

Parties Should Resume and Conclude Doha Round Negotiations in a Spirit of Compromise

Washington DC – 29 November, 2006

IPC is heartened by the movement towards the resumption of Doha Development Round negotiations, which had been suspended in July 2006. We are of the view that the impasse over agriculture can be overcome. This, however, requires that WTO members acknowledge the important progress to date *and* agree to move forward in a spirit of compromise that will allow all members to reap the benefits that a Doha Round can bring.

There is already a lot on the table: Negotiations on export competition envisage the phase-out of export subsidies by 2013 (an unthinkable outcome in the Uruguay Round) and equivalent disciplines on other forms of export assistance, such as export credits, food aid, and export State Trading Enterprises. The reduction numbers being considered for market access and trade distorting domestic support are already well in excess of those negotiated in the Uruguay Round. What is required now is for WTO members to seriously re-engage and wrap up these negotiations. This will require compromises from all sides.

Some observers have complained about the complexity of these negotiations, which include new concepts such as “tiered formulas,” “sensitive” and “special products,” different types of safeguard mechanisms, and “overall trade distorting domestic support.” On the other hand, however, this complexity does provide all parties with a number of opportunities for trade-offs, as IPC Issue Brief 21, entitled “Unblocking the Doha Round Impasse: Possible Scenarios for the Agricultural Negotiations,” demonstrates.

This Issue Brief identifies the significant progress already made in the three core areas of the agricultural negotiations – market access, domestic support, and export competition. It also outlines the major outstanding issues that have yet to be resolved, particularly in the domestic support and market access pillars, and proposes some possible solutions for moving the process forward. These should not be seen as definitive answers, but rather as practical suggestions and examples to illustrate that the present impasse can in fact be unblocked if key parties recommit themselves to finding solutions.

Domestic Support – Developed countries, and the US in particular, need to further reduce the overall level of trade distorting domestic support, especially if they are asking for more market access in

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some developing countries. The issue brief shows that this should not be in the realm of the impossible, since developed countries have the financial resources to continue to support their rural sectors by shifting support away from policies which are trade distorting to those which have little or no adverse trade effects ("green box" support).

Tariff Reduction Formula – “Unblocking the Impasse” suggests ways to create additional market access, even if the tariff reduction formula mainly impacts the water in the tariffs. For example, developing countries could be engaged in a request and offer negotiation or asked to create TRQs in key sectors, provided their negotiating partners offer adequate concessions from their side.

Sensitive Products - The practical reality is that in any trade negotiation some commodities are more politically sensitive than others but there is self-balancing principle that sensitive products must somehow pay for lower than formula tariff cuts. Thus, the higher the deviation from the general tariff reduction formula, the greater expansion of a tariff rate quota should be for sensitive products. Finding the right balance will help to undo the deadlock over market access and the paper outlines some possible steps for the EU and G-10. Continued access to the Special Agricultural Safeguards can serve as an incentive.

Special Products - Some developing countries need to be more open to a compromise which recognizes that special and differential treatment, and a significant improvement in access to their markets, are not necessarily mutually exclusive. Clearly, any compromise will have to address in a meaningful way the particular concerns regarding the impact of trade liberalization on large numbers of poor, subsistence farmers. Issue Brief 21 lays out some possible approaches to special products and suggests that a willingness to minimize, rather than maximize, flexibility will bring about more movement by developed countries on domestic support and market access, create greater opportunities for trade among developing countries, and improve the competitiveness of their own economies.

For more information, please contact:

Charlotte Hebebrand +1 202 328 5001, hebebrand@agritrade.org
Yvonne Siu +1 202 328 5056, siu@agritrade.org

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