

Geneva Watch

An overview of the WTO negotiations on agriculture

MC8 will not be “Business as Usual”

In a report sent to Members on November 18th, WTO’s Director General, Pascal Lamy, insists that the upcoming Eighth Ministerial Conference (MC8) will not be one that can be described as “business as usual”. To the contrary, MC8 will be the “opportunity to chart a pathway for our work over the next two years” he said.

On the slumping Doha negotiations, Lamy was honest in his assessment: “There is no beating around the bush”, he says, “the Doha negotiations are at an impasse” and this “despite numerous pronouncements and commitments, Members have not been able to finalize the negotiations as originally envisaged,” he wrote.

However, the progress accumulated thus far gives Lamy some reasons to remain positive. He claimed that Members have now before them the “opportunity to consider the entire Doha package in all market access and regulatory areas,” all assembled in the so-called “Easter Package” released earlier this year (April 21st). As such, the MC8, he wrote, will be an opportunity for Trade Ministers to provide “political guidance” and to “ensure that real progress can be achieved in 2012”.

“In doing so, Ministers need to address the essential question behind the current impasse: different views as to what constitutes a fair distribution of rights and obligations within the trading system, among Members with different levels of development.” In other words, how to make sure that emerging economies – such as Brazil, China and India – commit to open their market to a level that is commensurate with their level of development.

“It is clear that progress in multilateral trade negotiations, as is the case in climate change negotiations, will require a political response to this political question,” Lamy also wrote.

Agriculture Special Session

It’s now official, New Zealand Ambassador, John Adank, was formally elected as the new WTO agriculture negotiations chairman when Members gathered in the agriculture special session on November 18th.

Speaking in an informal session after being elected, the new chair wasted no time and reported on the consultations he had held on the C-4 (Benin, Burkina Faso, Chad and Mali) proposed ministerial decision on cotton. Adank’s first task will be to report to the General Council chair on the latest developments, a requirement shared by all chairs of regular and negotiation committees.

Adank said his report will be an update of work in the agriculture negotiations since the “Easter package” was circulated in April 2011, including a smaller group consultation on agriculture in May and, more recently, consultations on a cotton proposal for the 15–17 MC8.

He said that the consultations on cotton – as was expected – have not produced the consensus required for him to submit the proposal to ministers.

On cotton, the C-4 countries (Benin, Burkina-Faso, Chad and Mali) have asked for a standstill on current cotton domestic support levels that have distorting effects on the world market.

They asked to freeze these subsidies “as an interim measure” prior to full implementation of the decision reached at the Hong Kong Ministerial Conference (2005) and which directs Members to address cotton ambitiously, expeditiously and specifically, ensuring that cotton trade-distorting domestic subsidies are “reduced more ambitiously than under whatever general formula is agreed and that it should be implemented over a shorter period of time than that generally applicable”.

Most observers agree that an agreement on cotton, as requested by the C-4, is unlikely to garner U.S. support at this point, even though G-20 leaders in Cannes directed their respective trade ministers to address issues of concern for Least Developed Countries through paragraph 47 of the Doha Declaration and report back at their June 2012 Summit in Mexico.

Officials say several Members asked the new chair to continue consultations to push the proposal onto the ministerial agenda. Ambassador Adank said he will let MC8 play out, then consult Members on what to do in the agriculture negotiations in early 2012.

Net Food Importers’ MC8 Proposal

At the November 16-17 Agriculture Committee, Members decided to set-up a work programme following the MC8, to help food-importing developing countries to have a more secure food supply, but a range of issues remained to be sorted out, officials have said.

Egypt (on behalf of Net Food Importing Developing Countries (NFIDC), African and Arab groups) tabled a paper on WTO’s response to the impact of the food crisis on least-developed and net food-importing developing countries. The proposal, which is set to be discussed at the November 30th – December 1st General Council, asks WTO Ministers to recognize that food security is governments’ first priority.

Egypt suggests that the MC8 direct the General Council to set up a comprehensive work programme for least-developed and net food-importing developing countries, to ensure that they have access to adequate supplies of basic foodstuffs but then also be exempted from Members’ export restrictions, and help them get access to trade finance through, for instance, a revolving fund offering concessional terms.

Reactions

According to officials, most Members broadly supported the idea of a work programme, but several said they had only just received the proposal which was still being considered in their capitals. Some argued that the WTO is not in a position to ensure food security for anyone, only to devise rules that improve the conditions for food supplies. Several also pointed out that the committee has already spent several years discussing, inconclusively, the possibility of a revolving fund, some adding that finance of this kind is the responsibility of other organizations such as the International Monetary Fund.

A large number of questions were about the possibility of discussing new rules and how this would relate to the agriculture negotiations in the Doha Round. Some argued that price volatility and food insecurity are caused by a range of policies that distort markets, not only export restrictions. Others said that giving importing countries “policy space” to ensure secure supplies should be balanced with exporting countries’ own right to “policy space” in order to ensure their populations have food supplies.

Upcoming Events

- WTO General Council, November 30- December 1, 2011
- WTO Ministerial Conference (MC8), December 15-17, 2011
- Regular Agriculture Committee, March 21-22; June 20-21, September 26-27, 2012

