

Editorial: Still Not Clear

Not much was expected from the group of 19 (plus South Korea) meetings of May 19-20 as the goal of the two-day gathering was never to produce a breakthrough in the Doha negotiations this week. However, one would have hoped that the gathering of senior officials would have at least clarified, a little, where we stand with the talks and potential avenues to help move things forward. This was hardly the case. However, thanks in part to Argentina, China and India who tabled a paper listing areas in the draft modalities that require clarification, this week's consultations shed light on what many already knew: that there are more than the ten "bracketed or otherwise annotated issues" that remain to be resolved or further discussed at the technical level.

G-19 Meetings

The EU and India hosted the G-19 (Argentina, Australia, Barbados, Burkina Faso, Brazil, Canada, China, Egypt, EU, India, Indonesia, Japan, Mauritius, Mexico, South Africa, Switzerland, U.S., Zambia) meetings of May 19-20 with a focus on process and what political implications will be needed to push the Doha Development Agenda (DDA) forward. The group also invited South Korea to join the discussion as Seoul is set to host the G-20 second summit in November.

One thing most Members took out of the meetings, other than the round table discussion where each representative repeated its trade position, was that the U.S. was asked to soften its ambition on market access. According to delegates, the frank exchange between senior officials recognized that a deal on Doha this year was unlikely and for Members to reach an agreement on modalities, the U.S. will have to prove that it is ready to engage seriously in the talks.

So far China, Brazil and India have claimed that the U.S. demands on market access, for the most part in industrial products (chemical, machinery and electronic goods), have been unrealistic.

Sources said the U.S. has circulated around a list of 1,000 tariff lines on which they will seek increased market access in China. According to one Indian official, that number was around 2,000 and Brazil once conducted an analysis which results showed that U.S.'s demands on sectorals will cost Brazil hundreds of million of dollars in annual economic losses.

Countries are looking for the U.S. to table credible demands, and more importantly, to outline clearly what it is ready to provide in exchange for the market access it requests. On this, some are looking for the U.S. to further lower its OTDS (overall trade distorting subsidies) to the low teens (around \$12 B). Others, like India, are asking for a commensurate market access increase in other areas of the DDA, like Services for instance.

It is expected that the discussion that began in Geneva will be carried over to Paris where several Ministers are expected to meet on the sidelines of the OECD annual Forum on May 27th.

Agriculture Consultations

With the G-19 monopolizing the negotiating scene in Geneva this week, the chairman of the agriculture negotiating, David Walker, meanwhile held open-ended discussions on templates, along with small group consultations on substance, particularly on the issue of the special safeguard mechanism (SSM) for developing countries.

The EU Road-Map

The templates discussion was dominated by a presentation made by the EU on a “road-map” describing what could be needed to build up Members’ market access commitment which featured a complex chart tracing final commitments back to various levels of supporting data and calculations based on the current draft modalities.

The presentation was made in the effort to simplify the exercise described by many – especially developing Members – as complicated. The EU draft chart is said to describe comprehensively the tables and templates that have to be created, which Members found useful because it would be of great help visualising various suggestions (a draft table, supporting data or calculation) when members discuss a particular question.

However, some members, such as the G-20 group of developing countries, argued that a few templates will have to wait until outstanding issues in the modalities have been settled. Nevertheless, sources reported that virtually all speakers praised the EU initiative which is now expected to be duplicated by Australia for the other two pillars of the negotiations i.e. domestic support and export competition.

Modalities Issues

The modalities discussion focused mainly on SSM and targeted mainly G-33’s analyses on provisions for small and vulnerable economies, and on “pro-rating”.¹

Walker told Members that he noted that delegations showed they shared the objective of designing the safeguard so that it is predictable and allows developing countries to deal with problematic import surges, while at the same time not impeding imports when they rise because of increased demand.

Meanwhile, Australia and Canada circulated an Analysis of the volume-based SSM in response to papers tabled by the G-33 recently. The results of the analysis indicate that for specific products and markets, the SSM could trigger every year resulting in significant trade losses. As currently defined, “between 19%-74% of total agricultural imports (in value terms) could be subject to an SSM on an annual basis,” the paper found, adding that the mechanism could potentially trigger at least once on 85%-90% of total agriculture tariff lines over a relatively short time horizon (5-10 years).

According to sources, the paper was not so well received by G-33 Members who requested some time to analyze it. The group will have the opportunity to respond at the chair’s next consultations of the full membership scheduled for the week of July 5th. In the meantime, Walker encouraged Members to continue consulting each other “intensively”.

¹ This is a proposal to adapt the calculation for triggering the SSM safeguard so that it takes into account the effect of an SSM in an earlier period. Imports in an earlier period when a safeguard was being used might be lower than the general trend. Therefore the earlier safeguard might exaggerate an import surge in a subsequent year, triggering the use of the safeguard again.

Upcoming Events

- 2010 OECD Forum May 26-27, 2010, Paris (France)
- APEC Trade Ministers Meeting, June 5-6, 2010, Sapporo, (Japan)
- OECD Global Forum on Trade, June 8-9, 2010, Paris (France)
- Regular Agriculture Committee, June 10-11, September 16-17, November 18-19, 2010
- G-20 Summit, June 26-27, 2010, Toronto (Canada)
- Agriculture Consultations, July 5, 2010
- General Council, July 29-30, Oct. 6-7, Dec.14-15, 2010
- WTO Public Forum, September 15-17, 2010
- G-20 Summit, November 11-12, 2010 Seoul, (South Korea)
- OECD Global Forum on Agriculture, November 29-30, 2010, Paris (France)