

Editorial: Cheap Stimulus Package Up for Grabs

In Paris this week, WTO Director General Pascal Lamy stressed that the problem was not so much about what the world economy can do for trade – when examining what the G-20 can do to put the negotiations back on track – but rather “what trade can do for the world economy.” Mr Lamy and all pro-Doha Members (such as Australia) believe that, contrary to last year when the global economy was in deep crisis, concluding the negotiations can play a significant part in the global economy recovery as a “cheap stimulus package” that is unlikely to impact countries budget. With several European countries undertaking big budget deficit-cutting efforts following the Greek meltdown, pro-trade observers believe Doha gains could help countries rapidly regain a decent level of growth and employment. That is what Lamy is trying to sell to G-20 leaders. Up until now the DDA was said to be off the Toronto radar screens, given the slow progress achieved thus far. Now, rumours have it that G-20 leaders will likely discuss the issue over a working lunch at their Toronto meeting. Nevertheless, whether or not the rumour appears to be true it is unlikely to radically alter the pace of negotiations in 2010.

OECD Mini-Ministerial

“We remain committed to an early, ambitious, balanced, and comprehensive conclusion of the Doha Round that opens markets, generates economic growth and builds on the progress already made. We support multilateral, plurilateral, and bilateral efforts to bring the negotiations to a successful conclusion.”

Such was the declaration out of this year’s OECD (Organisation for Economic Co-operation and Development) gathering following the two-day ministerial meeting held in Paris on May 26-27, 2010. In other words: “No news!”

Indeed, nothing new came out of the traditional meeting of trade officials hosted by Australia on the sidelines of the OECD Forum. Out of the 20 Members¹ invited (with the EU counting as one) only 9 were represented at a ministerial level.

To borrow the expression used by the Australian Trade Minister, Simon Crean, following the mini-ministerial gathering, negotiators held a “very constructive” and “frank discussion” on how to advance the talks. They recognized the difficulty with completing the Round by the end of this year and are now focusing on next year as the new “window of opportunity” to close the negotiations.

As Crean put it, Doha needs the strong backing of the G-20 leaders to enable it to achieve its goal. “Clearly, we’re not at this point (...) because too much is still unresolved,” the Australian Minister acknowledged, but added that negotiators agreed to keep on trying. “How do you bridge the differences?” Crean asked, “You keep persisting to resolve those fundamental differences. The fact that there was an agreement to do that today is a significant statement of intent,” he said.

Therefore, trade officials agreed to continue with horizontal discussions that would involve not only agriculture and NAMA but also other areas of the negotiations such as services and fisheries subsidies.

Lamy also recognized the need to engage in some sort of “quiet diplomacy” in the forms of bilateral and small group consultations to test “possible landing zones,” and acknowledged that the talks which have not been moving much recently are now in “an impasse.”

¹ Argentina, Australia, Brazil, Canada, Chile, China, the EU, Hong Kong, Iceland, India, Indonesia, Israel, Japan, Korea, Mexico, New-Zealand, Norway, South Africa, Switzerland, Turkey and the U.S.

Many of these quiet diplomacy meetings would likely take place between the U.S. and emerging developing countries (Brazil, India and China). U.S. Trade Representative, Ron Kirk, who also attended the Paris gathering, repeated the U.S. belief that these three emerging countries have to “assume a role and responsibility commensurate with the benefits they have realized under global liberalization.” For the U.S., this means that Brazil, China and India will have to provide more in terms of market access primarily in the NAMA sectorals in order to achieve a deal on Doha.

“We can talk around it, but that is the only way [an agreement] is going to happen,” Kirk said brushing aside the notion that the U.S. will have to present something in exchange for developing countries commitment to enter the sectoral discussion.

The USTR claimed that the U.S. has already paid “a pretty heavy price to produce what are the results in agriculture” without having been given much in return, whether in services or NAMA.

“I will tell you unequivocally that we reject the notion that we now have to make another advance payment to have negotiations that we contemplated from the very beginning,” the USTR said.

Lamy had previously said that the U.S. would have to be prepared to present something in exchange for their additional demands in the negotiations.

Clearly both sides (U.S. and emerging countries) will need to be flexible to allow a deal to emerge. However, no one envisions any serious give-and-take negotiations taking place before mid-November.

Upcoming Events

- 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)

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