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SPECIAL REPORT: GENEVA MINI-MINISTERIAL ON WTO
UPDATE No 1 (21.07.2008)

'NOW OR NEVER' FOR REAL THIS TIME?

Live video/webcasting of the Ministerial (for live press conference)

Since 21 July 2008 Trade Ministers are meeting in Geneva in an attempt to strike breakthrough deals on liberalising agriculture and manufacturing trade that would make it possible to conclude the Doha Round negotiations in the foreseeable future. Trade ministers from some thirty nations are gathering this week at WTO headquarters in Geneva. The Doha Round was launched in 2001, and seven years of work have produced the possibility of a final deal that - if all WTO members contribute in proportionate measure - would go further in creating new trade than any past global trade agreement. There will be background information and regular updates on progress at the Geneva Ministerial. UECBV is represented in Geneva to defend the interests of the European livestock and Meat trade and industry.

What will happen...

The 'mini-ministerial' kicked off on 21 July with a session of the Trade Negotiations Committee (TNC), the WTO body that oversees the Doha Round negotiations. The TNC, which is open to representatives from all WTO delegations, will meet at regular intervals throughout the week, with the final session tentatively scheduled for 26 July. But the real search for compromise is set to occur in a grueling series of ‘green room’ meetings convened by Lamy, to which he will invite officials from some 30 odd countries representing a cross-section of negotiating interests. The composition of this group will vary based on the issue under consideration. Despite its influence, the ‘green room’ is technically just a consultative forum: any compromise they reach would have to be brought before the entire TNC.
Prospects of success

Overall, the prospects for success of this round are far from assured. Substantial differences persist on cuts to farm subsidies and industrial tariffs, as well as on the expansion of agricultural market access in developed and developing countries. Countries prominent in services trade want "signals" that their objectives will be met. Also in need of resolution: brewing disagreements over banana trade, location-based food names, and biodiversity-related patent rules. Some of the WTO's smallest Members are anxious about the erosion of trade preferences they currently enjoy. However, the 'make or break' character of this Ministerial is also well known. US elections will handcuff trade policymaking in autumn, in 2009, Indians will go to the polls amidst rising food and fuel prices, and the European Commission will be replaced. No deal might also damage the WTO itself: "The institution will be totally discredited if nothing happens" this week, said one Geneva-based trade diplomat, suggesting that countries would look for alternatives to the WTO. Special efforts might therefore be made to bring this round to a successful conclusion.

The European Trade Position

Speaking at a Press Conference in Brussels, Commissioner Mandelson and EU Agriculture Commissioner Mariann Fischer Boel said that they would travel to WTO Doha Round negotiations in Geneva next week knowing that the EU has done "all that it realistically can to secure a deal". Calling on all negotiators to work for a "balanced and ambitious" outcome Mandelson said "Europe can't and won't accept a deal that we cannot defend at home - be it to our farmers, our industry, our consumers, or here in this press room". Commissioner Mandelson said that while negotiators in Geneva would rightly be focussing on the detail of negotiations in agriculture, industrial goods and services, Commissioner Mandelson urged them to see the deal they hope to strike in Geneva next week as laying the foundations for trade and prosperity over the next decade. He said: "The growth of the global economy is not something that happens of its own accord, without political choices. The openness that has powered the global economy for the last decade is the result of trade deals made fifteen years ago. We have cashed in those political choices. The growth and further market opening of a decade from now will hang on the choices we make now". See Annex below.

On Monday 21st July, P. Mandelson indicated that EU was ready to cut the import duty for agricultural products by 60% (average) instead of 54% (and instead of 42% in October 2005). But it is mainly a window dressing. No substantial change.

The search for 'modalities'

The framework agreements on agriculture and non-agricultural market access (NAMA) that ministers are aiming to reach this week would include formulae and figures that will determine countries' future subsidy and tariff levels. These 'modalities' are a prerequisite for countries to draw up the tariff and subsidy schedules that would become their post-Doha WTO obligations.

Ag vs. NAMA, Bound vs. Applied

The negotiations have long been marked by a sort of circular blame game, with each major player saying the onus was on others to make new concessions first. Inside the EU, there are accusations, led by France and Ireland, of the Commission having yielded too much on agriculture without receiving comparable concessions in return. Consequently, the EU (with the US) thinks that India, Brazil, and some other developing countries are not doing enough to cut their industrial tariff ceilings. India, Brazil, and the rest of the G-20 group of developing nations think that the US needs to further lower its cap on trade-distorting farm payments, and that the EU should expand agricultural market access. Starkly different views among
Members on what constitutes a fair 'exchange rate' between concessions on agriculture and NAMA, especially since 'bound' theoretical maximum subsidy and tariff levels are the WTO's negotiating currency, remain.

Flexibilities at issue in Agriculture

Ministers are seeking to agree on the high-profile 'headline' numbers that will go into the agriculture tariff reduction formulae. As contentious will be the parameters governing the 'flexibilities' to shelter some products. Key aspects of the agricultural tariff reduction formula remain to be finalised, such as the depth of cuts to the highest tariffs. But with many lucrative exports in major markets - say, beef to the EU - likely to be designated for gentler tariff cuts as 'sensitive', the likely expansion in import quotas for such products remains significant. Despite progress on calculating domestic consumption (the basis for calculating tariff rate quota expansion), the number of such products remains undetermined, and subject to disagreement from exporters.

Other issues might also “make or beak” the deal

Other issues that remain complicated are the number of 'special products' eligible for complete or partial exemption from tariff cuts for food and livelihood security and rural development concerns and the proposed 'special safeguard mechanism' (SSM), which would allow developing countries to raise tariffs beyond bound ceiling levels in order to combat import surges. In the NAMA talks, the draft text's 'coefficients' for countries' future tariff levels are debated and deep divisions over the coefficients and the flexibilities, as well as 'anti-concentration' remains. Older than the WTO itself, disagreements over banana trade have also reared their head in the run-up to the mini-ministerial. Th EU has maintained a complicated banana import regime involving quotas and tariffs in which has been repeatedly ruled to violate WTO rules. Parma ham and patent rules for drugs based on traditional medicines are issues related to intellectual property protections and the extension of geographical indicators (GI) that are also to be discussed. The EU and Switzerland have suggested that increased price premiums for GI-protected products could help compensate their farmers for subsidy and tariff cuts resulting from the Doha Round.

Taking exception to exceptions

Since even a single unhappy country can block the consensus that WTO rules require for an agreement, the draft texts are peppered with different exceptions for individual Members or groups. By responding to the development needs of poor countries and the political sensitivities of rich ones, the exceptions aim to enable their acquiescence to an accord. For instance, the EU is granted an accommodation for the way its farm subsidy programmes fall into WTO classifications. The United States is allowed to base some agricultural subsidy reforms against unusually high expenditures during a time period different from that used by other Members, resulting in a higher spending entitlement. In order to preserve the Mercosur trade bloc's common external tariff, Argentina, Paraguay, and Uruguay are permitted to shield a higher share of manufacturing imports from full tariff cuts than fellow group member Brazil or other developing countries.

Pakistan and Sri Lanka argued that they would be especially harmed by the extra-long implementation period, and were not much richer than LDCs anyway. As a result, the text includes a bracketed provision (Paragraph 30) under which the US would take only five years to lower tariffs on a subset of clothing tariff lines from disproportionately affected countries -- but take ten years to implement tariff cuts on the same exports from the rest of the world. Pakistan and Sri Lanka were the only two such disproportionately affected countries mentioned in a bracketed footnote. Each is slated to receive the faster liberalisation for five tariff lines, together accounting for seven of the 25 in the US' preference erosion list. The products include cotton shirts, trousers, and sweaters.
Come back in 2012?

Even if WTO Members do manage to strike a modalities agreement this week, it would hardly guarantee the rapid conclusion of the Doha Round. US Trade Representative Susan Schwab also shrugged off suggestions that she felt pressure to compromise, saying "this is a round that will come together when it's ready to come together. With 152 Members there is no good time or bad time to close a multilateral deal." A contrasting view on the upcoming discussions came from The Economist magazine, which recently editorialised that by the week's end, "the Doha Round of trade talks could be ready to serve or left to rot."
ANNEX 1: Information Material

- Read Mandelson's opening remarks and excerpts of the Q&A from the press conference.
- Watch the press conference (.wmv)
- Factsheet
- P. Mandelson's remarks to journalists ahead of Geneva Ministerial
- The Geneva Ministerial [fr] [de]
- The bigger picture [fr] [de]
- Doha's benefits
- Classifying farm supports in the WTO
- Reaction by EU Trade Spokesperson to new WTO negotiating texts

Website of DG Trade (Ministerial)

WTO Agriculture Chair offers slight chance of update to latest farm talks text

Further modifications to the latest agriculture draft text, in the form of corrections, are possible before a representative group of ministers start talks on 21 July, but only if members make more progress in small-group consultations, farm talks chairperson Crawford Falconer said today. He was speaking in the first meeting of the full membership since the agriculture draft was circulated a week ago.

Audio: Chairperson Falconer’s opening statement
Audio: Chairperson Falconer’s concluding comments