

Editorial: Doha Not Ready for Undertaker Just Yet

Although it's not yet clear how Members intend to resolve the Round's most controversial issues that have until today prevented the Round from moving forward, Members attending the Paris mini-ministerial meeting have decided to do two major things: not to give up on Doha and remain committed to the single undertaking. The goal for the remainder of the year is to identify a series of development-centered issues which can be agreed on by the time of the WTO's 8th Ministerial Conference, scheduled for December 15–17. It is hoped, by Doha supporters, that this early “harvest” will serve to inject fresh impetus into the negotiations to prove to the world that not only are the talks alive but, more importantly, that they are progressing toward a foreseeable conclusion.

OECD Ministerial Meeting

Australian Trade Minister, Craig Emerson, hosted what has become a traditional gathering of Trade Ministers to discuss the state of play in the Doha Round on the sidelines of the OECD annual forum.

This year, about 20 WTO member-countries attended the event, dubbed critical in sketching out the strategy to help the Round moving forward. It is no secret that the talks have been – in the words of WTO Director General, Pascal Lamy – “stuck in the sand since Easter.”

“There is today an unbridgeable gap in the level of ambition in industrial tariff cuts between major economies, which prevents progress,” Lamy told Trade Ministers during the meeting. The objective, he said, is to explore options for a way forward knowing that the aforementioned gap in question is not technical in nature, but rather political.

Generally speaking, Ministers agreed on two things. First, they remain committed to a successful completion of the Doha Development Agenda (DDA), as originally mandated in 2001. Secondly, they also vow to remain faithful to the single-undertaking whereby nothing in the talks is agreed until everything is agreed.

As such, the strategy going forward calls for sequencing the negotiations, a step-by-step process which will first seek an agreement on a package that addresses the needs of Least Developed Countries (LDC) by the time of the WTO 8th Ministerial Conference scheduled for December 15–17, 2011.

Achieving this would not only allow to affirm that “the Round is alive” but also that it is “capable of being completed,” said Emerson.

“[Members] are united in their desire to ensure that the 8th WTO Ministerial Conference which will take place in Geneva in December delivers results in the Doha Round. If not the full Round, at least an early harvest of it, as a credible signal of the rest to come at a later stage, when the politics of the Round would have aligned,” Lamy added.

Two-Track Approach Foreseen

According to the U.S. Trade Representative, Ron Kirk, there was a broad understanding on the topics on which Members are “highly unlikely to reach consensus” by the end of the year. Included in that category are all controversial market access issues, particularly, in the areas of agriculture, NAMA and services.

On the other hand, there are some issues on which Members have “70% chances” to agree on something by the end of the year. This basket, Kirk said, includes LDC issues.

Then, there is a third category of matters that could be added in the December package if, as Emerson put it, they are “mature and able to attract consensus.” These are believed to be issues such as trade facilitation or export competition (i.e. disciplines on export credits, food aid, and state trading enterprises).

It is unlikely that Members will only focus on development issues for LDC, putting to rest those complicated matters that have, up to now, prevented the Round from advancing, Emerson said.

“There needs to be a bridge between any package that may be achievable in December and the issues that have actually led to the current impasse being resolved,” he added.

As a result, officials believe Members are likely to put in place a two-track approach for the remainder of the year: a first leg, focusing on LDC, which would seek to identify possible issues to be included in the December package and a second one which will address the path forward with respect to the rest of the DDA issues.

Early Harvest for LDC

Lamy said the objective of the Paris mini-ministerial gathering was not to finalise a list of development issues that would be included in the December package. He plans to consult with concerned Members in Geneva to determine which topics are likely to be considered as part of the deliverables. However, he provided examples of issues likely to be considered for December: issues such as Duty Free Quota Free for LDC products (DFQF), adoption of a waiver for LDC in the services negotiations and LDC-specific rules of origin.

Lamy met with the G-90 on May 27 to debrief them on the outcome of the OECD gathering. Officials who attended the meeting said there is a consensus to work around paragraph 47 of the Doha Declaration which calls for an early harvest.

The group insisted that a broad sample of development-centered issues be included in the December package. Among those issues they cited issues such as cotton; DFQF, rules of origin, trade facilitation; export competition; transparency mechanism for regional trade agreements; and the relationship between specific trade obligations under multilateral environmental agreements (MEA)

If issues such as the adoption of a waiver for LDC in Services and DFQF seem to draw consensus for being included in the December package, it is not quite the same for all development-related subjects.

Cotton, for instance, on which the African group is seeking a solution in line with the Hong Kong mandate which called for a substantial cut in the U.S. subsidies, is likely to create problems. The same argument could be made for export subsidies elimination given the recent opposition from the EU and the U.S. Although it is the above mentioned issues are expected to generate difficulties, officials say other issues raised by the African Group in a document circulated last week, are clearly a no go at this point. These are issues such as substantial reductions in trade-distorting domestic support and the tightening of Green Box disciplines; the special safeguard mechanism (SSM) or services’ Mode 4 for semi and low-skilled or unskilled workers from poorer developing countries.

Complications Ahead

Even issues which are considered “doable” also boast their own share of complications:

1. There is apparently no agreement among all LDC on DFQF as some African countries associated with the "*African Growth and Opportunity Act*" (AGOA) signed in 2000 with the U.S. government, do not want to lose their competitive advantage.
2. The U.S. wants to link DFQF to trade facilitation, claiming that the two issues have to go hand in hand. The U.S. said a deal on trade facilitation would ensure balance and will be perceived as a positive element benefiting U.S. exporters. Brazil opposed this.

3. The EU and Switzerland do not want export competition in the package. The EU would likely argue to exclude export subsidies' elimination from the package since it is linked to the overall conclusion of the DDA and if forced to include it among the "deliverables" then it would request that the whole export competition pillar be addressed (i.e. disciplines on export credits, food aid, and state trading enterprises). The U.S. also favours excluding export competition from the deliverables since EU's export subsidy payments are currently near zero.
4. The situation concerning the U.S.'s cotton subsidies has changed a lot lately i.e. with the high cotton prices, the U.S. countercyclical payments have been drastically reduced. The issue meanwhile remains China's cotton tariff and how it administers it, but more importantly China turning into an important subsidizer of cotton. Officials present in Paris also said the EU is also providing increased cotton subsidies to Portugal.
5. Japan wants fisheries subsidies excluded from the package but sources say a "standstill" agreement on fisheries subsidies could be included among the deliverables.

Members avoided identifying the December 15–17 Ministerial Conference as the de facto deadline for achieving a deal on the deliverables, even though this seems inevitable. "We want to be careful about trying to impose deadlines which may or may not be relevant, given the reality of where we are in the calendar," Kirk said however, if Members fail to agree on the deliverables for December, it will be tough to see how the Doha negotiations will proceed in 2012.

Lamy will convene a Green Room with key ambassadors on May 30th before debriefing the full Membership on the way forward on Tuesday, May 31st.

Upcoming Events

- Informal TNC, May 31, 2011
- G-20 Summit on Agriculture, June 22-23, 2011, Paris (France)
- Regular Agriculture Committee, June 23, September 29, and November 2011
- Third Global Review of Aid for Trade, July 18-19, 2011
- WTO General Council, July 27-28, October 12-13, December 1-2, 2011
- WTO Public Forum, September 19–21, 2011
- G-20 Summit, November 3-4, 2011, Cannes (France)
- APEC Ministerial Meeting, November 11, 2011
- WTO Ministerial Conference (MC8), December 15–17, 2011

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