

Editorial: Delayed Decision on Doha

After all the buzz surrounding the G-20 Summit in London, it became clear that the U.S. needs more time to fine-tune its position and that there will be no miraculous call to conclude the Doha Round this year as part of the solution to the derailed world economy. The potential timeline decision was delayed to July 8-10, when G-8 leaders will meet on the Italian island of La Maddalena. However, the question remains as to whether the U.S. will even be ready to engage by then or if it will claim that it is not ready for a high-level meeting this summer, therefore pushing a potential ministerial meeting to the fall at the earliest. Based on the past week's comments from members of the U.S. Congress, the U.S. Trade Representative's office and U.S. industry representatives, trade observers believe that the U.S. is unlikely to change its position at the G-8 Summit in July as the administration will likely need more time to review what is on the table before another ministerial meeting could be called.

The WTO and G-20 Summit

WTO Director General, Pascal Lamy, attended the G-20 Summit in London where he confronted leaders with the new protectionist measures they have put in place since their pledge made last November not to raise new trade barriers for a period of 12 months. In his second report on this matter, the DG noted that a "significant slippage" has occurred since the WTO's first monitoring report was issued last January and which essentially acknowledged that countries have been successful in refraining from implementing new protectionism measures. Since then, "there have been increases in tariffs, new non-tariff measures, and more resorting to trade defence measures such as antidumping actions," the DG declared.

In effect, a World Bank study showed that 17 of the 20 countries involved in the G-20 Summit have put in place protectionist measures, breaching their promise made at their last gathering in Washington on November 15, 2008. Without a deal on the Doha Round, Lamy cautioned that WTO members could legally raise their tariff up to their bound levels which could further double the average global tariffs and worsen the value of world trade. "The danger today is an incremental build-up of restrictions that could strangle international trade and undercut the effectiveness of policies to boost aggregate demand and restore sustained growth globally," the WTO report states. The WTO has already forecasted a potential 9% shrinkage in world trade in 2009 due to the economic downturn.

No Deadline for Doha Deal

The G-20 Heads of State have not committed on a specific timeline for concluding the Doha Round. As was expected, the April 2nd declaration was not as strong as the November 2008 one where leaders called on their Trade Ministers to "reach agreement this year on modalities that leads to a successful conclusion to the WTO's Doha Development Agenda with an ambitious and balanced outcome" and to stand ready to go to Geneva "to assist directly, as necessary" to achieve this objective.

The April 2, 2009 communiqué was vaguer and more open to interpretation. This time, G-20 leaders announced that they "remain committed to reaching an ambitious and balanced conclusion to the Doha Development Round, which is urgently needed" and build "on the progress already made, including with regard to modalities" which they said could bolster the global economy by at least \$150 billion annually. Trade observers believe that the only thing leaders have agreed to do was to postpone all decisions regarding a Doha timeline to a later date. "We will give renewed focus and political attention to this critical issue in the coming period and will use our continuing work and all international meetings that are relevant to drive progress," the communiqué said.

The lack of urgency to conclude the Doha Round, despite what was written in the communiqué, was reinforced in a statement published on the WTO website, which only highlighted the G-20 Summit's pledge to support trade finance. "Trade is contracting sharply, exacerbated by the lack of trade finance. The G-20 commitment to provide \$250 billion (USD) for trade finance shows the capacity of the international community to address urgent global needs by helping to restore trade as an engine of growth," the statement said without providing specific timeline for concluding modalities.

It has been reported that detailed discussion regarding the Doha Development Agenda will likely be discussed at the July 8–10, G-8 Summit, in La Maddalena, Italy. However, any decision with respect to the next ministerial meeting will need the green light from the U.S. and India.

As much as the DG wants to call a high level meeting this summer to hammer out modalities on agriculture, NAMA and services and conclude Doha as part of the global response to the economic downturn, he nevertheless recognized the U.S.'s request to be granted more time to review its position. In effect, the Obama administration has made it clear that it needed to evaluate what was on the table. The U.S. Trade Representative, Ron Kirk, went as far as to warn the DG not to call a ministerial meeting this upcoming July as it would be pointless. The message seems to have reached the WTO headquarters, as the organization spokesperson, Keith Rockwell, acknowledged that a ministerial meeting this July was unlikely, unless the conditions for progress are right. "We are waiting for the political process to catch up" Rockwell said during an event organized by the Global Business Dialogue in Washington last week.

Back to July 10, 2008 Texts?

Members of U.S. Congress and U.S. industry representatives have claimed that they would like to see improvements in the talks, especially in the area of market access, rejecting at the same time the December texts as the basis for further negotiations. Sources said the U.S. would like to return to the July 10th texts, where outgoing Agriculture Negotiations Chairman, Crawford Falconer suggested reducing the U.S.'s overall trade distorting support (OTDS) by 66-73%. The new U.S. Agriculture Secretary, Tom Vilsack told Lamy that it was "impossible" for him to say whether the \$14.5B cap in U.S. OTDS was an acceptable number. "\$14 billion could be a great number if the market access is x. it could be a horrible number if the market access is y," Vilsack said. It is clear, the U.S. believes that their July offer is succinct and predictable, contrary to what emerging and developing countries have agreed to provide in terms of market access.

Upcoming Events

- General Council, May 27-28, July 28-29, Oct. 13-14, Dec. 17-18, 2009
- Official Appointment of the WTO's DG, May 31, 2009
- India General Elections, May 2009 (at the latest)
- EU Elections, June 7, 2009
- OECD Ministerial Meeting, June 24-25, 2009 (Paris, France)
- G-8 Summit, July 8–10, 2009 (La Maddalena, Italy)
- APEC Meeting of Ministers Responsible for Trade, July 21-22, 2009 (Singapore)
- WTO Public Forum, Sept 28–30, 2009

Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Canadian Egg Marketing Agency, 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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