

Geneva Watch

An overview of the WTO negotiations on agriculture

Editorial: Desperate Trade Diplomats

As everyone expected, this year's OECD Forum was all about continuing to avoid protectionism and find solutions to conclude the 8 year old Doha Round as part of the global stimulus package, critical to bring the world economy back on its feet. The DG's plan was to bring Members to agree on the importance of re-igniting technical discussions in Geneva before the summer recess and to share the same "sense of urgency" that they are entering the "end game". If indeed, Members agreed on the first point, stark differences however still remain as to what will serve as the basis for future negotiations: whether Members agree to follow Lamy's "outcome testing" approach or take the 2008 texts as the basis for the talks. Developing countries, especially emerging ones, still refuse to enter into bilateral negotiations on market access. Moreover, some of them want the U.S. to clarify its position on what it is seeking and what will be the trade-offs—both issues many believe the USTR has yet to develop. One could go as far as to say that the U.S. is unlikely to do so before President Obama provides the overall direction of U.S. trade policy, something which is not expected tomorrow.

OECD Mini-Ministerial Meeting

At the July 23–25 OECD ministerial meeting, WTO Director General Pascal Lamy gave ministers a bleak outlook of world trade, predicting a drop of 10% in volume for trade in 2009 (the previous estimate was 9%) resulting in a 14% contraction in developed countries and 7% in developing countries. To counteract this, Lamy suggests working on four fronts: contain protectionist pressures; work on trade finance; support for aid for trade and lastly, obviously,

On that last point however, the DG claimed that he got the signal that all Members wanted to resume the negotiations at full speed and that the time has come to "operationalize these signals in Geneva through a multilateral negotiating process, coupled with bilateral discreet contacts among players." This, he added, "should prepare for a ministerial re-engagement some time after the summer break." With this statement Lamy confirmed what was widely anticipated, that he won't convene a mini-ministerial gathering dealing with the DDR in Geneva this July.

If not this July, then when? This is where things become a tiny bit complicated. In Paris, WTO Members seem to agree on two things:

1. to intensify the Geneva process by reconvening technical discussions with senior negotiators to narrow the differences on the remaining outstanding issues
2. that ministers use every possible opportunity in the coming weeks and months to engage politically and push the negotiations forward

Technical discussions to intensify in Geneva

Although Members agreed to recommence technical discussions in Geneva, two opposing views exist on how to do this. On one side the U.S. Trade Representative, Ron Kirk is of the view that continuing with what has been done for the past 3 years will yield the same failed results thus Members need to find new approaches to make substantial progress toward the conclusion of the round. For that, he suggests building on the "multilateral effort through direct, bilateral engagement with one another to move the final phase of negotiations as quickly as possible." This, in essence, means engaging in some bilateral or small group reverse engineering exercise as the U.S. believes that what is currently spelt out in the draft modalities texts in terms of market access gains is not commensurate with what they are ready to give up in their overall trade distorting domestic support (i.e. a commitment to lower their OTDS to \$14.5 B).

In total contrast, developing countries (and particularly, emerging ones: Brazil, India, South Africa, China), reiterated their wish to see the talks resuming with the objective to reach modalities based on the December 2008 texts and for that they are willing to intensify the dialogue with the view to finding specific solutions to resolve the outstanding problems. They insist that, in their view, it would be “unreasonable and unrealistic” to assume that “further unilateral concessions” from developing countries will be forthcoming especially in the context of the current economic crisis.

Another point of stark divergence with the U.S. is that developing countries want to resume talks within the context of a transparent and inclusive multilateral process. Individual commitments affect the interests of all Members. In other words emerging developing countries refuse to engage in a one-on-one bilateral/small group “outcome testing”, an idea pushed by the U.S. and which has the support of the DG and several export-oriented countries.

In effect, in an op-ed published in the Wall Street Journal, both EU Trade Commissioner Catherine Ashton and Australian minister for trade, Simon Crean, wrote that Members needed to “give an idea of what a final deal might look like” in order to re-ignite the Round. The ministers claimed that clarity from all Members is needed on what sector they will protect so that each “can objectively weigh up what is on offer”. The problem with this is that the emerging developing countries think this approach goes against the “self designation” agreement under which Members agreed that developing countries would only specify which products they intend to protect from the tariff cuts, once modalities are finalized. Brazilian Foreign Minister Celso Amorim even described this approach as “totally unfair” to developing countries. However, both Ashton and Crean warned that if Members are unable to explore now what an acceptable package for all—including NAMA sectorals—needs to look like, then “we will certainly fail”.

Increase political engagement needed

With respect to the political engagement, as Australian trade minister Simon Crean, put it at the press conference that followed the mini-ministerial meeting he hosted, all ministers (including the U.S., the EU, India, Brazil, Canada, Japan, Korea, South Africa and Switzerland) agree that some political impetus is needed to re-energize the round and even though significant headway had been made at the last ministerial meeting (i.e. agreeing on 80% of the modalities package last July), ministers acknowledged that a single ministerial would not bring Doha to an end. Thus, convening several mini-ministerial gatherings to advance the talks through informal discussions is seen as critical in order to give new direction to the negotiations and reach consensus.

The Cairns ministerial in Bali was seen as a first step in that direction. The OECD annual meeting; the G-8 + G5 (Brazil, India, South Africa, China and Mexico) summit on July 8–10, the July 21-22 APEC ministerial meeting and the tentative G-20 trade ministers meeting in Delhi will all have as an objective, the engagement of ministers so that they remain ready on a regular basis to report on the evolution of the talks.

Lamy concurred with Crean’s assessment, that in order to strike a deal, the process will require greater clarity on what is on the table that can be saleable to Members’ respective constituencies. To achieve that, Members have to shift gear and resume the technical discussion in Geneva before the summer recess so that the room can be cleared for ministers to engage more efficiently. The objective, he added, will be to report on the progress made at the G-20 Summit in Pittsburgh so that leaders can provide the green light for concluding the talks.

Upcoming Events

- Agriculture Room E/D meeting, July 3, 2009
- Agriculture Consultations (various formats) July, 2009
- Technical workshop on information for schedules, Exact date TBC
- G-8 Summit, July 8–10, 2009 (L'Aquila, Italy)
- NAMA Week, week of July 13, 2009
- Agriculture Open-Ended, TBC (toward end of July, 2009)
- APEC Meeting of Ministers Responsible for Trade, July 21-22, 2009 (Singapore)
- General Council, July 28-29, Oct. 13-14, Dec. 17-18, 2009
- G-20 Trade Ministers Meeting, September 2009 (TBC)
- G-20 Summit, September 24-25 (Pittsburgh, USA)
- WTO Public Forum, Sept 28–30, 2009
- WTO Ministerial Conference, November 30- December 2, 2009
- WTO Public Forum, Sept 28–30, 2009
- WTO Ministerial Conference, November 30- December 2, 2009

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.

For more information or comments, please visit: www.farmsandfoods.ca

Legal Deposit:
National Library of Canada
ISSN 1496-9254



Dairy Farmers
of Canada
Les Producteurs laitiers
du Canada



Chicken Farmers
of Canada
Les Producteurs de
poulet du Canada

EGG FARMERS
OF CANADA
Dedicated to Quality



LES PRODUCTEURS
D'ŒUFS DU CANADA
Dédiés à la qualité



TO FURTHER ENHANCE
OF-CHANGING
WTO-Agriculture-NEGOTIATIONS
APPROPRIATE

Canadian
Hatching Egg
Producers



Les Producteurs
d'œufs d'incubation
du Canada