency and effective rules for non-trade concerns led to the WTO's downfall. They are now focusing their efforts to derail the permanent "normal trading relations" vote (PNTR) in Congress, expected in early 2000, citing China's disregard for labor and human rights.

While the causes raised by these groups are often legitimate, it was apparent in Seattle that many were uninformed of the actual WTO working processes and therefore made extraordinary social demands on its agenda. In addition, President Clinton's response proved as equally one-sided as he welcomed the participation of opposition groups without providing much defense of the WTO and its benefits. Developing nations commented that the demands of the opposition groups would be more properly fulfilled if they had the opportunities to build up their domestic capacities, which unfortunately has been set further back due to the current crisis.

V. Conclusion and Prospects

The collapse of the Seattle Ministerial has raised many questions as to state of the global trading system, and prospects for future agreements (*e.g.* U.S.-China WTO deal in Congress). The following three themes appear to be prevalent in post-Seattle commentary:

A. *Doom for World Trading System*

The immediate reaction by certain pro-trade and anti-WTO advocates alike is that the collapse of the Seattle Ministerial is a serious, and perhaps irrecoverable setback for the world trading system. Anti-WTO groups assert that the WTO as it exists will cease to exist as decisions can no longer be made with a lack of transparency. Pro-trade commentators lament that the process may be set back indefinitely, and not likely resumed until after the U.S. presidential election in November 2000.

B. *Trade Will Go On*

Most observers believe that trade will go on, in a less progressive state despite the failure to launch a new trade round in Seattle. The WTO as an institution is certainly weakened, though will not be dismantled. Areas mandated for negotiations such as services and agriculture will proceed, though with a less focused agenda. Other more contentious issues may require bilateral or regional efforts, and therefore not ripe for multilateral agreement. WTO members will hold a special meeting of the General Council in Geneva on 17 December to assess the failure in Seattle, and upcoming steps.

C. *Failure in Seattle Better in the Long Run*

Most anti-WTO groups, and a number of developing countries believe that the failure in Seattle is a positive development in the long run as WTO members were not ready for another trade round. Developing members have often argued that they are having enough difficulties implementing the Uruguay Round obligations. They were also not pleased with a lack of flexibility on issues of interest to them, including on market-access for agriculture and textiles, and rules such as antidumping and subsidies. Anti-WTO groups

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want the WTO to reform and give greater regard to social issues and transparency before it can extend its liberalization agenda.