

recently its complete withdrawal from the TRIPS agreement now making it an official policy to freely copy any product or invention coming from the West and Japan. Copyrights and trademarks are now largely ignored in Asia.

which many were already doing before, but the overall business climate has become distinctly nasty. etc. [Needs elaboration here]

THE CREATIVE ECONOMY... REVISTED:

In spite of the fact that the current Zeitgeist is a precarious, tumultuous, and seemingly dismal one, there is an emerging group of 'entrepreneurs' from CEOs to NGOs, politicians to jazz musicians, who still believe in the ethos of the 'Creative Economy', shrugged off by many as a vapid cliché. Their message: It's no longer about structures (political, corporate, academic, artistic), but rather opportunities to work together; it's no longer about products, but rather processes of innovative design that create stakeholders out of all involved both directly and indirectly, from the farmer tilling the soil in Colombia to the consumer purchasing the fruits of that labour in Toronto.

The current model of corporations seeking out cheap labour is no longer considered a sustainable practice. In fact, this group is brazenly even calling into question the entire notion of what is commonly understood as

'development'. "Is growth always good all the time?", they ask. "Is our traditional understanding of 'sustainability' even sustainable?" Their new context for 'sustainability': Communities—collaborating with businesses and consumers—wanting to be more, rather than to have more.

Moreover, along with the obsolescence of economic models built on cheap labour, this group has also grown disdainful of fatuous anti-globalization rhetoric that, in their opinion, does more to exacerbate fragmentation, rather than foster collaboration; that while boycotting may bring attention to a problem, they reason, it rarely solves it. Globalization is here to stay; hence, they seek to create value for all parties by re-designing full value chains that protect the needs of all stakeholders—including corporations. New innovations, agreements, and ventures—based on trust, honest dialogue, transparency, and reciprocal educational processes—they maintain, must be sought for the miasma of global upheaval, billowing from unsustainable practices and debilitating hostility, to dissipate.

CREATIVE IMPERATIVE

UNLEASHING CREATIVE POTENTIAL

World Trade Architecture Under Duress

World Economic Forum Annual Meeting 2006
Davos, Switzerland



JANUARY 2010
World Economic Forum Annual Meeting 2006 Davos, Switzerland



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Global Trade Under Duress

Davos – January, 2010

In the 2 years following the WEF Annual Meeting 2006, the Creative Economy has become reality in the US and Europe. Multinational companies are benefiting from the full access to production sites and human talent around the globe. Their production and service value chains have become completely globalised. The final products or services delivered to customers used multiple factories and the skills of human talent readily available across the globe.

Multi-cultural and multi-disciplinary teams from very different companies and other organizations came together ad-hoc and co-designed and co-assembled products that were more creative and value-added than what one mere company had been able to come up when relying on national inputs.

As a result of the globalization of design, innovation and production, there was almost no completely national product or service anymore, as multinational companies drew components from places in the world that could supply them at the best quality or at the lowest cost. Hence, in January 2008 the creative economy was at its best as it efficaciously engendered products and services that were co-designed and assembled truly globally.

Today, January 2010, the world looks very different as a result of lingering global trade legitimacy issues that have deeply challenged the relevance of the global trading system, represented by the WTO; issues that threaten the very existence of the Creative Economy, which has been built on the idea of free flow of goods, services, people, and ideas.

The breakdown did announce itself already back in 2008 when the 7th

Ministerial Meeting in Stockholm ended in a failure and the Doha Round was aborted.

Today it is a fact that the WTO has grown more and more irrelevant, with multilateral trade agreements relenting to the prevailing force of bilateral and preferential trade. Given this, the free-flow of goods and services has been bottle-necked through, among other things, a jarring complexity of rules of origin creating what many claim to be a typical 'spaghetti bowl effect'. As a result, developing countries are barred from building industries in a growing and competitive global marketplace, and developed countries are seeing an alarming increase in prices of common goods and services. Multinational companies are especially hurt by the fact that the increasing number of bilateral trade agreements hinders them more and more from producing product or service components at the most competitive place, while many SMEs are having to shut down.

As well, multilateral companies carry the burden of increasing transaction costs while trying to grope their way through the ever changing and entangled mass of bilateral and preferential trade agreements.

It is also a time of great political unraveling, as trust in both leadership and institutions has plummeted. Nationalism and civil disobedience are on the rise as a result of political tension caused both by economic upheaval and precarious and dystopian visions of the future.

WTO PARALYSIS:

In addition to the above, the WTO finds itself caught between a rock and a hard place: On the one hand, northern developed countries are witnessing a surge in civil dissatisfaction with global trade as it threatens their own domestic industries, while on the other, the southern developing countries are failing to see how the WTO can, under its current regulations and

powerful interest groups, at all foster development within their own regions. The WTO thus finds itself caught in the cross-fire of clashing regional interests and looming political unrest.

THE NORTH:

USA:

In the US, since January 2006, there has been a significant rise of dissident activity, exacerbated and fueled by the 911 Commission Reports, and leaked intelligence about, among other things, government surveillance operatives. Moreover, a forecast made in 2005 by Goldman Sachs is on target to come to fruition, as 3.5 million jobs have left the US at a current cost of \$75B of wages to Americans, a result of truculent searches for lower costs of production in foreign markets. Hence, the number of civil groups—which now includes the majority of the so-called “working class”—hostile to global trade has grown to such an egregiously exponential extent that any attempt at governmental control is easily and vehemently vanquished. Given these circumstances, arguments for the relevance of global trade, under the regulatory eye of the WTO, is becoming more and more untenable and inaudible amidst the cacophony of class riots and flagrant nation-wide student protests.

As a result, the US has disengaged from the WTO and bilateral agreements and preferential trade negotiations are now on top of the US trade agenda. More tariffs have been imposed on imported goods at startlingly increasing levels, as the US has withdrawn into relentless protectionism. Probably the most striking move was the US Congress' recent ratification of legislation against certain Chinese imports, a result of a Chinese import surge that includes not only footwear and certain garments to car parts, electronics, chemicals, and steel, hence affecting more US industries. Such changes in legislation, made

under the exorbitant weight of civil hostility, has brought the US to near economic collapse unseen since the Great Depression of the 1930s.

A European Union in Disarray:

The EU's constitutional glitches have not abated since 2006, as Europe experiences a rise of nationalism unseen in decades, fueled both by farmers wanting “their borders back”, and ‘nationalist’ groups intolerant of cultural and religious diversity, especially in the wake of increased global terrorism. Weak leadership at the European Commission and fragile governments in most of the member states have failed to resolve the growing rift between the “free-trading” Northwestern EU and the protectionist South and Eastern EU. The result is continued paralysis—a far cry from the initial élan of the Lisbon Agenda, which, to many pundits of the EU, has been as of late the subject of much shame and ridicule.

US/EU Joint Venture: A New Tracking System

Given the rise of hostile anti-globalization campaigns, multinational corporations have been forced into greater and more elaborate systems of transparency and accountability. In an attempt to mollify these hostilities and facilitate further transparency, a conglomerate of organizations has invented a system called “Transparency in Trade”, which now allows consumers to track the origins of every component that makes up a product or service that they are buying. Multinational companies are forced now to show where and how each component of the final product gets produced. The production value chain has herewith become completely transparent. This has led to the astronomical rise of transaction costs and legal fees, which has left many companies distraught at their failure to pay due attention to the world trade system during the turbulent Doha Round.

People's Opinion:

As was the case back in 2006, Europeans and Americans are still of one voice when it comes to who benefits from trade: big multinational companies. Given the overwhelmingly negative view of citizens on both sides of the Atlantic about the benefits of trade, consumers are starting to boycott products that contain components produced in certain emerging economies, mainly China. The new tracking system “Transparency in Trade” obviously fuelled this trend. Products branded as “Made by [Country]” are enjoying immense popularity as it guarantees local (national) production.

THE SOUTH:

The growing irrelevance of the WTO has emerged in the southern developing countries as well, particularly following the years of the ‘Dohadrift’ where there's been growing dissatisfaction and disappointment in terms of development. Here, member countries have grown increasingly skeptical over the WTO's abilities to create economic opportunities for development within their regions.

The main criticism has been that trade, for the WTO, is the prevailing lens through which development is perceived, rather than the other way around. Moreover, many southern countries have grown embittered by the means through which China, e.g., fueled its growth prior to joining the WTO by seeking national interests first in ways that run counter to WTO regulations. A staggering contrast to the latter is the way in which these developing member countries are bogged down by a set of onerous WTO regulations and policies that do more, they feel, to further the insatiable interests of multinational corporations rather than their own development. Hence, they are seeking a strong development process that supplants mere market access.

Given this, developing countries

have embarked on strategies that are leading to a meltdown in trade, and emerging pressure on the corporate world. Their strategy: Flout WTO regulations, and turn the tables on the powerful and privileged northern multinational corporations. Their maxim: If they want trade, then they'll have to play by a completely different set of rules. This has been in good part driven by the significant rise in populism that occurred in many developing countries, primarily initially in South America, but that also spread to other parts of the developing world. This has generated a spirit reminiscent of the 1970s “new international economic order”. Hence, countries are making demands on corporations to achieve very specific goals, such as increasing rates of employment, obligations to joint venture with national companies when setting up shop, raising levels of imports, and even supplying more advanced technologies, all of which are currently illegal under the WTO regime. Moreover, when it serves their interests, they are blocking trade, and, seemingly capriciously, opting out of previously made trade negotiations. All of this as part of a growing effort to put national interests first, which, for these countries, entails policy autonomy, poverty alleviation, and environmentally sustainable human development in principle, though in practice, given the continued rise in corruption, it essentially means filling the politicians' coffers. .

The role of China:

The US's legislation against Chinese imports has, undoubtedly, left China no less than disdainful of the West, fueling its drive to become a regional dominant power, and hold sway over East Asia with increasing exclusion of the US and taming of Japan. superpower. One of the ways in which China has counteracted this is through the unraveling of the intellectual property laws. As a result, China has ascended to its current status of chief global exporter, feeding the growing global demand for counterfeit products. It announced