

Finding a way forward for the Doha Development Agenda

CASE, WARSAW

20 February 2004

It's everyone else's Fault

- Reciprocity based negotiations require....
- RECIPROCITY
 - at Cancun (EU and Singapore issues apart),
 - in Geneva (in December and February),
 - in Zoellick letter
 - in the EU/US/Africa group meeting of 18 February
 - in Fischler article in WSJ on 19 February
- everyone says what they want of others
- but not what they offer

The Blockages - the EU

- The EU claims a huge agricultural reform and progress on non trade distorting support
- hints at movement on Export subsidies (notably products of interest to developing countries - sugar, cereals, dairy products beef?)
- but rests on Uruguay round formula for tariff cuts, trade distorting subsidy cuts, and export subsidies. No mention of TRQ
- market access stuck on EBA

Blockages - the US

- Ambivalence over preferential vs multilateral liberalisation
- Agriculture (Farm Bill, cotton, sugar (see US/Australia))
- returned to demand for abolition of export subsidies and Swiss Formula for tariff cuts on Agriculture (and NAMA)
- no automatic Special and differential treatment

Blockages - G20 (or 21 or 22)

- Demand end to agricultural subsidies and increased market access in OECD
- no to Singapore issues
- special and differential treatment for them on
 - Agriculture
 - NAMA
 - services

Blockages - G 90

- Demand end to agricultural subsidies and increased market access in OECD - cotton a special issue
- no to all 4 Singapore issues
- special and differential treatment for them on
 - Agriculture
 - NAMA
 - services
- protection of preferences

Other blockages

- Japan/Korea
 - AGRICULTURE - disguised as
 - the SINGAPORE ISSUES
- Cairns Group
 - end to export subsidies
 - swiss style formula on tarriffs

How do we get out of this mess?

- It requires that everyone signals that they will move on substance not just on modalities
- the EU on Agriculture (Singapore issues already gone)
- the US on domestic agriculture and on immediate abolition of export subsidies
- the G20 on S&DT and on Singapore issues
- the G90 on preference erosion & Singapore issues
- Japan Korea on Ag market access and Singapore issues
- Cairns Group need to stand back on export subsidies

8 modest proposals

- 1 Moratorium on FTAs for 2 years
- 2 EU to improve AG offer to better than UR formula and double TRQ
- 3 US to step back on 2002 Farm Bill and reduce domestic support on Cotton, improve market access on sugar double TRQ
- 4 Japan/Korea allow unbundling of Singapore issues and move from single undertaking. Ag offer at least as good as EU, double TRQ
- 5 EU/US/world bank to set up trade preference buy-out scheme
- 6 G20 not insist on S & DT on ag, NAMA, and services
- 7 G90 allow Singapore issues on the agenda but outside the single undertaking
- 8 Cairns Group accept phasing out not abolition of export subsidies. Make offers on Ag, NAMA and Services

A Tall Order!

- But all the alternatives are worse
- no deal this year risks no deal until 2007
 - lose Lamy and (de facto) Zoellick in 2004
 - US and Indian elections in 2004
 - new USTR/ EU Commissioner/DG of WTO in 2005
 - review of US trade negotiating authority in spring 2005
 - impact of EU Enlargement on EU agricultural position
 - and then French Presidential election in 2007
- maybe should forget it and return to liberalisation at the end of the decade