

New Plan Unveiled

This week's Trade Negotiating Committee and General Council served as a platform to review where Members stand with respect to the Doha Development Agenda (DDA) and the goal they have set for themselves for this year. The past few weeks have demonstrated that the negotiations were not moving fast enough – or moving at all – to allow an Least-Developed Countries (LDC)-Plus package to be delivered by the time of the MC8. Thus, at Monday's Green Room (July 25th), WTO Director General, Pascal Lamy, suggested a change of direction after key Members – namely the G-7 (Australia, Brazil, China, EU, India, Japan and the U.S.) – informed him of their inability to deliver on the development min-package (i.e. core LDC issues: Duty-Free Quota-Free (DFQF), rules of origin, services waiver, a step forward on cotton, and the so-called “Plus-Package” which includes S&D monitoring mechanism, trade facilitation, export competition, a step forward on fisheries subsidies, a step forward on environmental goods and services).

Lamy said the consultations have bogged down on the plus package, but sources familiar with the talks also cite multiple complications with cotton and DFQF. Lamy suggested modifying the strategy, one that originally calls for a three-pronged approach – the first consisting of the consultations by the General Council Chair on WTO's regular working programme; a second will establish a DDA action plan after MC8, led by Lamy and, a third will focus on the LDC-Plus package from last May – to a 2-pronged strategy.

With the problems caused by the third pillar, Lamy said his consultations with Members have led to two contrasting options. On one side, Members (mostly the G-7 with the exception of China) who support shifting the focus to non-DDA issues for the MC8 by abandoning the pursuit of the December package, and those on the other side (mostly G-90, African/Caribbean/Pacific), who want to maintain LDC deliverables at the MC8.

Lamy proposed a little bit of both: i.e. that Members focus their attention on “non-DDA issues and the DDA agenda post-MC8,” while in parallel “also keep working on possible DDA deliverables for the MC8. The Chairman of the General Council would lead consultations on non-DDA issues while Lamy would be responsible for the process on the MC8 DDA work programme.

Because a crisis of paralysis has engulfed the work of the WTO in light of the organization's inability to adapt to emerging trade priorities, Lamy recognized the need to develop a shared analysis on what went wrong and what constitutes future prospects. For that he plans to intensify his consultations on DDA work post MC8 after the summer break and urged Members to prepare “to fully engage in an ‘adult conversation’ over ‘what next’.” “Moving, so to say, from the “negative list” of what you cannot do, to a “positive list” of what you intend to do,” he concluded.

Reactions

Members' reaction to Lamy's new plan can be divided into two categories: those who are still insisting that an agreement on a LDC package be found at the MC8 (most developing country groups are in that category: ACP, LDC, Recently Acceded Members (RAM), Small and Vulnerable Economies (SVE), African Group) and those who suggest shifting the focus from an LDC package to a post-MC8 work program (G-7 minus China).

Bangladesh, who spoke on behalf of LDC, noted that an “early harvest” package would not undermine the governing principle of the single undertaking, instead it would transmit a positive signal that the multilateral trading system can deliver on development. It noted that the LDC's share of developed countries' global imports amounts to only 1.26%, with oil accounting for the vast majority in value terms (without oil the share falls to 0.7%).

Jamaica, on behalf of the ACP, stressed that the LDC package whether with a “Plus” or not, must facilitate a move forward in the DDA and not, under any circumstances, make a step backward. For the ACP, the LDC package remains the central element of any package in December and not vice-versa.

Speaking on behalf of the African Group, Kenya said it also supports the delivery of an LDC package in December along with the crafting of a post-MC8 work programme. The 10-year-old DDA, it said, was billed as the longest soap opera, however, for LDC, this remains a costly affair. Kenya said the LDC package constitutes the lowest hanging fruit and should not be compromised by other issues. The aspirations of the poorest WTO Members should not be postponed for eternity.

China, for its part, warned against the negative impact on the WTO’s credibility if the DDA failed to deliver, particularly, on LDC issues. China believes that a deal could still be attained but only if the “Plus” elements are removed from the package. As such, it declared its intention to unilaterally increase its DFQF programme from the current 60% of tariff lines to 95%. The stark choice facing WTO Members remains either agreeing on a LDC package or having no package at all, China said.

The U.S. meanwhile, said it has been transparent in highlighting the challenges faced in pursuing the LDC. The fault behind the blockage lays in the articulation of certain Members' red lines on both LDC core issues and LDC Plus packages. The U.S. continues to think that a successful outcome will remain elusive if Members continue along the same path.

MC8 Agenda & the Non-DDA issues

On July 27th, the General Council Chair, Nigerian Ambassador Yonov Frederick Agah, who has been consulting with delegations about the organisation of the MC8, said there is a general agreement to make the upcoming Ministerial Conference a success and this, despite the talks’ current problems. The ultimate goal is to reinforce the value of the organisation.

“There was a general sense that MC8 would have to be a different event from MC7. This is largely because more is at stake – even, according to some, the credibility of the organization itself,” Agah said, adding that the “MC8 should send the message that the WTO is not synonymous with the DDA: the WTO is more than the Round. At the same time, there was a general sense that MC8 could not, and should not, avoid addressing the DDA.”

Unlike the MC7 in 2009, this time Doha will be on the agenda even though no decision is anticipated on the LDC package. Agah said he expects the MC8 agenda to be finalised by November 2nd, six weeks before the Ministerial. Three issues will be tackled:

- Moratorium on e-commerce duties
- Moratorium on TRIPS non-violation complaints
- Overview of WTO activities

The conference will rotate around 2 main themes which are made up of the so-called non-DDA issues:

WTO work up until December 2011 which includes Aid for Trade, issues relating to LDC and SVE, improving accession processes, strengthening the trade policy review mechanism (TPRM) and the monitoring mechanism, or broadening work on regional trade agreements (RTA).

WTO work after December 2011 and perhaps up to the next MC in 2013: including the so-called 21st century issues trade and currency exchange rates, climate change, and food security.

Agah said he expects any subject susceptible to be on the agenda to be ripe for discussion in order to maximise Ministers’ time at the MC8 and not create misleading ambitions for what the Ministerial can deliver. As such, the MC7’s “gentleman’s agreement” will be applied whereby, if a topic is not ready by November 2nd, it will not be included on the agenda.

Finally, Members are expected to follow the 2009 model and issue a chairman’s statement instead of a ministerial declaration. However, decisions on the content of this will greatly depend on the progress made in the next seven weeks leading up to the MC8.

Upcoming Events

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- Cairns Group Ministerial Meeting, September 7-9, 2011, Saskatoon (Canada)
- WTO Public Forum, September 19-21, 2011
- Regular Agriculture Committee, September 29, and November 2011
- WTO General Council, October 12-13, December 1-2, 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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Legal Deposit: National Library of Canada, ISSN 1496-9254



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