

NEWS RELEASE



“IPC Talks Doha, Cotton and Biofuels”

Washington DC – 31 October, 2006

The International Food & Agricultural Trade Policy Council (IPC) met in Washington, DC October 26-29 and called for a rapid resumption and conclusion of the Doha Trade Negotiations.

IPC, in conjunction with the Woodrow Wilson International Center for Scholars and the IDEAS Centre, made a particular plea for the finalization of the Round so as to achieve more progress on cotton during an international cotton conference, “Next Steps for Africa,” on October 26.

IPC also cautioned that government support and standards in the growing biofuels sector could usefully be examined from an international trade rules perspective, when it launched a report on WTO disciplines and biofuels on October 27.

IPC Message on the Doha Round

“There are some who say that “no Doha deal is better than a bad Doha deal,” or that the Doha trade talks can be suspended until “later.” There are some who say that the agricultural deal on the table is not worth having, because its ambitions are “low.” IPC believes that these sentiments are not only wrong, they are dangerous and risky. We urge the leaders of WTO members to push for a rapid resumption and conclusion of the WTO Doha Negotiations, and consider it irresponsible to pass up this existing but shrinking window of opportunity. We are of the view that if a deal is not concluded prior to the expiration of US trade promotion authority, or if the US does not extend that authority, negotiations may not resume until 2010 or later.

The elements of a final agreement that are already on the table represent a worthwhile deal, and we believe that there are solutions to what are, after all, not intractable differences. We urge the United States to commit to greater cuts in trade distorting domestic support, and the EU to go the extra step in market access. We also call upon the G-33 and G-20 to acknowledge the heterogeneity of developing countries. Finding the political will to take these steps is essential for all countries; the risks of failure are the greatest for developing and least developed countries:

- Developing countries have the most to gain from an elimination of export subsidies and substantial reductions in domestic support in OECD countries;
- Without a Doha Round, least developed countries may not obtain duty-free and quota free treatment;
- The likely increase in bilateral and regional trade negotiations may not include developing and least developed countries, or it may overtax their negotiating capacity and create an unnavigable fragmented trading system, and

- Litigation is not an easy route for developing and least developed countries, considering the legal costs and lack of credible retaliation threats.

The risks of failure include a loss of commitments made to date, the likelihood of backtracking on agricultural reforms, and a rise in litigation, which risks undermining the strength of the multilateral trading system. WTO members should not walk away from this opportunity to liberalize agricultural trade and thereby increase the competitiveness of developing countries' agricultural sectors."

An International Conference on Cotton - The Next Steps for Africa

IPC, in conjunction with the Woodrow Wilson Center and the IDEAS Centre, held a conference to keep the world's attention on the plight of West African cotton producers in light of the suspension of the Doha Round, which calls for a more ambitious, expeditious, and specific treatment of cotton within the agricultural negotiations. The conference examined the complexity of the difficult situation facing African cotton producers and called for renewed efforts to address existing hindrances.

Some 15 million farmers in Africa depend on cotton production; their livelihood and food security is threatened by a failure to conclude the Doha Round, which calls for liberalization above and beyond that agreed in the agricultural negotiations as a whole. As stated by Minister Maiga from Mali, "cotton has become a symbol of injustice and the fight against poverty." Crawford Falconer, Chairperson of the WTO Agricultural Negotiations, warned that a lack of progress will lead to further diminishing prices and returns to producers in poor countries. In the absence of a conclusion of a Round, the US was called upon to undertake reforms in the 2007 farm bill and to come into compliance with the WTO case brought against its cotton program by Brazil.

Speakers, including World Bank Vice President Nankani and National Cotton Council President Mark Lange, pointed to declining cotton yields in West Africa and the proportionally smaller share of the world price which West African farmers receive. They highlighted the need for African governments and the private sector to increase the competitiveness of their cotton sectors. IPC member Bob Thompson, Gardner Chair in Agricultural Policy at the University of Illinois, also called upon African governments to make agriculture a priority in their development plans.

A number of speakers also pointed to the challenges in the development assistance realm that needed to be resolved. Foremost among them is the need for donors to step up assistance, but donor governments also need to close the gap between the commitment and disbursement of support. Also stressed was the need for improved project assessment and for recipients to make cotton-specific requests for assistance.

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WTO Disciplines and Biofuels

IPC also launched the first comprehensive assessment of how WTO disciplines may apply to the rapidly expanding biofuels sector. The study was presented at the Longworth House Office Building by its author, University of Michigan Law Professor Robert Howse, who is a member of Renewable Energy and International Law (REIL). Discussants included IPC member and CEO of Bunge North America, Carl Hausmann; CEO of Brazilian Biofuels Institute, Weber Amaral, and the Deputy Head of the European Commission's Delegation, Angelos Pangratis.

The study, pointing to the likely growth in biofuels trade and the likely comparative advantage some developing countries may enjoy in the sector, sets out key WTO issues that could usefully be clarified. It calls for a clarification of the classification of biofuels and their feedstocks: are they to be considered industrial, agricultural or environmental goods? It also examines how subsidies to promote the production of biofuels might be evaluated in a WTO context, including the issue of possible cross-subsidization of by products. Lastly, it examines the WTO consistency of certain domestic regulations and standards, such as mandates, fuel content requirements, or sustainability import criteria.

For more information on these events and to read the biofuels study, **please visit www.agritrade.org**.

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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, advocate policies to decision-makers, and foster broader stakeholder participation in the policy process.