

Geneva Watch

An overview of the WTO negotiations on agriculture

It's Azevêdo! It's over.

The last round of consultation about who would be the World Trade Organization's (WTO) next Director General, which took place from May 1–7, ended with Brazil's candidate, Roberto Azevêdo, winning the race over Mexico's Herminio Blanco.

Gathering at an informal meeting of the full Membership on May 8th, the selection committee – the so-called Troika comprised of the General Council's chair, Pakistan's Ambassador to the WTO, Shahid Bashir; the Dispute Settlement Body's chair, Canadian Ambassador Jonathan Fried and the Trade Policy Review Body's chair, Sweden's Ambassador Joakim Reiter – told delegations that Brazil's ambassador to the WTO, Roberto Azevêdo was the candidate “most likely of the two to attract consensus,” given the large support he carried from countries “from all levels of development and from all geographic regions.”

According to the Troika, Azevêdo led the pack in each of the three rounds, having been the candidate who gathered the most support throughout the process. Blanco, meanwhile, enjoyed the support of the EU, which voted for him even though its Member-states were said to be divided on the two candidates.

The U.S. also provided its support to Blanco, sources said, although the Brazilian ambassador was also seen as acceptable to them. Acting U.S. Trade Representative, Demetrios Marantis – who will soon be replaced by Mike Froman (who was nominated by President Obama on May 2nd to replace Ron Kirk) – welcomed the Troika's recommendation to appoint Ambassador Azevêdo as the next Director-General shortly after the announcement.

“WTO Members had an excellent pool of candidates from which to choose our next Director-General, particularly in the case of the two finalists. Both are strong leaders,” Marantis said in a statement, adding that his country was “pleased to join the consensus decision that has selected Roberto Azevêdo as the next Director-General of the WTO.”

“[W]e look forward to working with him and with our fellow Members for a robust, relevant, and productive organization in the years to come,” said Marantis.

Karel De Gucht, the EU Trade Commissioner, echoed the same message stressing that “while it is for all WTO members to set the course, we are convinced that Mr. Azevêdo will help all the WTO members put the multilateral agenda back on track.”

Azevêdo, whose candidacy had been confirmed late on December 2012, was primarily criticized for his lack of ministerial experience. His doubters raised concerns over his ability to be an honest broker, given Brazil's status as one of the WTO biggest players. Yet, the Brazilian diplomat received unanimous praises from the full Membership when it comes to his knowledge and understanding of the issues at stake and what is needed to bring the negotiations back on track.

Officials said Azevêdo was backed by fellow BRICS countries (Russia, India, China and South Africa) and the majority of the other developing Members which allowed him – as observed by the Troika – to consistently carry the largest support in each of the three rounds.

Azevêdo wants to distance himself from Mr. Lamy, who has been criticized for ignoring senior officials and ambassadors, to focus more on trade ministers. The Brazilian diplomat stressed that ministers usually negotiate when agreements are 98% completed, as most of them are not fully aware of the negotiations' nitty-gritty details, which are dealt with at the senior official/ambassadorial level. This is the dynamic he wants to restore at the WTO, to help unlock Doha's deadlock.

Next Challenge: Bali

The Brazilian diplomat will have to get his hands dirty pretty soon, given the importance of the upcoming WTO Ministerial Conference (MC9) for the credibility of the institution and the future of Doha Development Agenda (DDA).

“We are on the verge of losing a valuable system,” Azevêdo said in his first press conference after being selected Director General. “We have to do the very best to ensure that Bali delivers significant and substantive outcomes (...) and instills a sense of confidence to negotiate and engage constructively to deliver results.”

Brazil, who also chairs the G-20 group of developing countries, has lately been relatively cautious in tabling proposals for the MC9, certainly due to the fact that its ambassador was running for the WTO top job some sources said.

In effect, Brazil’s proposal on TRQ administration has been welcomed by WTO Members, even though Japan opposed it and China, a G-20 member, refused to endorse it. However, other key WTO players – including the U.S. – have meanwhile welcomed the initiative, describing the proposal as well “calibrated” for Bali.

The G-20 is also responsible for drafting a proposal on a more controversial issue; i.e. export competition. But this time, the release of the paper which is expected to address, among other issues, the elimination of export subsidies as per the 2005 Hong Kong Ministerial Declaration, has been delayed and has yet to be circulated to Members.

The EU has openly warned against including the elimination of export subsidies as part of the Bali package, linking the issue to the rest of the DDA, and more specifically to a parallel elimination of all forms of agricultural export subsidies and disciplines on all export measures with equivalent effect; i.e. export credits, export credit guarantees and insurance programs, agricultural state trading enterprises and international food aid. The U.S. has also suggested that resolving the issue might be too complex for MC9.

In that regard, and given the arrival of Mr. Azevêdo at the helm of the WTO, some officials expect the G-20 proposal to avoid any potential controversies. Nevertheless, a leaked draft of the proposal – titled *Ministerial Decision on Export Competition* – suggests that developed countries agree to reschedule their export subsidy reduction commitments by (a) slashing 50% of their budgetary outlay commitments by the end of 2013 and (b) reducing export quantity commitments to “actual average of quantity levels in the 2003-2005 base period.”

Regarding the parallel elimination of export subsidies and disciplines on all export measures with equivalent effect, the draft paper suggests keeping this as a negotiating priority following the MC9. The draft proposal meanwhile does not specify a new deadline for complete elimination of export subsidies.

One official described the draft as less constraining than a complete and effective elimination of export subsidies this year, as advocated by Argentina. However, if the current draft ends up being the final G-20 proposal on export competition, then emerging countries will have to be willing to make concessions in other areas of the Bali package, such as trade facilitation, the official stressed.

Another issue the new Director General would have to tackle in order to revive the moribund DDA is how to clearly differentiate developing countries from emerging economies such as India and China and Brazil when it comes to future WTO commitments. The U.S. has repeated several times that emerging countries would have to do more to reflect their level of development. Observers say, as a Brazilian, Mr. Azevêdo is well positioned to understand the importance of finding a solution on this critical matter, seen as pivotal for the future of the negotiations.

“I hope I have made this very clear that the Doha round is my top priority because of the things that are in the round which are extremely important for what we do for the business but also because by unlocking them we will be taking the organization away from paralysis. And we need to find the solution as quickly as possible,” the Brazilian diplomat was quoted as saying.

A special General Council meeting will be convened the morning of May 14th to officially appoint Azevêdo as the next WTO Director-General for a four-year term starting September 1, 2013.

Upcoming Events

- Special General Council – Appointment of the Next Director General; May 14, 2013
- Green Room, May 15, 2013,
- TPP Round XVII, May 15–24, 2013, Lima (Peru)
- OECD Annual Forum, May 27–31, 2013, Paris (France)
- Informal Trade Negotiations Committee, May 31, 2013
- Regular Agriculture Committee, June 13-14, September 4, November 12, 2013
- General Council, July 24-25, Oct. 8-9, Nov. 5-6, 2013
- Deadline for Bali Deliverables, August, 2013
- WTO Public Forum, October 1–3, 2013
- APEC Leaders' Summit, October 1–8, 2013
- WTO 9th Ministerial Conference (MC9), December 3–6, 2013, Bali (Indonesia)

Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers to report on the various events occurring in Geneva, particularly on the WTO negotiations on agriculture.

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