

Geneva Watch

An overview of the WTO negotiations on agriculture

Editorial: Time to Press the Panic Button?

The agriculture consultations failed to produce the kind of spark its chairman, David Walker, was hoping to see from key Members to help him produce a revised draft text by April. It looks as if Members in Room E this week were staring at each other waiting for the other side to blink first, officials said. The only new proposal put forward by Mexico to help speed up the Round did not gain enough support to fuel the negotiations.

Back in December, officials claimed that January would be an absolute critical month for the Round, one that would decide whether the so-called April-July-December targets are achievable. Yet, slowly, the goalpost has been pushed from the “extremely critical January 7th start”, to the January 24-25 G-11 senior officials meeting, the Davos mini-ministerial, and finally to the February 7-18 agriculture fortnight. Week one of the latter has passed without anything bankable for the chairs. As we are entering week two, Members are looking to G-11 senior officials to produce the kind of material that would finally unlock the current impasse.

Agriculture Fortnight

The open-ended meeting of the full membership convened on February 7 by agriculture negotiations chairman, David Walker to kick-off the fortnight lasted only about five minutes. The brief meeting with no substance was a prelude to what was about to happen during the first week of this latest agriculture consultation.

The chair convened three Room E meetings involving some 38 delegations to go through all three pillars of the agriculture talks (domestic support, market access and export competition). He said this time he wanted to focus the discussions on modalities issues, the so called “bracketed or otherwise annotated” issues as well as working papers pertaining to Japan’s and Canada’s respective demands for additional 2% tariff lines in the sensitive products category that were annexed to the draft 2008 texts.

Over the past months, these topics have been confined to discussions Walker has held with smaller groups of delegates outside the WTO with little or no progress to be reported, while the full membership has focused its work on the more technical exercise of drafting templates and compiling the data needed for Members to prepare their new commitments.

That being said, discussions in Room E didn’t go as planned as Members stayed entrenched in their respective corners, reiterating their well-known positions on the three pillars. No one was willing to make a move which could have provided the spark needed for the discussion to move forward. Delegations instead seem to be waiting for next week’s G-11 (Argentina, Australia, Brazil, Canada, China, the EU, India, Japan, Mauritius, South-Africa and the U.S.) senior officials’ gathering to get things started. And it is in that perspective that officials said Brazil is currently developing a new basket-approach proposal in agriculture to be tested among the 11 key countries the week of February 14th.

In the meantime, India and Norway are convening smaller meetings alongside the chair’s consultations. India, which has been working with Argentina and China on issues in the draft modalities texts that need additional clarification, planned to hold discussion with delegates on these questions. In the same vein, Norway which is coordinating work on value of production data, announced similar meetings on how to use data to cap product-specific domestic support.

Mexican Horizontal Approach Proposal

One proposal that failed to impress delegations was the one tabled by Mexico, first at the January mini-ministerial meeting in Davos through their Secretary of the Economy, Bruno Ferrari, and again by its ambassador during the February 2nd informal Trade Negotiations Committee.

The proposal calls for a horizontal solution to solve the remaining market access issues in the areas of agriculture, NAMA, services and environmental goods. It calls for developing countries to limit their participation in sectorals to a maximum of two product groupings that would be self designated. Certain of these lines would be subjected to zero cuts while the rest would apply the Swiss Formula.

In these two categories, developed countries would have to do more (more lines to zero and steeper Swiss formula cut). A third basket of products would regroup developing countries' tariff lines that would be exempted from any cuts.

In addition, developed countries would be required to "bind their applied tariffs wherever they are below the rate resulting from the application of the formula," have no additional flexibilities in the sensitive category and bring their overall trade distorting domestic support (OTDS) to a level between the required cut and their current applied level.

Sources said the Mexican proposal received mixed reviews from delegations with some developing countries finding it interesting to explore. However, it is safe to say that the proposal lacks balance which makes it a non-starter for the U.S.

"We appreciate the active engagement, but our analysis of Mexico's approach is that it will not address the central issue of ambition (...) The issue of ambition cannot be resolved through blanket prescriptions, or over-arching formulaic solutions," One U.S. official said.

"There is simply no substitute for WTO Members sitting across the table and negotiating with one another," the official added.

NAMA

After a week of intensive consultations, NAMA chairman, Swiss ambassador, Luzius Wasescha, said "things are starting to shape up. Construction [of the final package] is underway but the building is not yet constructed". Yet, little progress has been reported after the past week of discussions. This was the first time, officials said, where the group considered tariff issues but not the crucial matter of sectors which was left for a later stage in the consultations.

In a meantime, much like in agriculture, countries reiterated their position in the Room D discussions. Argentina, South Africa and Venezuela restated their opposition to "the formula and flexibilities" in the draft 2008 texts claiming that paragraph 24 of the Hong Kong Declaration – calling for balance between Agriculture and NAMA – was still not respected.

On sectorals, Wasescha said the issue was not yet ready to be brought to the multilateral level, giving space and time for the bilateral discussions between the U.S. and emerging developing countries to mature first.

There is "ample time" to get results by Easter, a confident Wasescha said before adding "if people are willing to get them." The chair plans to pursue his consultations in mid-March.

Upcoming Events

- Agriculture Negotiating Group Meeting, February 14-18 , 2011
- Senior Officials Meeting week of February 14, 2011
- NAMA Week, mid March, 2011
- Regular Agriculture Committee, March 31, 2011; June, September and November 2011
- Revised Draft Modalities Texts, April 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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Legal Deposit: National Library of Canada, ISSN 1496-9254

