

Steel Tariffs Spark Revolts from the WTO

by Anita Gallagher

One pillar of the temple of globalization, the World Trade Organization (WTO), is shaking from the blows of nations, including Russia, Brazil and the Philippines, threatening to bolt from the death-grip of “free trade” back to protectionism, beginning with steel production. Survival of the physical economy of the nation-state is returning to politics, in the wake of U.S. President George Bush’s March 5 decision to impose tariffs of up to 30% on steel imports to the United States.

“Clearly, the ongoing shift in U.S. tariff policy, is a direct threat to the WTO and, implicitly, to the continuing [European Union] Maastricht agreements,” American economist Lyndon LaRouche said on March 7 from Germany. “However, it would be a potentially fatal delusion, to believe that this change in tariff policy, with its now obvious short-term effects, was not more or less inevitable about this time,” the Democratic Presidential pre-candidate added. “On balance, this portends what will probably become, rather suddenly, the most portentous, systemic shift in world-wide economic policy in thirty years.”

In Russia, Bush’s steel tariffs have greatly strengthened opponents of accelerated entry into the WTO “free trade” rites. The opposition was gaining steam at a Feb. 27 conference, when, as *Kommersant* reported, “The arguments of [State Duma member] Konstantin Remchukov, known as the most active opponent of an accelerated entry into the WTO, were eagerly approved by government representatives.”

In reaction to the tariffs, the Russian government and the Association of Industrialists and Entrepreneurs agreed that Russia should reject another international agreement on civil aviation, because it bans state support for domestic producers, while eliminating import duties. Russian auto manufacturers have joined the aircraft producers in their demand for a 10-year transition period in which import duties would remain at 20-25%, if Russia were to go ahead and join the WTO.

Aleksei Mordashov, general director of the steel giant Severstal, who was a short time ago known as one of the biggest promoters of Russian WTO membership, joined with other Russian steel companies in endorsing the demands of auto producers for this 10-year extension of their tariffs, as a condition for joining WTO. Indeed, Russian analysts say the aim of the anti-WTO backlash is shown in the Russian Chamber of Commerce and Industry’s new proposal for a dramatic expansion of the list of sectors which should be placed under state protection. The head of the Russian Chamber of Com-

merce as of December is former Prime Minister Yevgeni Primakov, an advocate of “triangular” cooperation for physical economic growth among Russia, China, and India—outside the control of the financial sector.

“Experts take the view that the Primakov proposal is designed, in effect, to torpedo the whole notion of joining the WTO in the foreseeable future,” reports analyst Aleksandr Tsipko in the Jamestown Foundation’s publication, *Prism*. Tsipko is an associate of Mikhail Gorbachov, who, despite Russia’s destitute condition after ten years of Western financial looting, is still pushing for more.

On March 10, the Russian Agriculture Ministry banned U.S. poultry imports to Russia, which have accounted for up to 30-40% of all poultry exports from the United States, supposedly for overuse of antibiotics and poor sanitation practices. The decision was welcomed by Russian chicken producers, whose prices are 30% more than globalized cartels such as Cargill and Tysons.

‘No Sense in Remaining’ in WTO

Judging by Brazil’s reaction to the U.S. steel tariffs, the vaunted Free Trade Area of the Americas (FTAA) appears doomed. Brazil was to co-chair this scheme for a NAFTA-type region in South America. Even though the United States tariff is more lenient to steel-exporter Brazil, allowing it a tariff-free quota of 2.8 million tons of steel slab, the Brazilians consider this unacceptable. “I would be very surprised if Brazil were at all amenable to serious FTAA negotiations, much less taking a leadership role,” warned William Barringer, lawyer for the Brazilian Companhia Siderúrgica Nacional (CSN).

The Brazilian Ambassador in Washington, Rubens Barbosa, echoed him, saying, “It’s impossible to say if we will be ready to take a leadership position in these [FTAA] negotiations, because there are so many restrictions in place.”

China, too, announced on March 14 a long list of areas barred to foreign investment, despite the fact it joined the WTO in December. They include strategic parts of the economy, such as construction and operation of power grids, aviation and transport control companies, as well as futures firms, broadcasting, and television.

The anti-WTO revolt is by no means limited to large, steel-producing nations. Many long-suffering nations now see the United States’ abandonment of “free trade” as a green light to act in their own interests. On March 14, Manuel Roxas, Trade Secretary of the Philippines, announced plans to review whether the Philippines should stay in the WTO. Federation of Philippine Industries President Raul Concepcion said Roxas had simply echoed the complaints of domestic producers against the WTO’s “double standard” in the free trade rules: “The WTO has shown that free trade is not fair. There is a different rule for the haves and have-nots, which only reinforces the divide between the rich and the poor countries. We agree with Roxas that unless all rules are applied uniformly . . . there is no sense in remaining with the WTO.”