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The Doha Impasse Can Be Overcome

Glion, Switzerland – January 24, 2007

Agricultural trade experts say the impasse in the agricultural trade negotiations can be overcome. This would represent huge economic and political benefits for both developed and developing countries, depending on the details of the final agreement.

While agricultural trade accounted for only a fraction of total global trade of more than \$10 trillion in 2005, the Doha agricultural negotiations nonetheless have become the lynchpin of this Round, and without progress on the agricultural front, the economically much more important negotiations on non-agricultural market access (NAMA) and services will not be completed. However, agriculture is a highly sensitive sector in both developing and developed countries. In developing countries, the share of the population that depend on agriculture for food security and livelihood is about 75 percent in Kenya and 45 percent in Pakistan, compared to 2.8 percent in France or 1.8 percent in the United States of America.

Recognizing the need for progress in the agricultural negotiations, the International Centre for Trade and Sustainable Development (ICTSD) and the International Food & Agricultural Trade Policy Council (IPC) hosted an Experts' Roundtable in Glion, Switzerland, from January 21-23, 2007. The Roundtable explored options for making progress in the Doha Round, and proposed ways forward on market access and domestic support.

Findings and recommendations from the Roundtable:

Experts at the roundtable said that an agreement on general formulas in market access and domestic support is an important step, but that further progress is needed on the more specific modalities. They also expressed confidence that outstanding concerns such as provisions to support poorer countries and making sure subsidies are not abused can be adequately accommodated, in order to reach a successful conclusion of the Round. Their conclusions were that:

- **Numbers can be deceiving:** Trade negotiators need to keep in mind that negotiations are on the level of bound tariffs and allowable levels of domestic support. Many countries have lower applied tariffs and levels of domestic support, which limits the size of the actual cuts.
- **The devil is in the details:** While an agreement on the formulas for cuts in tariffs and subsidies will be crucial, of even greater importance are the specific formulas for tariff and subsidy cuts and exceptions to them on market access flexibilities and safeguard mechanisms, and disciplines in domestic support.

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- **Market access flexibilities are necessary but should be limited:** Given import sensitivities in all countries, improved market access will necessarily be accompanied by exemptions and flexibilities, but countries with agricultural export interests – developed as well as developing – are concerned that an overly broad scope of market access exemptions – in the form of sensitive and special products and safeguard mechanisms – could negate even substantial formula tariff cuts.
- **Reductions in the average subsidy level may be inadequate:** Cuts in the average subsidy level or overall trade distorting support (OTDS) and amber box support may be important, but not sufficient. Countries may need to agree on reductions in subsidies for specific products in order to effectively reduce levels of trade distortion. Product specific caps would restrict countries from shifting subsidies among the boxes and keeping high levels of support on specific products.
- **Addressing adjustment and agricultural market failures:** Trade-induced adjustment costs are a matter of growing concern within multilateral negotiations on liberalization. While members acknowledge the longer-term benefits of trade liberalization, the process of transition and associated costs are subject of concern. Consideration could also be given to multi-year donor commitments on agricultural development assistance.

All presentations given at the roundtable can be accessed at www.agritrade.org. A resource book with summaries of the presentations will be released shortly from ICTSD.

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About the 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 advocate policies to decision-makers.

About ICTSD: The International Centre for Trade and Sustainable Development (ICTSD) was established in Geneva in September 1996 to contribute to a better understanding of development and environment concerns in the context of international trade.
