



WTO Negotiations – State of Play

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Background to the Doha Round

Most developing countries did not want to launch a new Round - the Doha Round.

Their position since the first WTO Ministerial in 1996 was that the UR agreements needed to be rebalanced. Emergence of 'Implementation issues' – para 12 in Doha Declaration.

Former USTR Charlene Barshefsky in 2007 :

'The Round was launched on essentially false pretenses, in two respects.

First, it was launched almost immediately in the aftermath of 9/11. I believe that but for 9/11, it almost certainly would not have been launched. ...but for 9/11 there was almost no enthusiasm for the round. 9/11 changed that. Countries believed that they needed to show solidarity with the United States and make a statement about the global economy and the importance of economic growth. So the round was launched.'

Barshefsky:

'Second, the round was called a development round. Again, as the six-year delay shows, there may have been the broad intention on the part of the wealthy nations to make this a development round, but their ability to execute has always, in important respects, been absent something clear from the outset, rhetoric aside. At the end of this process, what will undoubtedly be portrayed as an important victory will, I believe, be far less than what it should have been had the wealthy nations genuinely pursued a development round.

While development issues have been addressed in a number of ways in the negotiations, naming the round the "Doha Development Agenda" does seem to overstate the case a bit. For the most part this round has been like any other, with the focus being on the market access concerns of the major trading powers. While large developing countries like Brazil, China and India now play a greater role in trade talks, the interests of the poorest countries still seem to be an afterthought in many ways.'

Doha Round

- Implementation Issues (Art 18 – infant industry; TRIMS – local content requirements etc)
- Agriculture (Domestic Supports)
- Non-agriculture Market Access
- Services
- Special and Differential Treatment (strengthening S&D provisions)

Developing countries have attempted to put forward some of their offensive interests – all these are now stuck. For the most part, Market access issues have taken center stage

Bali Package

Imbalance between

- Legally binding Trade Facilitation Agreement
VS
- Best endeavour or time-limited agreements on LDC issues and agriculture (DFQF, Rules of origin, cotton, export subsidies, public stockholding etc).

Where are we now?

- 1) Attempt to change the scope of DDA – doability and creativity, shifting the level of ambition
 - Lower ambition for whom? Will the balance of ambition between developed and developing countries be maintained? What about issues important to developing countries?
 - Rev 4 – ag modalities text of 2008 no longer as the basis? (many problems with Rev.4, but it contains domestic support issues, and key flexibilities) Will these be preserved if Rev.4 is put aside?

‘The Dec 2008 draft modalities are the basis for negotiations and represent the end-game in terms of the landing zones of ambition. Any marginal adjustments in the level of ambition of these texts may be assessed only in the context of the overall balance of trade-offs, bearing in mind that agriculture is the engine of the Round; and

The draft modalities embody a delicate balance achieved after 10 years of negotiations. This equilibrium cannot be ignored or upset, or we will need readjustments of the entire package with horizontal repercussions. Such readjustments cannot entail additional unilateral concessions from developing countries.’ (Reflections from the frontline: Developing country Negotiators in the WTO’

2) Do we keep all the issues that we said we would negotiate? Or do we break the single undertaking? And break the mandate of the DDA?

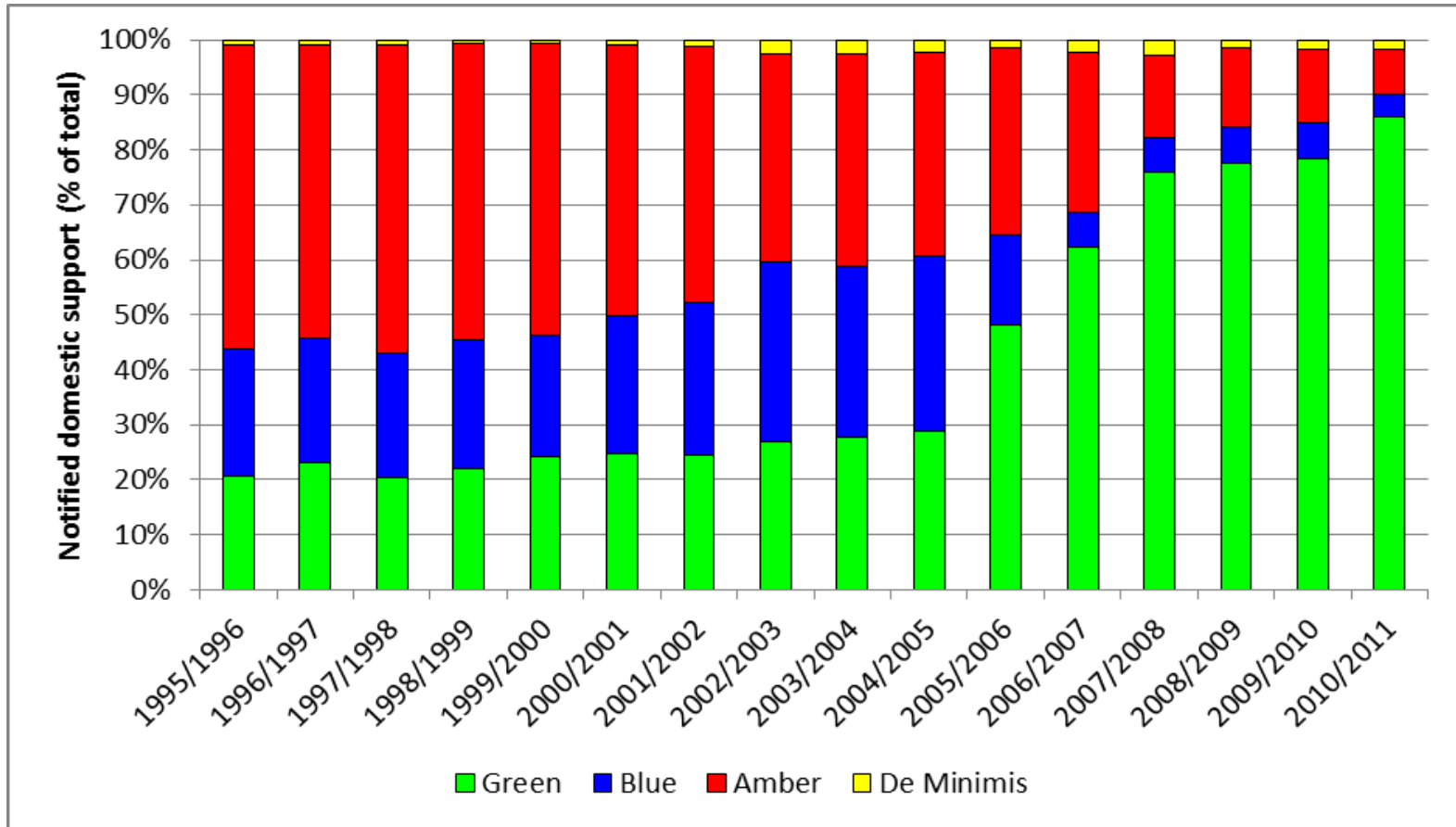
3) Do we want to arrive at each ministerial to harvest a package? How will the issues be chosen? If not based on development (e.g. LDC package, then on what criteria?). Will developing countries withstand the pressure?

4) What is the intent behind 'lower ambition'?

Some seem to want to close down the Round quickly. Is this in order to start a new Round with a new mandate? (S&D only for LDCs; introduction of 21st century issues?)

Already – we see current attempts to get out of domestic support commitments. (US hitting at India and China). If these are not disciplined, what are developing countries getting from the DDA? The focus will be on cutting tariffs. Are developing countries going to gain from this?

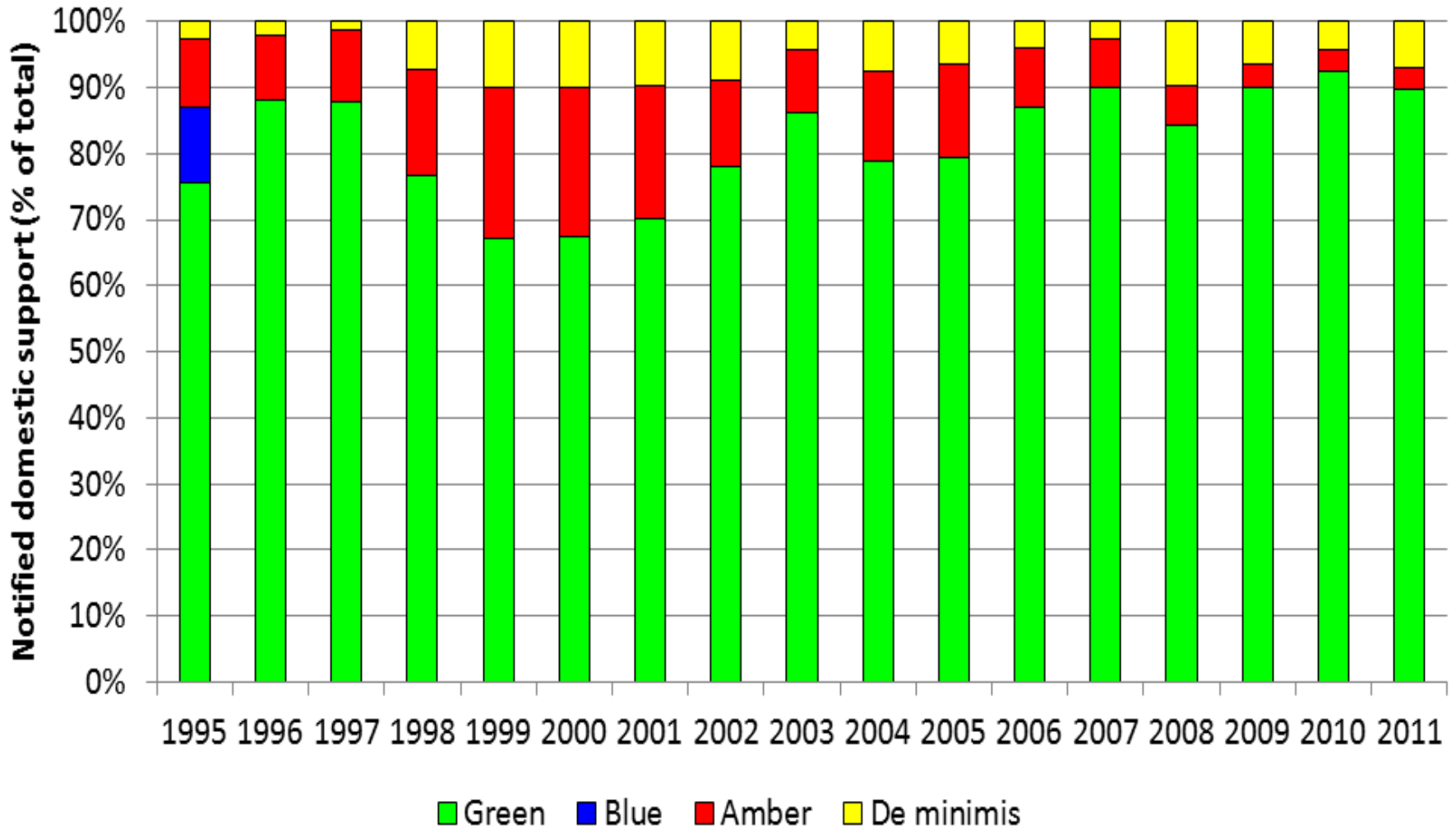
Domestic Supports - EU



Domestic Supports - EU

| Year | Green | Blue | Amber | De Minimis | OTDS (Blue, Amber, De Minimis) | Total notified domestic support |
|-----------|--------|--------|--------|------------|--------------------------------|---------------------------------|
| 1995/1996 | 18,779 | 20,846 | 50,181 | 825 | 71,852 | 90,631 |
| 1996/1997 | 22,130 | 21,521 | 51,163 | 761 | 73,445 | 95,576 |
| 1997/1998 | 18,167 | 20,443 | 50,346 | 733 | 71,521 | 89,688 |
| 1998/1999 | 19,168 | 20,504 | 46,947 | 525 | 67,975 | 87,143 |
| 1999/2000 | 21,916 | 19,792 | 48,157 | 554 | 68,502 | 90,419 |
| 2000/2001 | 21,848 | 22,223 | 43,909 | 745 | 66,876 | 88,724 |
| 2001/2002 | 20,661 | 23,726 | 39,391 | 1,012 | 64,128 | 84,790 |
| 2002/2003 | 20,404 | 24,727 | 28,598 | 1,942 | 55,266 | 75,670 |
| 2003/2004 | 22,074 | 24,782 | 30,891 | 1,954 | 57,626 | 79,700 |
| 2004/2005 | 24,391 | 27,237 | 31,214 | 2,042 | 60,493 | 84,884 |
| 2005/2006 | 40,280 | 13,445 | 28,427 | 1,251 | 43,123 | 83,404 |
| 2006/2007 | 56,530 | 5,697 | 26,632 | 1,975 | 34,304 | 90,833 |
| 2007/2008 | 62,610 | 5,166 | 12,354 | 2,389 | 19,909 | 82,519 |
| 2008/2009 | 62,825 | 5,348 | 11,796 | 1,083 | 18,226 | 81,051 |
| 2009/2010 | 63,798 | 5,324 | 10,883 | 1,393 | 17,600 | 81,398 |
| 2010/2011 | 68,052 | 3,142 | 6,502 | 1,393 | <u>11,037</u> | 79,088 |

Domestic Supports - US



Domestic Supports - US

| Year | Green | Blue | Amber | De minimis | OTDS (Blue, Amber, De Minimis) | Total notified domestic support |
|-------------|--------------|-------------|--------------|-------------------|---------------------------------------|--|
| 1995 | 46,041 | 7,030 | 6,214 | 1,643 | 14,887 | 60,928 |
| 1996 | 51,825 | - | 5,898 | 1,175 | 7,072 | 58,897 |
| 1997 | 51,252 | - | 6,238 | 812 | 7,050 | 58,302 |
| 1998 | 49,820 | - | 10,392 | 4,750 | 15,142 | 64,962 |
| 1999 | 49,749 | - | 16,862 | 7,435 | 24,297 | 74,046 |
| 2000 | 50,057 | - | 16,843 | 7,341 | 24,184 | 74,241 |
| 2001 | 50,672 | - | 14,482 | 7,054 | 21,536 | 72,208 |
| 2002 | 58,322 | - | 9,637 | 6,690 | 16,328 | 74,650 |
| 2003 | 64,062 | - | 6,950 | 3,237 | 10,187 | 74,249 |
| 2004 | 67,425 | - | 11,629 | 6,458 | 18,087 | 85,512 |
| 2005 | 72,328 | - | 12,943 | 5,980 | 18,923 | 91,251 |
| 2006 | 76,035 | - | 7,742 | 3,601 | 11,343 | 87,378 |
| 2007 | 76,162 | - | 6,260 | 2,260 | 8,520 | 84,682 |
| 2008 | 86,218 | - | 6,255 | 9,971 | 16,226 | 102,444 |
| 2009 | 103,214 | - | 4,267 | 7,258 | 11,525 | 114,739 |
| 2010 | 120,531 | - | 4,119 | 5,665 | 9,784 | 130,315 |
| 2011 | 125,117 | - | 4,654 | 9,714 | 14,368 | 139,485 |

Domestic Supports - OTDS

US – Current bound OTDS – 48.3 billion.

60% cut (Rev.4) => \$14.5 billion

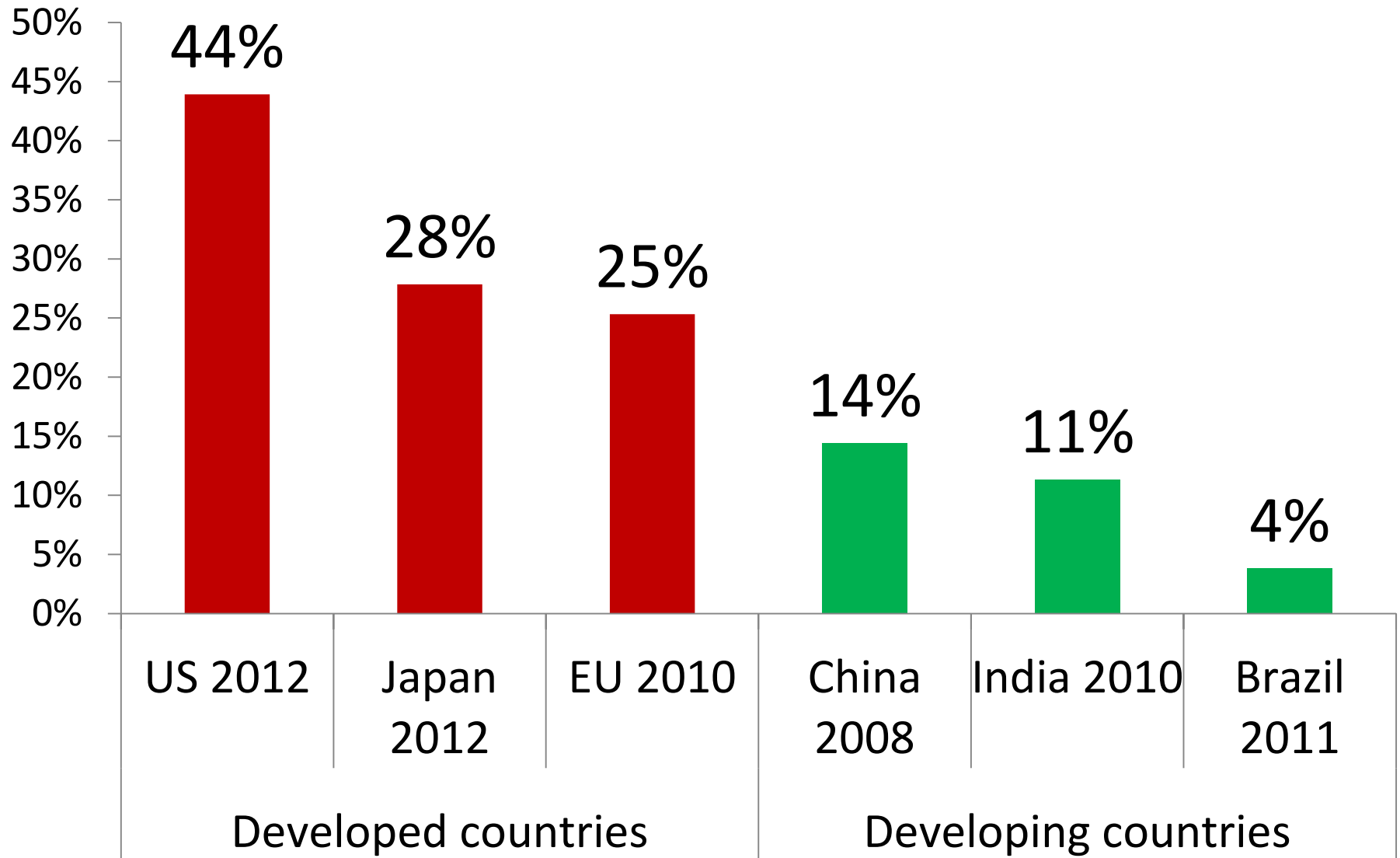
Applied OTDS - \$14.36 billion

EU – Current bound OTDS – 110.3 billion euros

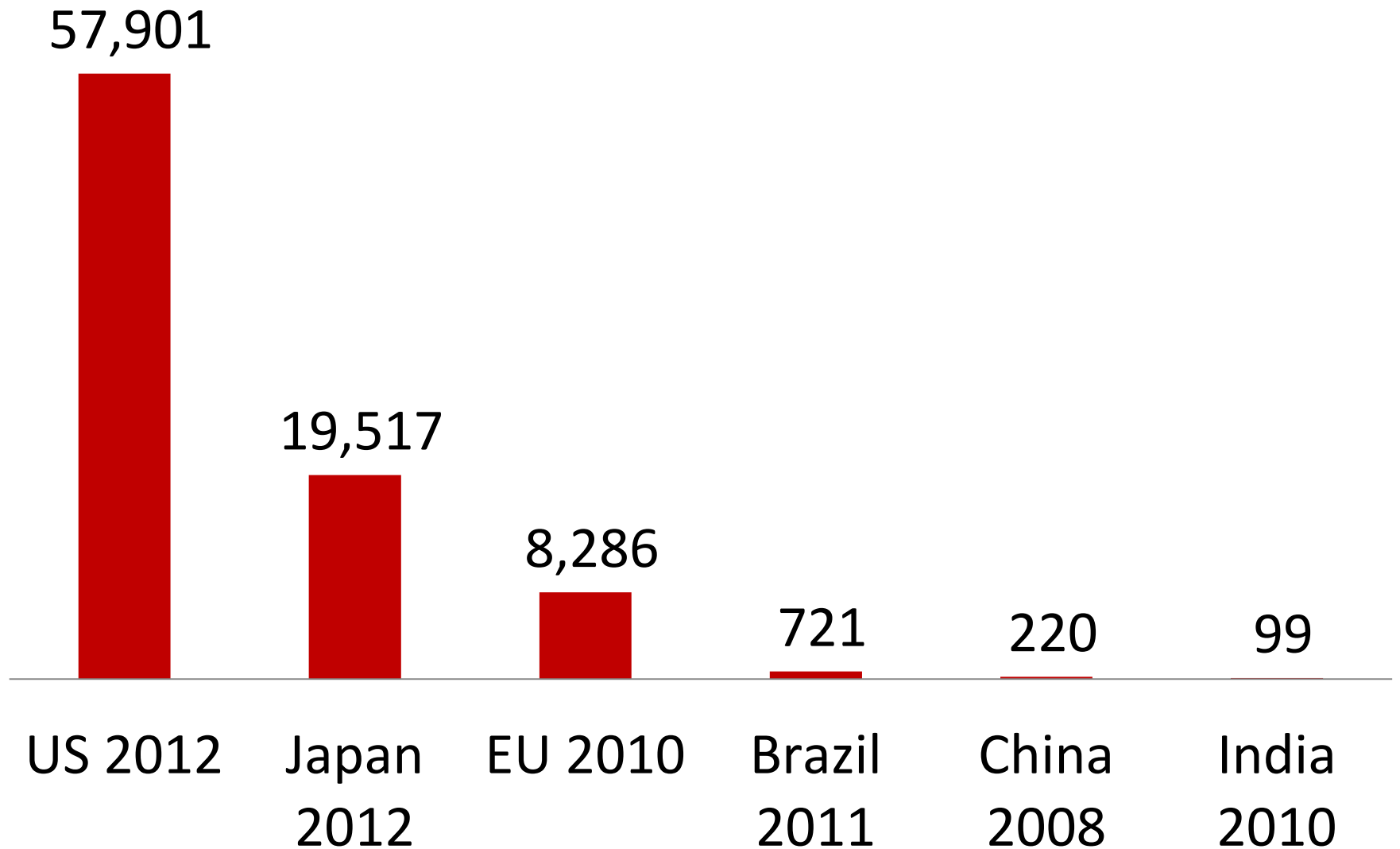
80% (Rev.4) => 22 billion Euros

Applied OTDS – 11 billion Euros

Applied Domestic Support (OTDS+Green Box) as share of agricultural Value of Production



Domestic Support per farmer (USD)



Towards July Work Programme and Nairobi

- 1) All 'remaining DDA issues' should be kept as part of the DDA
- 2) Nairobi can be a stepping stone towards the completion of the entire DDA.

However, any early harvest in Nairobi should be on development issues eg. LDC issues; S&D issues (Industrialisation concerns – TRIMS; Article 18 etc)

- 3) We need to underscore what are developing countries' 21st century issues:

Nairobi – to put on the WTO Agenda developing countries' 21st Century issues: (reframe the developed country discourse):

- Industrialisation (TRIMS; Article 18 on infant industry; Subsidies Agreement - allow subsidies promoting local content etc)
- Agriculture - Public stockholding – critical for countries at lower level of development; poverty reduction and food security
- Legally binding outcomes in Bali package pertaining to LDCs and agriculture: cotton; export subsidies; DFQF; Roos)