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IPC Urges Action during Crucial Period of Doha Round Negotiations

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The Doha Development Round negotiations launched in 2001 have had their share of missed deadlines and setbacks. With the expiration of US negotiating authority in June 2007, most observers assumed the talks would be moribund for years. The recent breakdown of the G-4 talks in Potsdam proved to be a wake-up call and the negotiations resumed soon thereafter, with a much broader group of countries participating. The talks are now centering on draft modalities texts tabled by the Chairs of the Agricultural and NAMA negotiations in July 2007. These texts – even if not universally embraced – form the basis for an agreement, and are widely credited for moving the negotiations forward and helpfully focusing negotiators' minds on concrete issues and figures. Revised texts are expected in mid November and most observers believe that an agreement must be reached by year's end to avoid a longer-term suspension due to important elections in the US and India, and elsewhere.

The International Food & Agricultural Trade Policy Council believes that a deal is within the grasp of the negotiators, but that there is a real risk of failure by default. IPC members believe that political leaders must back their oft-stated intent to conclude the negotiations with specific commitments in a number of remaining areas. "The Doha Round matters," stresses IPC Chairman Piet Bukman, "and all countries – developed and developing – need to take the extra steps to make it happen now."

The World Bank's 2008 World Development Report, rightfully focusing on the importance of agriculture for poverty alleviation, states that developed-country agricultural policies cost developing countries about \$17 billion per year — or five times the current levels of overseas development assistance to agriculture. "Countries' aid policies are negated by their trade policies, "IPC member Raul Montemayor of the Philippines points out, calling for greater policy coherence.

To deliver on the development promise of the Round, OECD countries must go beyond what is on the table in some areas. Tiered formula cuts for commitments in market access and domestic support must be accompanied by limited and well-defined rules on "sensitive products," and clear limits on product specific support. OECD countries should also be urged to provide 100% duty free, quota free access to least developed countries. IPC member Nicolas Imboden cautions that "the Doha mandate to treat cotton in a more expeditious and ambitious manner must be respected." Developed countries also need to make real commitments to Aid for Trade to help developing countries take advantage of new trade opportunities.

Now is an opportune time to reach an agreement. World prices and farm incomes are at historic levels. Agreeing now to reduce subsidies in the future will be relatively painless in the OECD countries. Should countries fail to reach a deal, there are real risks. If we are experiencing

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protectionism in the face of high prices and high economic growth, parliaments are likely to retrench further in the face of low prices or low economic growth.

Yet the Doha "Development" Round is not only about one-sided commitments by OECD countries. It is also intended to facilitate a greater integration of developing countries into the world economy. Developing countries stand to benefit not only from reforms in OECD countries, but also from trade reforms at home that integrate them into the global economy. "Overly broad and indefinite rules on "special products" and the special safeguard mechanism are contrary to the trade reforms many developing countries have adopted in recent years," warns IPC Vice Chairman Marcelo Regunaga, "They may negate the gains from liberalization and will not facilitate a greater incorporation of developing countries into global trade."

Although econometric estimates of the benefits of a Doha Round Agreement vary, the fact remains that the disciplines on the table are a substantial improvement on the previous Uruguay Round. This is particularly true for agriculture. Export subsidies will be eliminated, the highest tariffs will be cut by up to 70% and the highest levels of overall trade distorting domestic support will be cut by up to 80%. These are not modest reductions. The final agreement will also include agreements on industrial products, services, fisheries, trade facilitation, rules and the dispute settlement mechanism. Such an agreement is not to be treated lightly.

Besides the direct benefits accruing to global trade which would result from the Doha Round, the importance of updating the rules book of the multilateral trading system cannot be underestimated. "Even countries without a short term interest in the Doha Development Round should have a long term interest in the WTO," emphasizes IPC member Carlo Trojan. "The world needs a sound system of global trade rules to help countries navigate the opportunities and challenges of globalization." Future trade conflicts will revolve around issues far more complex than tariffs and subsidies, such as health, environmental and technical standards. The inevitable rise in bilateral and regional trade agreements will also require a clearer set of rules. Countries' ability to navigate such difficult issues requires a sound forum for multilateral negotiations and for dispute settlement.

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About IPC: The International Food & Agricultural Trade Policy Council (IPC) pursues pragmatic trade and development policies in food and agriculture to meet the world's growing needs. IPC accomplishes its mission by convening influential policymakers, agribusiness executives, farm leaders, and academics from developed and developing countries to clarify complex issues, build consensus, and to advocate policies to decision-makers.