

# Geneva Watch

*An overview of the WTO negotiations on agriculture*

## **Editorial: Full Steam Ahead (But Where?)**

It was believed that following the poor results recorded after three weeks of negotiations in January, Members would consider changing their objective, albeit slightly, to one that would provide them with more time to progress in their small group discussions in order to narrow divergences, critical for tabling revised draft modalities texts.

In Davos, however, Ministers decided to stay the course and aim for revised drafts to be tabled by April before planning a gathering in July to hammer out modalities. As one official succinctly put it, there is no other available alternative if Members are serious about concluding the Doha Development Agenda (DDA) by the end of 2011.

The “good news” is that China appears to be willing to engage in sectorals, but this is a rehashing of the same pledge they made back in December 2010, which has not yet become reality. However, if the Chinese manage to sort out their differences with the U.S., it will likely put pressure on the other emerging economies, i.e. Brazil and India, to follow their footsteps. Brazil has made it clear that they cannot make a move in sectorals due to the appreciation of their currency which has significantly reduced their margin to manoeuvre. Will they crack under the pressure? And if they do, would their subsequent offer be judged sufficient to satisfy the U.S.? And what would they be offered in return since the official Davos ministerial statement calls for “those who ask for more,” to “also pay more”? All those questions remain open.

So, what’s the message to take away from this mini-ministerial? Essentially the same we’ve had since the beginning of 2011, that the negotiations will continue to intensify throughout the year with hope for resolution come December. But if they fail to do so again, this time it would seriously put the whole Doha Round in jeopardy.

## **Green Room**

WTO Director General, Pascal Lamy, held a Green Room with key ambassadors on January 27<sup>th</sup>, with a view to preparing for the Davos mini-ministerial gathering hosted by the Swiss on January 29<sup>th</sup> on the sidelines of the World Economic Forum. After having been debriefed on the rather poor progress achieved by negotiators since the beginning of the year, officials said that Lamy had decided to confront ministers in Davos by telling them to step up their efforts to narrow the remaining differences in order to stand a chance of concluding the DDA this year.

While there seems to be an “honest” re-engagement in the negotiating process, the January 24-25 senior officials meeting (SOM) did not result in any concrete proposals. What senior officials did in two days of meetings was mostly repeating their well known positions on various areas of the negotiations like Agriculture, non agricultural market access (NAMA) and Services. There was, however, a genuine attempt to find a solution on the level of ambition susceptible to satisfy disgruntled Members, especially the United States who have requested that emerging economies do more in the area of market access. Developing countries for their part restated that any demands in NAMA should also be reciprocated in other areas such as Agriculture.

The poor results recorded so far have made the upcoming weeks critical for the negotiations. As such, trade ministers present in Davos will be called upon to direct their senior officials to quickly reconvene in Geneva to push the talks forward. However, officials said the next SOM meeting is unlikely to take place before mid-February (week of February 14<sup>th</sup>) due to the Chinese New Year celebration.

Some Members are concerned about “the clock running out,” one delegate said after the Green Room meeting. U.S. Ambassador to the WTO, Michael Punke, meanwhile, wanted to look at the bright side of things, citing the “hopeful signs” China has demonstrated during President Hu Jintao’s discussion on Doha with U.S. President, Barack Obama.

Punke was making reference to a statement released by the two countries after Chinese leader’s visit to Washington earlier this month, where the two sides essentially agree to “intensify and expand” the engagement between their respective representatives in order to complete the end game.

“The two leaders emphasized their strong commitment to direct their negotiators to engage in across-the-board negotiations to promptly bring the WTO Doha Development Round to a successful ambitious, comprehensive, and balanced conclusion, consistent with the mandate of the Doha Development Round and built on the progress already achieved,” the U.S.-China statement said, borrowing similar wording written in the latest G-20 declaration issued in Seoul in November 2010.

That said, like everyone else, Ambassador Punke was also worried that the negotiators might run out of time. “We have no day to spare,” he said, “we hope very much that the process of negotiating our way through the roadblocks will be something that happens soon.”

## **Davos Ministerial Meeting**

That was the message Lamy and key ambassadors agreed to take to the traditional end-of-January Davos mini-ministerial meeting hosted by the Swiss minister of Economy, Johann Schneider-Ammann.

About 23 WTO key countries<sup>1</sup> were invited to the January 29<sup>th</sup> lunch gathering to discuss the way forward with the DDA. And, even though little progress has been reported since the beginning of the year, Ministers nevertheless decided to pursue the same objective Lamy outlined last December i.e. that revised draft modalities texts in all areas of the negotiations be released by April, before Ministers get involved in July to conclude modalities and leave the remainder of 2011 to complete the Round (i.e. finalization of legal texts and scheduling).

In order to meet these objectives, Ministers instructed their negotiators to accelerate their talks through bilateral and plurilateral consultations. “[W]e will empower our negotiators to engage in give and take and to come up with creative solutions,” they said in a statement, calling on those who are asking for additional ambition in market access, to “pay more” in return, an apparent reference to the U.S. who has insisted that emerging economies such as Brazil, China and India increase their market access offer particularly in the NAMA sectorals.

The U.S. has indicated that the current package, if not improved, would be a difficult sell to their congress particularly if it is viewed as imbalanced toward China with whom the country is embroiled in several economic battles. However, Ministers in Davos claimed that they are all facing domestic hurdles “be it regarding specific sectors, institutional processes, elections, public opinion, (...) the Round is a hard sell,” they said since countries have to balance the “short term costs” with “the medium and longer term benefits.”

U.S. Trade Representative Ron Kirk, nevertheless, acknowledged the negotiations’ new dynamic and spoke about the sense of urgency Members are now facing. “Whether it’s a fear that our window of opportunity is closing, or a sense that we have the right political dynamics, there was a fairly strong sense among the trade ministers that it’s time to take the shackles off our senior officials and say, we not only need to get to work, but we need to get to work immediately,” the U.S. trade official said.

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<sup>1</sup> Australia, Brazil, Canada, China, Costa Rica, the European Union, Hong Kong China, India, Indonesia, Jamaica, Japan, Kenya, Korea, Malaysia, Mexico, New Zealand, Norway, Peru, South Africa, Switzerland, Thailand, Turkey, U.S. along with the WTO Director-General and General Council Chairman.

## Gearing up for another ministerial meeting in July

Prior to the Swiss lunch gathering, the EU Trade Commissioner Karel De Gucht hosted a G-7 (Australia, Brazil, China, the EU, India, Japan and the U.S.) ministerial meeting on January 28<sup>th</sup>.

There, the seven key ministers directed their respective negotiators to narrow the remaining technical differences so ministers can come to Geneva to finalize modalities in July.

“This is a very clear engagement that the end-game of the Doha round has now started and that everyone is going to do his utmost to reach an agreement,” De Gucht said after the meeting echoing the remarks made earlier that day by British Prime Minister, David Cameron, during a panel that also involved Pascal Lamy.

Cameron called every world leader to join him in concluding the DDA this year. “We've got one last chance to get this right,” he said. “2011 is the make or break year.”

Kirk couldn't agree more. “There is a sense of urgency around the reality that, if we really are going to conclude the round this year, that we've got a window of opportunity over the next several months at the most,” Kirk said.

“We're really going to have to get busy, move beyond the comfortable positions and really engage in tough give and take.”

## Upcoming Events

- NAMA Negotiating Group January 31- February 11, 2011
- Informal Trade Negotiations Committee, February 2, 2011
- Agriculture Negotiating Group Meeting, February 7-18 , 2011
- Senior Officials Meeting week of February 14, 2011
- Regular Agriculture Committee, March 31, 2011; June, September and November 2011
- Revised Draft Modalities Texts, End of March 2011
- G-20 Summit on Agriculture, June 22-23 2011 Paris (France)
- Potential DDA Mini-Ministerial Meeting (Modalities), July 2011 (TBC)
- WTO Ministerial Conference (MC8), December 15-17, 2011

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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