



***Current situation and possible scenarios for agricultural negotiations at the Doha Development Round
Implications for market integration***



Gloria Abraham Peralta
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Introduction



- The current negotiating process is extremely ambitious;
- This has led to countless disagreements and hindered the progress of talks;
- In the case of agriculture, we can safely say that the greatest benefit is enhanced access to markets;
- Recent events have been encouraging and there are signs that dialog will recommence;
- Potential loss of credibility of the multilateral trading system.

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I THE NEGOTIATION PROCESS: FROM DOHA 2001 TO GENEVA 2006

- The Doha Development Round took place in Qatar in December 2001;
- *“Allow for more equitable global distribution of the welfare gains of free trade, which, until now, have mainly benefited developed countries.”* ;
- Negotiations on agriculture commenced pursuant to article 20 of the WTO Agriculture Agreement;
- When the Doha Ministerial Conference was held, 121 governments had already submitted numerous negotiating proposals;

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I THE NEGOTIATION PROCESS: FROM DOHA 2001 TO GENEVA 2006



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- None of the Doha negotiation deadlines have been met;
- *“Establish an equitable, market-oriented trading system through a program of fundamental reform.”*
- i Market access; ii Export subsidies; iii Domestic support;
- The functioning of the WTO allows formation of coalitions;
- Relevant actors: the European Union, United States, G20, G90 & G33;
- The Fifth Ministerial Conference of the WTO was held in Cancún, Mexico;

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I THE NEGOTIATION PROCESS: FROM DOHA 2001 TO GENEVA 2006



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- **“July Package”**
- **Market access:** Substantial progress was called for on the Doha Mandate rule;
- **Export competition:** A commitment was established for the elimination of export subsidies and the definition of procedures and rules for food aid provision, state-run companies and export credits;
- **Domestic support:** A commitment was undertaken to achieve substantial reductions in all trade-distorting support;

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I THE NEGOTIATION PROCESS: FROM DOHA 2001 TO GENEVA 2006

- The Sixth Ministerial Conference of the WTO was held in Hong Kong, China; the results can be judged minimal;
- **Market access:** Four bands were established for the structuring of tariff cuts, but no agreement was reached on thresholds;
- **Export competition:** It was agreed that export subsidies would be eliminated by the end of 2013;
- **Domestic support:** The agreement adopted in Hong Kong provided for the establishment of three bands for reductions in Final Bound Total AMS and in the overall cut in trade-distorting domestic support, with higher linear cuts in higher bands.

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II. THE SUSPENSION OF NEGOTIATIONS

- Nothing has been negotiated until everything on the agenda has been negotiated;
- Agreements reached between 2001 and the Hong Kong Ministerial Summit are not valid until the entire round of negotiations is concluded;
- Negotiating process is a confrontation between developed and developing countries;
- **Access to agricultural markets:** Pressure is on the European Union, Japan and India;
- **Domestic subsidies:** On this issue, pressure is on the United States, which is being asked to reduce domestic support;

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II. THE SUSPENSION OF NEGOTIATIONS

- **Non-agricultural Market Access (NAMA):** The European Union, the United States and Japan are asking countries like Brazil, India and several of their allies to reduce tariffs;
- There has been the perception that the organization and its agreements benefit mainly developed countries;
- Vitally important to the WTO negotiating schedule is the expiration this June of the US President's Congressional Fast Track Trade Promotion Authority (TPA);
- The impasse in negotiations lead us to predict that an agreement will not be achieved.

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III IMPACT OF THE CRISIS

- Lost economic income;
- Loss in the credibility and legitimacy of the WTO;
- An increase in the number of trade disputes;
- There will be an increasing tendency to enter into bilateral and plurilateral free-trade agreements;
- Developed countries will probably step up efforts to eliminate the preferential treatment they unilaterally grant to developing countries;

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III IMPACT OF THE CRISIS

- Risk of greater opposition within the WTO to the preferential treatment granted to certain countries by the United States and the European Union;
- Tightening of domestic support programs in countries that are presently being forced to make reductions and adopt disciplines on programs of this nature that create price distortions and distortions on international markets.

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IV FARM BILL 2007 AND HOW IT RELATES WITH THE DOHA ROUND



- Farm Bill 2007 differs in its conception from Farm Bill 2002; “Ethanol Boom”;
- Decrease public spending in agricultural programs;
- The WTO negotiations currently underway seek to obtain a greater degree of free trade on a multilateral level;
- The presidential electoral process currently shaping up;
- Certain groups of producers not directly benefiting from government subsidies are taking a proactive approach in the talks;

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IV FARM BILL 2007 AND HOW IT RELATES WITH THE DOHA ROUND

- Two main tendencies regarding the design of Farm Bill 2007:
 - those that support the status quo and promote an extension of Farm Bill 2002
 - those that think that this is a good time for the US to adopt and introduce the needed agricultural reforms in order to satisfy both domestic and international demands;
- If Farm Bill 2007 is adopted before a multilateral agreement is reached, then the US laws would not be able to build upon the agreements reached at Doha.

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V POSSIBLE SCENARIOS

- **Scenario 1 Minimums accord.** This scenario requires that the main players lower their ambitions and their expectations;
- **Scenario 2: Extension of this round of negotiations.** The purpose of this extension would be to seek a more ambitious accord;
- **Scenario 3: A collapse of the Doha Round and WTO reform.** An unlikely scenario which would only happen if the G6 members become more extremist in their positions and make it impossible to reach a minimum accord.

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VI A few conclusions

- The negotiation process has been slow and complex;
- There is a strong will of certain groups whose efforts have included a complex web of underground contacts and meetings;
- Adoption of multilateral commitments and also the reform of certain national policies;
- Implementation of multilateral rules and regulations;
- The strengthening of market integration requires a bilateral normative framework that regulates the access to the different markets;
- Best possible scenario extension of the negotiations for two more years;
- The schedule calls for an end of the negotiations by the end of 2007;
- The challenges ahead are partly technical but mostly political in nature.

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THANK YOU!

