

Editorial: Troublesome Mini-Package

The remainder of 2011 is viewed by many as the WTO's last opportunity to create the much-needed momentum necessary to bring the 10 year-old Doha multilateral trade negotiations to an end sometime after the U.S. presidential election in 2012. However, discussions on the Doha Development Agenda's (DDA) mini-package – which some originally thought would be easy to agree on given the nature of its content (addressing issues pertaining to Least Developed Countries (LDC)) – looks to be in the same state as its full version: in deep trouble. The June 22nd informal meeting of the trade negotiations committee (TNC) was supposed to shed light on what to expect at the ministerial this coming December. It did, but not without creating another load of question marks starting with what is understood by “a step forward” in fisheries subsidies, environmental goods & services and cotton. Even though an increasing number of emerging countries, such as China, are now joining their developed counterparts in offering duty-free quota-free access (DFQF) to 97% of LDC tariff lines, there is a concrete fear that the negotiations might once again begin drifting with no country exercising leadership to rescue them from the troubled waters they are in.

Informal Trade Negotiations Committee

The past few weeks, Members have been evaluating what could possibly be achieved by the end of this year to boost the DDA and reinvigorate the negotiations. The task hasn't been easy and prompted WTO Director General, Pascal Lamy to postpone the June 9th informal TNC to allow Members more time to consult among themselves and with their capitals.

On June 20th, Lamy met with the G-7 (Australia, Brazil, China, EU, India, Japan and the U.S.) and scheduled a Green Room with key Members to collect the fruits of their consultations regarding what the December package would consist of.

Without surprise, the G-7 failed to agree on the content of the package. There is certainly a general accord on DFQF, rules of origin, LDC services waivers and a “step forward” on cotton, however sharp divergences continue to persist over the content of the so called “LDC-Plus” package.

Developed Members of the G-7 (Australia, EU, Japan and the U.S.) favour a “plus” package that would include trade facilitation, fisheries subsidies and environmental goods, whereas Brazil, China and India insist on a smaller package containing only LDC's interests. Brazil warned against enlarging the December deliverables, stressing that it could also demand that some agriculture issues be added to it, if indeed the U.S. continues to insist on their own market access issues.

Lamy listed five issues that could be considered as “Plus” for December. These are:

- trade facilitation,
- export competition,
- special and differential monitoring mechanism,
- a step forward on fisheries subsidies and,
- a step forward on environmental goods and services (EGS).

This is not an exhaustive set of issues, he said as it does not preclude other issues from being worked upon and eventually delivered by the end of the year. Even though each of the above 5 issues has its “own problem”, he continued “when linkages are taken into account (...) perhaps there is some room for manoeuvre” that could be tested to see “whether an acceptable balance can be found,” Lamy told the full membership.

On top of that, Members need to consider a post-ministerial (MC8) work plan. However, Lamy suggested that for the time being, they should focus their attention on these five specific issues.

In terms of process, the negotiating group chairs (responsible for the subjects under consideration) and Lamy will together undertake consultations in variable geometry (TNC, Green Room, small group meetings), involving primarily Geneva-based ambassadors. Members were urged to monitor the results of negotiations in order to avert any possible drift in terms of both time and success.

This plan, however, might not guarantee success but should be given a try, Lamy said. “We need urgently to have clarity about what we can and cannot do by the Ministerial Conference in December so that we get down to work without further delay,” he told the full membership. “I am well aware of the dangers of drifting towards the ministerial with a collection of unresolved issues.”

Reactions

There was no clear consensus on Lamy’s plan for moving forward and his suggestions but it is fair to say that generally speaking, Members agreed to proceed with what he had outlined.

Some Members (mostly developing ones LDC, ACP, African Group) warned against letting the December package grow bigger and bigger. For many, there is a need to secure a collective understanding as to what the December deliverables would contain and this should not be debated for too long.

In short, Members want to avoid a scenario where ministers gather in Geneva for the MC8 and the mini-package is still not finalised. As such, some countries suggested targeting the end of July as a deadline to finalise the content of the December deliverables (list of issues that would be negotiated). Both India and Japan voiced the need to clarify the package in the next 5 weeks (Before the summer break). However, if this cannot be done, Members need to discuss what the December agenda will be and how to handle the DDA after the MC8.

On the other hand, if the list is considered doable, then it was suggested to try to agree on it sometime before the ministerial conference. In any case, there is a strong view that this is something that shouldn’t be left to the last minute.

As ambassador Punke (U.S.) put it: “If there is agreement on core elements, we will need the fall to negotiate the details. If there is no agreement, we will need the fall to plan for an MC8 that will not have a December package as a deliverable.”

G-20 Agriculture Summit

G-20 agriculture ministers gathered in Paris June 22-23 to address food price volatility after French President, Nicolas Sarkozy, decided to make the issue one of his priorities for France’s rotating presidency of the G-20 summit.

To tackle food price volatility, G-20 agriculture ministers agreed on an action plan that featured five pillars: improve agricultural production and productivity to feed world population projected to reach 9.1 billion people by 2050 according to the United Nations; increase market information and transparency; strengthen international policy coordination; improve and develop risk management tools for governments and improve the functioning of agricultural commodities’ derivatives markets.

The main achievement of the summit comes from the second objective concerning market information and transparency which aims to bring key agricultural countries together to share their data concerning their respective commodities stocks (including rice, corn and wheat). This information will help improve market outlook which in turn will prevent price surges and better manage future crisis by allowing a better cooperation among countries.

To make all this possible, the G-20 – with late support from India and China originally unconvinced by the project – agreed to create the Agricultural Market Information System (AMIS) which will be housed at the FAO in Rome.

Regarding the controversial issue of regulation of financial markets for farm commodities, the G-20 agriculture ministers decided to defer final decisions to the G-20 financial ministers, who will be meeting in July, and to G-20 leaders that are set to meet in Cannes in November.

The summit, as described by French agriculture minister, Bruno Le Maire, was a “first step” toward a better regulated global market. It’s now up to the next G-20 chair, Mexico, to keep the discussion alive.

Upcoming Events

- Third Global Review of Aid for Trade July 18-19, 2011
- WTO General Council, July 27-28, October 12-13, December 1-2, 2011
- Regular Agriculture Committee, September 29, and November 2011
- Cairns Group Ministerial Meeting, September 7–9, 2011, Saskatoon (Canada)
- WTO Public Forum, September 19-21, 2011
- G20 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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