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DAY 3: MEMBERS AIM FOR DOHA 'STOCKTAKING' IN MARCH

WTO members are set to launch another push for a deal in the Doha Round negotiations, with a 'stocktaking' exercise by March 2010 to determine whether the long-running talks can be brought a close by the end of the year.

The new attempt for a Doha agreement is the most concrete result of the WTO's Seventh Ministerial Conference, which concluded on Wednesday with "no surprises," as planned.

A sense of déjà vu is forgivable. WTO members had previously vowed to conclude the talks by the end of 2005, 2006, 2007, and 2008. Most of these years were marked by informal or formal deadlines for framework agreements on agriculture and industrial goods trade. All were pushed back -- and ultimately missed.

Nevertheless, senior officials are scheduled to meet in Geneva later this month to chart a course forward for the negotiations in the new year.

But even as the struggling Doha talks continued preoccupy negotiators, a group of developing countries showed that they were ready to liberalise trade on their own terms. After an early-morning meeting on Wednesday, representatives from a group of 22 developing nations announced that they had agreed a framework deal to cut tariffs and other barriers to each others' exports, in an attempt to boost South-South trade at a time when multilateral liberalisation efforts are languishing.

Once more, with feeling

"Ministers reaffirmed the need to conclude the round in 2010 and for a stocktaking exercise to take place in the first quarter of next year," said the conference chair, Chilean Finance Minister Andrés Velasco, in his summary of the three days of discussions. He reported "strong convergence on the importance of trade and the Doha Round to economic recovery and poverty alleviation in developing countries."

It is unclear what this stocktaking exercise would look like, what it would try to accomplish, or whether ministers would be involved. It could conceivably be anything from a full-fledged attempt for deals on 'modalities' -- formulae and figures for tariff and subsidy cuts, a prerequisite for a full Doha deal -- to a lower-key examination of the state of the talks, to quiet recognition that the end-2010 target is unachievable.

WTO Director-General Pascal Lamy said that this stocktaking would be necessary to measure whether concluding the round in 2010 "is doable or not." Lamy said that some sort of "breakthrough" would be necessary by the "end of the first quarter" for the negotiations to be wrapped up by the end of the year.

Earlier in the day, EU Agriculture Commissioner Mariann Fischer Boel had called for members to conclude framework 'modalities' deals within the first quarter of next year.

The United States has been taking much of the flak for the lack of movement in the Doha talks, as some developing countries are accusing the world's largest economy of asking too much and offering too little. In a press conference on Wednesday evening, US Trade Representative Ron Kirk continued to hammer away at the need for emerging economies to deliver more market access in the talks.

He also expressed scepticism about the process countries are contemplating for moving the talks along. Although Velasco had discerned widespread support among members for resuming serious negotiations on the basis of the draft texts prepared by the chairs of the agriculture and industrial goods negotiations in December 2008, the US trade chief told a journalist "the texts are called drafts for a reason -- they haven't been accepted yet."

Kirk questioned why a negotiating process that had ended in failure three years in a row would

succeed this time. "The worst thing we can do is convene a meeting for the sake of convening one" as in July 2008, and in the years before, he said.

He argued that the way forward was "tough, sustained bilateral negotiations" to augment what had been accomplished thus far, with a key goal to clarify exactly what the US stood to gain in terms of access to large developing country markets.

Washington's stance in these bilaterals, however, has left some of its trading partners frustrated. Brazilian Foreign Minister Celso Amorim was disappointed after his bilateral session with his US counterpart on Sunday night, according to an informed source. The US delegation reportedly came to the meeting with a list of 3,000 agricultural and industrial products on which they would like to gain greater market access. But such a long list of demands means 'everything and nothing', the Brazilians said, and offers no real clarification of what Washington really wants to gain from a global trade deal. Amorim reportedly complained that Kirk is just engaging in 'shadow theatre' -- pretending to play along, but ultimately delivering nothing of substance.

Other ministers were more forgiving. Indian Commerce Minister Anand Sharma told a press conference on Wednesday afternoon that he had had "very constructive, very useful engagement with Kirk and his delegation."

Two decisions taken: 'TRIPS non-violation' and e-commerce

Ministers took only two concrete decisions over the course of the three-day meeting, but even the wording of those arcane agreements had been set out clearly by Geneva-based delegates well before their bosses arrived in Geneva.

The first issue, 'non-violation complaints' under the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights, concerns whether countries should be allowed to bring WTO disputes on the grounds that the spirit, but not the letter, of WTO intellectual property (IP) rules has been violated. The WTO allows such complaints for trade in goods and services, but there has been a ban on IP-related cases since the organisation's founding in 1995. The prohibition was meant to last five years, but

it has been extended at ministerial conferences ever since. Ministers agreed on Wednesday to extend the moratorium once again and to revisit the matter at the WTO's next ministerial meeting, which is planned for 2011. Until then, they agreed not to file any such suits under TRIPS.

In their second official decision, ministers agreed to extend another moratorium, this one on tariffs on goods such as songs or movies that are sold for download on the internet. A ban on such tariffs has been in place since the WTO's second Ministerial Conference in 1998, when WTO members agreed to refrain from "imposing customs duties on electronic transmissions." Ministers agreed on Wednesday to draw out that ban again, at least until the 2011 ministerial.

22 countries strike 'South-South' trade deal

In a move significant for reasons political as much as economic, 22 developing nations approved a framework deal on Wednesday to cut tariffs by a fifth or more on a substantial majority of each others' exports.

Jorge Taiana, Argentina's minister of foreign affairs and international trade, pointed to the contrast with the Doha Round negotiations, in which WTO members have been unable to agree on tariff and subsidy cuts. "Maybe it shows that the problem in trade liberalisation and trade negotiation is not in developing countries," he told a press conference where the deal was announced. "It shows that developing countries have the will and the capability to reach an agreement."

"The North is stalling, but the South is moving," said Brazil's foreign minister, Celso Amorim.

Wednesday's decision established the ministers' agreement on the framework for a new round of tariff cuts under the Global System of Trade Preferences among Developing Countries (GSTP), a South-South trade scheme negotiated under the auspices of the UN Conference on Trade and Development (UNCTAD). The 'modalities' of the deal -- the parameters determining how many tariffs would be cut, and by how much -- were hammered out by negotiators last week, following intensive talks at UNCTAD's Geneva headquarters.

In addition to Argentina and Brazil, signatories include Egypt, Indonesia, Morocco, and Mexico, both North and South Korea, and some countries still trying to accede to the WTO, like Algeria and Iran. The GSTP, which entered into force in 1989, has 43 members. Only 22 of them participated in the just-concluded negotiations, which started in Sao Paulo in 2004. China and South Africa are not part of the GSTP, and thus have not been participating in the talks.

With the framework in place, each participating country will now begin drawing up a list of products that will face extra tariff cuts. Those lists must account for at least 70 percent of each country's total number of agricultural and industrial tariff lines that are not already bound at zero. While approving each other's lists, countries will have the chance to seek additional tariff concessions through a 'request-offer' process. Least-developed countries wishing to join the agreement would be eligible for special and differential treatment, possibly in the form of a greater margin of preference. Argentina's Taiana indicated that the group hoped to conclude these negotiations by September 2010.

Crucially, tariff cuts negotiated under the GSTP will not be extended to other countries. What this means in practice is that India could end up levying a 10 percent duty on car parts imported from the US, while identical parts from Brazil face a tariff of 8 percent or less. This departure from the WTO's non-discrimination principles is sanctioned by the Enabling Clause of the General Agreement on Tariffs and Trade, which authorises such preferential trade arrangements among developing and least-developed countries.

Opening up trade among developing countries could help spur recovery from the global economic crisis, ministers said on Wednesday, particularly given the lack of agreement on liberalisation at the multilateral level. "We in the South are not waiting for solutions to come from heaven," said Hisham Badr, Egypt's ambassador to the WTO, "but sometimes the solutions can come from the South."

In the Doha Round negotiations, the US and the EU have argued that large developing countries are cashing in on trade, and that they should therefore allow other developing countries even greater market access for both farm products and industrial goods. The GSTP

expansion lets participants expand South-South trade, albeit among a subset of countries, without opening their markets to the industrialised world.

By UNCTAD's own account, the two previous rounds of GSTP negotiations have not had "far-reaching results." The UN trade body estimates that the tariff cuts agreed to could boost trade among participating countries by more than US\$8 billion. But this would still be under a tenth of the most modest projections for the gains from a Doha deal to cut tariffs and subsidies.

Other initiatives for South-South cooperation went ahead on the sidelines of the ministerial, including a meeting among India, Brazil, and South Africa, as well as India, Mercosur, and the Southern African Customs Union.

ACP countries unhappy with pending bananas deal

At press time, considerable confusion reigned over what exactly had been agreed on the EU's banana tariff (see Tuesday's Bridges Daily Update, <http://ictsd.org/i/trade-and-sustainable-development-agenda/63450/>). EU Agriculture Commissioner Mariann Fischer Boel told the press that the EU, Latin American producer countries, and the African, Caribbean and Pacific (ACP) group had reached an agreement, and that US Trade Representative Ron Kirk had offered his support. She added that she had every confidence that the European Commission would finalise a draft legal text this week.

ACP countries offered a different version of the state of play. Cameroon's Trade Minister Luc Magloire Mbarga Atangana stated forcefully that "despite rumours, [ACP trade ministers] say there is no agreement yet, we have seen no agreement and do not know its contents." He said that two issues in particular were still outstanding: the size of the financial envelope the EU would offer to help ACP banana producers to adjust or diversify (€190 million offered, €250 million requested), and the 'legal basis' for the tariff cut itself. A stand-alone agreement, such as the one the EU claims to have concluded, would not be legitimate, he said. Instead, the size of the cut and the length of its implementation period should be

determined within the Doha Round negotiations.

Parting thoughts

Views seemed to vary on whether the ministerial summit had been worth the effort and cost, with a number of delegates saying that it had at the very least provided an occasion for useful informal and bilateral exchanges.

One senior trade diplomat said that the world economy had changed since the last time ministers from all WTO members met, four years ago. The meeting gave ministers a chance to examine the WTO's functioning in the context of the economic changes, and discuss how the institution could be adapted to the new reality.

Another official, also speaking under condition of anonymity, was less convinced. "Only if we have some sort of stocktaking in 2010" would the ministerial prove to be a worthwhile exercise, the official said. Otherwise, "perhaps this was much ado about nothing."

"The mountain has trembled, and delivered a small rat."

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