



Negotiators Wrap up Talks in Geneva; Look for Political Guidance in Nairobi

After several weeks of intense negotiations on the Nairobi Ministerial Declaration (MC10), discussions were stopped on December 9th to allow delegates to travel to Nairobi, Kenya.

The December 9th version of the draft Nairobi Ministerial Declaration remains heavily bracketed. World Trade Organization (WTO) Director General Roberto Azevêdo, who once hoped to have all negotiating issues resolved in Geneva, Switzerland before heading to Kenya, will once again be forced to use all the negotiating skills he displayed at the 9th Ministerial Conference (MC9) two years ago in Bali, now that it is certain that the MC10 will transform into another full-on negotiating session.

The agriculture negotiations chair, New Zealand's Ambassador to the WTO, Vangelis Vitalis, held several consultations on export competition (EC), special safeguard mechanisms (SSM), cotton, and public stockholding during the past few weeks. Cotton has been the area where the most progress had been achieved lately, with an almost stabilized text on the market access portion of the issue. This has been achieved by including differentiated engagements by Members to grant duty-free and quota-free market access for cotton and cotton-related products originating from LDCs (least-developed countries). The U.S. said it cannot agree on the other two areas of the issue, namely domestic support and export competition for cotton.

Duty-free and quota-free (DFQF) market access for LDCs is another area where Members have found some convergence. Many developed countries have accepted DFQF access for 98% of

products originating from LDCs. The U.S., meanwhile, still holds textiles out of the list, citing complaints from African countries (Members of AGOA – the Africa Growth and Opportunity Act, Lesotho in particular) fearing competition from Bangladesh.

Cotton and DFQF are among the targeted LDCs issues Members seek to include in the Nairobi package, along with services waiver, rules of origin (RoO), TRIPS (trade-related aspects of intellectual property rights) non-violation and situation complaints, electronic commerce, and a work programme on small economies, all of which have already been agreed to (for the most part) in previous Ministerial Conferences (MC8 and MC9).

However, the most significant issues targeted for the Nairobi Ministerial are SSM, food security, and EC. India, Indonesia and the rest of the G-33 countries seek a deal based on the same SSM proposal they tabled prior to the MC9 and which, at the time, failed to draw consensus. The group, along with China, is looking to draw a link between EC and SSM, but others, especially developed countries, have rejected that claim stressing that no agreement on SSM can be possible in the absence of agriculture market access issues.

On food security, India said it wants a permanent solution to be agreed to in Nairobi, whereas the Bali Declaration provides until 2017 (MC11) to reach a final solution on this issue. India is pushing for the same strategy it had successfully pursued in Bali, where it took the whole Bali package hostage over its demand on food security. In Bali, the strategy worked because developed countries, including the U.S., wanted a deal on trade facilitation (TFA). This time however, officials believe the strategy is doomed as developed countries have no particular interest in an exchange.

Officials say EC continues to be the only area on which some convergence could be struck in Nairobi, even though Members still diverge on several issues of this agriculture pillar. It is worth noting that delegates originally started negotiating all three agriculture pillars (market access, domestic support, and EC). However, it became rapidly clear that nothing would be delivered on domestic support as India and China continued to press on special and differential treatments allowing them to spend huge amounts on their respective agriculture sectors in the future.

The same blockage emerged in market access as countries differed on the tariff reduction formula.

Members at the time had identified EC as the easiest and most ready pillar of the three, but when they got to it, it appeared that the U.S. was not willing to address its export credits (still looking for more than the proposed 180 days repayment period) and food aid monetization policies, leaving export subsidies as the only remaining area where Members are hopeful to strike a deal in Nairobi.

At the end of the December 11th agriculture consultation, Ambassador Vitalis said he remains hopeful that Trade Ministers will be able to deliver some guidance on export competition at the December 15–18 Ministerial Conference in Nairobi.

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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