



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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What to Expect in Marrakesh?

About 43 key Trade Ministers – including U.S. Trade Representative, Robert Lighthizer – are scheduled to attend the October 9-10 World Trade Organization’s (WTO) Mini-Ministerial in Marrakesh (Morocco).

With a little more than 10 weeks left before the start of 11th Ministerial Conference (MC11) in Buenos Aires (Argentina), the U.S. has still not been able to assemble its full negotiating team in Geneva. The clock is ticking and Members’ objective to finalize the negotiations before heading to Argentina – or at least leave very few items for Trade Ministers at the MC11 – looks rather challenging. The aim of the Geneva process is to avoid duplicating the issues with MC10 when Trade Ministers were left to negotiate the entire package in Nairobi (Kenya).

It’s no secret that the U.S. is very much interested in the WTO’s dispute settlement body and the appointment of new appellate body recruits. However, its position on many of the issues for MC11, including domestic support, remain unclear. “It looks like some countries are not interested in making a big contribution in Buenos Aires”, said one official in reference to the U.S. “A statement on the importance of the WTO and the rule-based multilateral trading system will not be enough in terms of outcome for the MC11,” he added as the host of the MC11, Argentina, is looking for more.

All agree that domestic support is the most complex, most political, and most sensitive issue among the eight matters raised for MC11. At the same time, everyone recognizes that the only way to tackle the issue of subsidies is to do it at the multilateral level, thus the importance of maintaining negotiations on this very difficult item for MC11.

The focus of the discussion on domestic support rests on two main proposals which could ultimately be blended into one: the Brazil-EU proposal and the Australia, Canada, and New Zealand proposal.

The first links a floating limit of the overall trade-distorting support (OTDS) to a permanent solution on the public stockholding for food security purposes (PSH) and cotton. This is the only way to get India to engage in the talks; “the only reason we are still negotiating” the duo said. The EU stressed that it wanted all Members to contribute, but omitted to include article 6.2 (the so-called development box; i.e. support to encourage agricultural and rural development, investment, and agricultural input subsidies in developing countries which has no limit attached to it) in the OTDS.

By doing so, it would give a chance for the discussion to advance instead of letting India torpedo the process from the get go, the EU said. Both Brazil and the EU claimed that their proposal takes into consideration both technical and political aspects of the issue. On the other hand, Australia, Canada, and New Zealand call for a fixed OTDS limit.

Floating vs. Fixed Caps

The EU is having hard time seeing China engaging if Members agree to impose a fixed cap. Brazil and the EU reminded participants that 80% of the WTO Members have their domestic support calculated on the basis of the value of production, which is why they thought this would be a good way to start the discussion. In addition, a floating limit is more attractive to developing countries whose agriculture industries are still growing and has the advantage of addressing both China’s and India’s concerns.

The U.S., meanwhile, thinks the EU proposal is very generous to China and India and had been very blunt, saying that they do not see a deal on domestic support at the MC11. However, if it has to choose, the U.S. would prefer the Australia, Canada and New Zealand proposal with a fixed cap.

Delegates expect Australia, Canada, and New Zealand to table a paper for discussion in Marrakesh. The group has already started consulting with Brazil and the EU to find convergence on the issue.

Other Negotiating Areas

Market Access: so far there is no appetite for any market access outcome. It seems that the political will is not there to tackle this issue, even though Argentina is pushing hard on it. Some saw the special safeguard

(SSG) as a low-hanging fruit that could be added to the MC11 package, but both the EU and the U.S. rejected the idea.

Export competition: Members are currently submitting their draft schedules. Some have raised STEs (state trading enterprises) and other concerns as areas where further reforms were needed. However, it is becoming clear that this pillar will be left for the next Ministerial.

Fisheries subsidies: looks doable, but only the prohibitions on subsidies provided for illegal, unreported, and unregulated (IUU) fishing. The issues of prohibiting subsidies that harm overfished stock and prohibitions of subsidies that lead to overcapacity appear to be more difficult.

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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