

## Editorial: Time to Push the Reset Button?

Exchanging views on the Doha Development Agenda (DDA) during a panel discussion on global governance at the Davos World Economic Forum, Mexican President, Felipe Calderon, warned against Doha quickly becoming an “old joke”, a running gag to be used at every high level summit. As he rightly observed, leaders have claimed many times that they “support the conclusion of the Round this year” and yet, repeat the exact same sentence at each subsequent conference. With the latest International Monetary Fund (IMF) projections suggesting a better than expected economic outlook in 2010, and President Obama’s willingness to double U.S. exports over the next five years through trade initiatives, will Members be able to conclude the DDA this year as pledged by the G-20 Summit in Pittsburgh?

While Obama singled out “jobs” as his number one focus in 2010 and linked it to the need for the U.S. to engage in the DDA among other trade initiatives, observers meanwhile fear that the U.S. president’s goodwill to address pending free trade agreements (FTAs) and the DDA is first and foremost shaped to appease Republicans and lure some of them toward voting for health care reform. They highlight the fact that his plea was full of preconditions – that trade partners agree to “play by the rules” and increase new access for U.S. producers – which Ron Kirk has been chasing for months since being named U.S. Trade Representative. That being said, the rigidity of this analysis will be quickly demonstrated by how aggressively the pending FTAs negotiated under the Bush administration will be passed by the U.S. Congress; that and the confirmation of the remaining USTR nominees, Micheal Punke and Islam Siddiqui. A swift move to complete the U.S. trade team would already be seen as a good way to inject fresh momentum into the negotiations.

## Davos Mini-Ministerial

Key WTO countries<sup>1</sup> met on the sidelines of this year’s World Economic Forum in Davos to exchange views on where Members currently stand on the DDA and what is needed to bring the talks to completion. As expected, this year’s gathering was a low-key event as some significant ministers were not in attendance<sup>1</sup>. Among those noticeable ministerial absentees was the U.S., which many blame for the negotiations current pace, who instead sent David Shark, deputy U.S. Trade Representative in Geneva and he, according to Swiss Confederation President, Doris Leuthard, was not allowed to take the floor. “If we don’t have the participation at ministerial or even ambassador level from the United States, of course it doesn’t give us a positive signal,” claimed Egyptian Minister of Trade and Industry, Rachid Mohamed Rachid who “didn’t think very much came out of this meeting unfortunately.”

Indeed, prior to the Davos gathering, the Swiss delegation circulated a 10-page paper outlining remaining outstanding issues in each area of the negotiations that ministers needed to discuss in order to allow the chairs to produce revised draft modalities texts on time for the end of March stock-taking gathering. In agriculture for instance, the Swiss summary paper suggested that ministers tackle open issues such as cotton, the number and treatment of sensitive products (SeP), tariff capping for non sensitive lines, tariff simplification, TRQ creation, special safeguard (SSG), special safeguard mechanism (SSM), tropical products and preference erosion. However, the Swiss proposal received a cold reception as some Members thought these were deemed too technical for a half day ministerial discussion.

<sup>1</sup> Australia, Brazil, Burkina Faso, Canada, China, Costa Rica, Egypt, European Union, Gabon, India, Indonesia, Jamaica, Japan, Korea, Malaysia, Mauritius, Mexico, New Zealand, Norway, Pakistan, Peru, Singapore, South Africa, Switzerland, Thailand, Turkey, United States and Zambia.

<sup>2</sup> Among the 28 countries invited only 16 were represented at the ministerial level Australia, Brazil, Burkina Faso, China, Egypt, European Union, India, Indonesia, Jamaica, Japan, Korea, New Zealand, Pakistan, South Africa, Switzerland and Thailand

Without technical discussions taking place, ministers reiterated their “strong” engagement to “avoid large-scale protectionism” and see Doha coming to an end. “The opening-up of markets is the best countries can do to fight the crisis, to better stabilize their budgets and to contribute to the recovery of the global economy. This in turn will induce overall job creation. The conclusion of the Doha Round would be a strong common multilateral effort to that purpose,” ministers stressed in their statement.

However, it is how to get there that caught trade observers’ attention. “To me, the strongest message of this meeting is that political will is essential to make progress,” said the Swiss President, Leuthard who chaired the meeting. She added that Members remain committed to work on the basis of what is currently on the table and that they recognized “that the more time is elapsing the risks of back-tracking from the results on the table are increasing.”

In reality, not all Members feel the same pressure to quickly return to the negotiating table. The economic crisis highlighted by the continuous rise of unemployment rate has prevented many and most notably the U.S. from engaging in the talks since 2008.

The chances of the U.S. changing its approach in time to make the March stock-taking meeting an important event leading to the conclusion of the round in 2010 are pretty slim. The U.S. has yet to endorse the December 2008 draft modalities texts as the basis for further negotiations and has asked emerging developing countries to do more in terms of market access to balance what it has put on the table particularly in the areas of domestic support, i.e. cut their overall trade distorting domestic support to \$14.5 billion.

Given these roadblocks, Brazil’s Foreign Minister Celso Amorim suggested that the WTO mimic the Copenhagen climate change accord by directly involving Members’ head of state to help secure a partial Doha deal on a limited list of key issues in order to avoid a complete breakdown. “We did have a basic accord [on climate change] among a large number of countries because there was political courage and because the leaders involved themselves directly,” the Brazilian diplomat said.

As appealing this idea may be, it would still require senior officials to reduce the remaining technical issues to a manageable few that could then be handed to leaders, reminded WTO’s Director General, Pascal Lamy. At the moment, Ministers can only take U.S. President’s word as a sign of encouragement when, in his State of the Union address on January 27, he pledged to double U.S. exports over the next five years through trade initiatives including the DDA.

## **Agriculture Negotiations**

Agriculture Negotiations Chairman, David Walker, finally announced how he intends to proceed in the next few weeks. In his fax the chair said he will hold several sessions with the full membership along with consultations with smaller groups during the fortnight. However, Walker failed to mention which topics will be prioritized in the small group discussions, although it is understood that he will follow the plan outlined in his December fax to Members where he identified SSM, tariff simplification and the creation of tariff quotas as the topics that would be tackled during the first fortnight. On January 28<sup>th</sup>, the G-33 tabled a 14-page proposal concerning the special safeguard mechanism which is expected to be discussed by Members on February 5.

## **NAMA**

Chairman Luzius Wasescha also circulated his schedule for the week of February 1–5 where discussions will focus exclusively on Non-Tariff Barriers (NTBs), with proposals related to the auto and electronics industries.

## Upcoming Events

- Agriculture Consultation, February 1-12, March 1-12, 2010
- and NAMA consultations, February 1-5, 2010, March 15-19, 2010
- Senior Officials Meeting (SOM), February 15-19, 2010 March 22-26, 2010
- Regular Agriculture Committee, March 11-2, June 10-11, September 16-17, November 18-19, 2010
- Stock-Taking Meeting, Last week of March, 2010
- G-20 Summit, June 2010

**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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