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THE DOHA ROUND AGRICULTURE NEGOTIATIONS

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The views expressed in this publication are those of the author and do not necessarily reflect the views of the Food and Agriculture Organization of the United Nations.

The Doha Round Agriculture Negotiations:

What next?

By Dr. Magdi Farahat

Introduction

Much has been said and written since the failed Cancun WTO Ministerial about the chances of success for the Doha Development Round (commonly known as the DDA), and particularly its agriculture component. There is no doubt in many well-informed minds that it was the agriculture component in the Derbez text that was behind the spectacular events in Cancun on September last. There is also little doubt that the only way the DDA can be finalised successfully and on-time is for its cornerstone (ie. Agriculture) to reach a generally-accepted conclusion.

The million-dollar questions, however, remain as follows: What does the future hold for the DDA? How can the widely-differing positions on agriculture be politically reconciled? And finally, what can the final compromise look like?

These, along with some more technically-detailed questions and concepts, will be the core of this paper.

Post-Cancun developments

Following a four-month period of acrimonious exchanges among the main players in the DDA negotiations immediately following Cancun, more “level-headed” debates were initiated in early December 2003; centered around the WTO's General Council meeting. But the first 'breakthrough' came during a December 2003 Ministerial in Brasilia of the G-20 (a developing-country special-interest group), when EC Trade Commissioner Pascal Lamy initiated a debate with the G-20 aimed at finding possible compromises in the overall DDA programme that could unlock the agriculture track.

Hot on Lamy's heels came the eagerly-anticipated US response. This materialised in a widely distributed letter dated January 11th, 2004 from the USTR Ambassador Robert Zoellick to the 140+ Ministers of the WTO, in which he outlined a 'return to basics approach' that focuses in market access issues as the core of the DDA, and in which he seems to have returned to some original US positions – particularly in agriculture.

A critical development in my view has been the coincidence in both the Zoellick letter, and in Lamy's subsequent response in a speech to the European Parliament two days later, on the need to establish modalities in all three market access areas of the DDA (agriculture, services and industrial goods) by Spring 2004. This, along with more realistic positions on the controversial Singapore Issues, seems to suggest that the WTO's two major players have finally agreed to revise their previously-entrenched positions. It also points to the possible beginning of a 'real' negotiating process aimed at finalising the DDA within its originally proscribed timeframe.

Another positive indicator for a possible breakthrough is the flurry of WTO- and DDA-related activities were planned to coincide with the 2004 Davos World Economic Forum. Over and above the two sessions dedicated to the DDA during the WEF, the Swiss Secretary of Economic Affairs hosted a Mini-Ministerial for around 25 of the WTO's Members to debate the way forward. An evaluation of the M-M's results, as far as Agriculture is concerned, shows that WTO Members, although seemingly fully committed to an ambitious result, are unsure of what to offer in exchange for their requests. In fact, the only Minister that made a positive contribution was Jim Sutton of New Zealand, who expressed his country's willingness to meet some EU demands on geographical indicators in exchange for a clear (and relatively short-term) end-date for the elimination of export subsidies.

What future the DDA?

So what does the future hold for the DDA in 2004? There are a number of possible answers to this question.

A lot will, of course, depend on a number of exogenous factors. For one, the presidential elections in the US in November of this year will have a substantial impact on the USTR's positions *vis-a-vis* the DDA. Similarly, the regular 'reshuffle' of the EC Commissioners in May will affect the EU's stance on a number of issues. India, a major player in the G-20, is expected to be similarly affected by its parliamentary elections later in the year.

Elections aside, a number of other important factors may have a substantial and substantive impact on the DDA's development. It is now apparent that a long-term serious 'reshuffle of the economic cards' is taking place in the global economy. On the one hand, the Dollar/Euro exchange rates have fluctuated wildly in the last 12 months; raising concerns about the nascent world economic recovery – particularly in the Euro-zone. On the other, China's accession to the WTO, along with Brazil and India's increasing assertiveness in the international arena, have created a new 'counterbalance' to the traditional trans-Atlantic 'leadership role' in the GATT/WTO negotiations. Most important of all, I believe, is the realisation by all 'players' that a much-needed boost to the global economy will only be feasible in the shape of a successful DDA with a substantially-improved market-access package for all; and that they – ie. said players – are the only ones that can make such a success possible.

Positional reconciliation

Flexibility has become a WTO buzzword, no more so than in the agriculture negotiations. In fact, many Members have re-iterated their willingness to 'modulate' their requests with what they demand from their other WTO partners.

But in reality, how can such divergent positions as those espoused by the Cairns Group, the G-20, the G-33, the G-9, the Multifunctionalists and others be reconciled?

In my view, a lot will depend on the following:

1. The personality of the Chair of the Special (Negotiating) Session of the Committee on Agriculture. A patient, strong, impartial and determined Chairperson can make a world of difference in any negotiating scenario. The Special Session will certainly need one.
2. The mandate that Members are willing to give to such a Chair. There is no doubt that the experience of 2003 has shown that committed resistance by a small number of WTO members can make-or-break even the most carefully and cleverly crafted compromise deal. The achievement of a single mandate (or a single interpretation of the Doha mandate) is crucial for furthering a compromise.....and,
3. A change in the negotiation format. It has been proven that negotiating in a group of 148 is not a recipe for quick success. New formats in process, along with new ideas in substance, could have a more positive effect on the final result.

Possible Final Compromise

Predicting what a final compromise will look like is a little like looking into a magician's glass ball. But already a few elements of agreement can be discerned.

On one hand, all players seem to accept that all forms of export subsidies (and similar forms of subsidisation) will have to go. Disagreement still persists as to the end-date for their elimination, but a 15-20 year period (with a fast-track for products of interest to developing and least-developing countries) seems possible.

Market access, long a stumbling block as far as developing countries are concerned, seems on its way to a possible solution. In fact, a number of 'leading lights' of the G-20 have expressed an appreciation of the need to open up their markets beyond their initial positions, if they are to get what they aspire to from others, particularly in the area of domestic support. A possible solution could be a single 'blended-formula' approach, with flexibilities for certain groups of developing and least-developed countries.

A compromise on domestic support may be more complicated. No clear-cut agreement on this third pillar of the Agriculture negotiations seems apparent. Yet, a possible G-20/EU/US compromise based loosely on the Derbez Text approach may be one way out.

Finally, a word about NTCs. Any final agreement on modalities will have to address these in a concrete and clear manner. A possible compromise with the demandeurs might come after a clearer picture on domestic support emerges.

Are we still on time?

One last important question remains: Is it still possible to finalise the DDA in its original 2005 time-frame? There is no simple answer, but the feasibility of achieving the target is still possible. There is no doubt that reaching agreement on modalities represents 90% or more of the negotiation; and reaching them in 2004 is still possible with a lot of hard work by all. More importantly, it is vital that the VI Ministerial Conference conclusively wrap-up the Round – including a suitably-agreed Agriculture package.