

Trade ministers from 30 countries agree to restart WTO talks

Meeting on the sidelines of the World Economic Forum in Davos, Switzerland late last month, trade ministers from 30 countries agreed to re-start the Doha Round of global trade talks.

However, the ministers' statement was short on specifics and revealed little progress toward reaching a deal, according to BBC News. WTO director-general Pascal Lamy said the Doha round is "living; it will continue."

Lamy reported that the U.S. government would try to get an extension of President Bush's fast-track trade promotion authority, which would give the trade talks a "window of opportunity. It's a question of months rather than quarters." He added that trade ministers would try a fresh approach to reach a deal as soon as possible.

European Trade Commissioner Peter Mandelson said any deal must strike "a balance between the need to advance decisively on farm trade liberalization and the need to respect the reasonable agricultural sensitivities of the less competitive and those with large subsistence farm sectors."

Ag experts roundtable

Earlier in the month the Washington-based International Food and Agricultural Trade Policy Council and the Geneva-based International Center for Trade and Sustainable Development held an experts roundtable in Glion, Switzerland to explore options for Doha Round progress.

The experts agreed that reaching agreement on general formulas in market access and domestic support is an important step, but further progress is needed on the more specific modalities. They also expressed confidence that outstanding concerns — such as provisions to support poorer countries and making sure subsidies aren't abused — can be adequately accommodated in order to reach a successful conclusion of the round.

Other conclusions were as follows:

- *Numbers can be deceiving.* Trade negotiators need to keep in mind that negotiations are on the level of bound tariffs and allowable levels of domestic support. Many countries have lower

applied tariffs and levels of domestic support, which limits the size of the actual cuts.

- *The devil is in the details.* While an agreement on the formulas for cuts in tariffs and subsidies will be crucial, of even greater importance are the specific formulas for tariff and subsidy cuts, and exceptions to them on market access flexibilities and safeguard mechanisms, and disciplines in domestic support.
- *Market access flexibilities are necessary but should be limited.* Given import sensitivities in all countries, improved market access will necessarily be accompanied by exemptions and flexibilities. However, both rich and poor countries with agricultural export interests are concerned that an overly broad scope of market access exemptions — in the form of sensitive and special products and safeguard mechanisms — could negate even substantial formula tariff cuts.
- *Reductions in the average subsidy level may be inadequate.* Cuts in the average subsidy level or overall trade distorting support and other support may be important but not sufficient. Countries may need to agree on reductions in subsidies for specific products in order to effectively reduce levels of trade distortion. Product-specific caps would restrict countries from shifting subsidies among categories and keeping high levels of support for specific products.
- *Addressing adjustment and agricultural market failures.* Trade-induced adjustment costs are a matter of growing concern within multilateral negotiations on liberalization. While member countries acknowledge the longer-term benefits of trade liberalization, the process of transition and associated costs are subjects of concern. Consideration could also be given to multi-year donor commitments for agricultural development assistance.

All presentations at the roundtable are available at www.agritrade.org. A resource book with presentation summaries will be released shortly by ICTSD.

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