



An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

Agriculture Talks Heat up in Geneva

Consultations on how to move forward with the Doha Development Agenda (or Doha Round) is heating up in Geneva following the circulation of a few proposals on how to simplify the tariff cut approach. Two main proposals have been at the centre of the agriculture discussions lately.

The first – a request-offer approach – has been tabled by Argentina who argued that its proposal would simplify greatly the talks by getting rid of the formula in all three areas of the tripod (agriculture, non-agriculture market access and services), ensuring similar levels of ambition across the three major areas of the Doha Round. The request-offer, Argentina said, provides a better balance of interests than a formula that applies across the board, when some countries have a limited number of products needing improved access to export markets.

Even though some countries, like the U.S. for instance, said the suggestion deserved to be considered, officials said most countries were unconvinced by Argentina's argument, claiming that the approach could turn out to be time-consuming while at the same time penalizing smaller countries with weaker bargaining positions.

Then came a proposal by Paraguay which emulates the formula used during the Uruguay Round talks and which calls for an average cut in tariffs combined with a minimum reduction. Paraguay suggested that all Members, except for the least developing countries (LDCs), the small and vulnerable economies (SVEs) and the very recently acceded Members (VRAM), submit an initial offer of tariff cuts starting with a [54%] average cut in tariffs and a minimum cut of [20%] for developed countries to be phased in over 5 years in [6] equal annual instalments whereas developing Members would be entitled to a [36%] average and [15%] minimum cut over 10 years while applying the cuts in [11] equal annual instalments. Newly acceded countries, except those that joined "very" recently, would face a [30%] average cut with a [10%] minimum.

The proposal leaves countries with the flexibility to apply the cut where they see appropriate, provided the averages and minimums were respected. Paraguay suggested that developed countries limit the number of sensitive products (SeP) to no more than [5%] of their tariff lines; while developing countries will be entitled to [12%] of their tariff lines as special products (SPs). Both SeP and SPs would face a minimum cut of 10%. Paraguay also suggests a

cap of 100%-150% on high tariffs that would not be compulsory, and increased market access through tariff quotas.

Several countries expressed reservations, either arguing that the proposal was not ambitious enough or that it was too ambitious, especially when it comes to sensitive products.

"While the discussions suggested some possibilities for convergence, it's clear that different views continue to exist regarding the suitability of various approaches," said agriculture negotiations chair and New Zealand Ambassador to the WTO, John Adank.

"The concerns raised by Members on certain aspects of the proposals are familiar because many of these are linked to the fact that Members in the WTO have extremely diverse tariff structures. This means, of course, that the results of any formula approach will affect each Member differently. These issues were present when we were negotiating the 2008 draft modalities and they persist today," Ambassador Adank added.

Other Subjects Also Discussed

Members also addressed the issue of domestic support by focusing on the concept of "overall trade-distorting domestic support" (OTDS). Some countries argued that the OTDS serves as a means to prevent countries from moving domestic spending from one category to the other – the so called "box shifting" – while others argue that lower ambition and weaker disciplines would be more pragmatic and doable.

Australia said the issue boils down to what the U.S. and China are prepared to do in this particular area of the negotiations.

Ambassador Adank, meanwhile, stressed that his consultations on this issue helped uncover some important issues. However, the topic will require further serious effort over the next few weeks when he intends to consult on "key element of the Domestic Support toolbox, bearing in mind that of course they are inter-related."

Food Security

Members continue to be divided on the issue of public stockholding for food security for which a permanent solution is expected to be found by the end of the year.

“Wide gaps” remain on this, Adank said from his consultations with Members. Thus far the discussion on this divisive issue has focused on the proposal tabled by the G-33 and which repeats the group’s 2012 suggestions to move public stockholding programs into the Green Box, exempting them from spending limits, a solution rejected by the likes of the European Union and Australia who argued to keep market prices support out of the Green Box to maintain its “integrity.” The U.S., for its part, reminded delegates that Trade Ministers have not been able to agree on the G-33’s initial proposal on the subject, thus resubmitting was counter-productive.

The U.S. meanwhile suggested broadening the discussion by reviewing existing food security programmes as a first step towards a permanent solution, a suggestion generally rejected by G-33 proponents who nevertheless stand ready to consider possible safeguards to prevent food security programmes from having any negative spill-over effects on world trade.

“There is a clear need for further consultations aimed at getting deeper into the substance of a possible outcome,” Ambassador Adank said, adding that “greater willingness from members on all sides is needed to make them go anywhere.”

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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