

Editorial: Fragile New Dynamic

It is with a sense of a renewed momentum that negotiators this past week closed the WTO last General Council meeting before the traditional August break. This new energy is said to be derived from the recent G-5 (Brazil, China, EU, India, and U.S.) activities which saw each member take the lead in conducting small group discussions on the remaining outstanding issues. Optimistic trade observers anticipate that this new process will generate progress by the time G-20 leaders gather in Seoul mid-November. However, if past is prologue, there are slim chances that the talks start to really heat up again before the first quarter of 2011.

General Council

On July 27, WTO Members gathered in an informal trade negotiations committee (TNC) meeting convened by Director General, Pascal Lamy, to discuss progress recorded so far in the negotiations and how Lamy plans to structure the way forward with the talks. Lamy reported on his activities of the past few months, including his participation at the Toronto G-20 meeting where his message to leaders was that a deal on global trade will “create jobs without greater strains on national budgets” and that wrapping up the Doha Development Agenda (DDA) “has to be an integral part of the G20 co-ordinated strategy to move forward.”

However, to do so, Lamy recognizes that some prerequisite demands which have prevented the talks to progress thus far will first have to be addressed. That is the case of the United States which requested additional market access from emerging economies such as Brazil, China, India and South Africa in the non-agricultural market access (NAMA) discussion.

The U.S. asked emerging economies to live up to the level of importance they have gained on the global economic scene and agree to participate in the sectoral discussions (machinery, electronic goods etc.), but the four emerging economies have so far declined, arguing that their participation should remain voluntary as per the 2005 Hong Kong Declaration.

“I believe it is healthy to note the reality that faces us — namely that gaps remain on the right level of ambition and on the right balance in the contributions by Members,” Lamy told the full Membership. But it is actually what is understood by “ambition” that created problems according to departing Indian WTO ambassador, Ujal Singh Bathia. Ambition, he said, is at the heart of the current impasse because of the “schizophrenia” observed around the issue. Bathia suggested the U.S. to clearly outline what it really wants and what emerging economies could do to meet that demand. Improvement in market access, he said, can come through setting strong rules in services or trade facilitation, the Indian trade envoy said, suggesting that Members need to look beyond the simple notion of tariff cuts.

Both Brazil and the EU agreed with Bathia’s comments, with the EU urging Members to build on the momentum of the past weeks which also means looking for progress in areas outside agriculture and NAMA, such as antidumping, TRIPS, Services etc in order to have all the cards ready for the horizontal negotiations.

New Dynamic

Director General Pascal Lamy meanwhile applauded Members newfound dynamic. After the “cocktail” approach was approved at the end of the March stock-taking meeting, “we are beginning to see signs of a new dynamic emerging” from discussions among Members over different topics in different configurations, Lamy said in apparent reference to the G-5’s commitment to each take on the responsibility to lead small group discussions on various Doha topics.

Note to Readers

This is the last edition of Geneva Watch before the summer break and it will resume in early September

Lamy called on negotiators to “build on the new dynamic by expanding the small groups’ discussion to all areas,” but remained realistic about the fragile aspect of this new momentum. “Clearly, it is too early to say whether this new dynamic is firmly rooted and can expand to all issues under the negotiating agenda which still lag behind in terms of maturity,” Lamy told Members, acknowledging that it may be too early, as underlined by Brazil, to see how Members can engage on horizontal trade-offs across different areas. Nevertheless, Lamy believes that if this process lives up to its promising beginnings then Members will have to be prepared, when the time is right, to start testing “what if?” scenarios.

The strategy going forward remains the same, i.e. Members will be given space and time to narrow their differences on the remaining outstanding issues through the cocktail approach with the hope that progress can be recorded around mid-October at which time Lamy plans to “evaluate” the progress achieved in order to prepare for leaders’ discussion at the G-20 second summit in Seoul on November 11-12.

This means that Members will need to intensify the pace during this autumn by going “deeper and wider” into their discussions whether on agriculture or NAMA, he warned.

The Fall Agenda

Agriculture Negotiations Chairman, David Walker sent a fax to delegates to invite them to an informal open-ended meeting the week of September 27. The purpose of this meeting he said is to continue work on templates, picking up from the discussion of July. The meeting will also provide an opportunity to continue discussion on data issues. And, as per usual, the chair also plans to carry on his consultations on issues bracketed or otherwise annotated in the draft modalities text but will be advising delegations to this effect in due course. In addition, he will undertake several “confessionals” on possible technical ambiguities contained in the draft modalities.

Upcoming Events

- WTO Public Forum, September 15-17, 2010
- Regular Agriculture Committee, September 16-17, November 18-19, 2010
- NAMA Week, September 20, 2010
- Agriculture Consultations, Week of September 27, 2010
- General Council, October 6-7, December 14-15, 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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