INTERNATIONAL

Ag trade think tank urges resumption of WTO talks

The International Food & Agricultural Trade Policy Council (IPC), a Washington-based think tank, has published an issue brief urging World Trade Organization members to restart the stalled Doha Round of global trade negotiations (see *FCN* Nov. 20, Page 14).

"IPC is heartened by the movement toward the resumption of…negotiations, which had been suspended in July 2006," the council said in a news release. "This, however, requires that WTO members acknowledge the important progress to date *and* agree to move forward in a spirit of compromise that will allow all members to reap the benefits that a Doha Round can bring."

IPC has scheduled a roundtable meeting Jan. 22-23 in Geneva, Switzerland on outstanding Doha Round agricultural issues featuring issue brief author Michael Gifford, former trade policy advisor for Agriculture and Agri-Food Canada.

Noting that numerous important proposals to reduce trade barriers are already on the table, IPC said, "What is required now is for WTO members to seriously re-engage and wrap up these negotiations. This will require compromises from all sides." While some observers have complained about the complexity of the negotiations, this complexity "does provide all parties with a number of opportunities for tradeoffs," IPC said, offering recommendations in four areas:

- Wealthy countries, and the United States in particular, need to further reduce the overall level of trade-distorting **domestic support** for their farmers, especially if they are asking for more market access in some developing countries. This move shouldn't be impossible, because developed countries have the financial resources to continue to support their rural sectors by shifting support away from policies that are trade distorting to those that have little or no adverse trade effects, such as payments for environmental conservation.
- The IPC paper suggests ways to create additional market access even if the **tariff reduction formula** seems an obstacle. For example, developing countries could be engaged in a request-and-offer negotiation or be asked to create tariff rate quotas in key sectors, provided their negotiating partners offer adequate concessions from their side.
- The practical reality is that in any trade negotiation some commodities are more politically sensitive than others, but there is a self-balancing principle that **sensitive products** must somehow pay for lower-than-formula tariff cuts. Thus, the higher the deviation from the general tariff reduction formula, the greater the expansion of a tariff rate quota should be for sensitive products. Finding the right balance would help undo the deadlock over market access, and the paper outlines some possible steps for the European Union and developing countries.
- Some developing countries need to be more open to a compromise that recognizes that special and differential treatment, and a significant improvement in access to their markets, are not necessarily mutually exclusive. Clearly, any compromise must address in a meaningful way the particular concerns regarding the impact of trade liberalization on large numbers of poor subsistence farmers. The issue brief lays out some possible approaches to **special products** and suggests that a willingness to minimize, rather than maximize, flexibility will bring about more movement by developed countries on domestic support and market access, create greater opportunities for trade among developing countries, and improve the competitiveness of their own economies.

The full issue brief, "Unblocking the Doha Round Impasse: Possible Scenarios for the Agricultural Negotiations," is available at *www.agritrade.org*

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Mexican tax bill drops 20% levy on fructose

The new Mexican president Felipe Calderon has dropped from his 2007 tax package the controversial 20% tax on soft drinks sweetened with high fructose corn syrup.

Last July the United States and Mexico agreed to do away with the so-called "fructose tax" by Jan. 31 in return for a secure U.S. import quota for Mexican