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Experts Warn of “Failure by Default” in Doha Round

Geneva, Switzerland – March 13, 2008

At a March 12 meeting, academics, former and present trade negotiators, and private sector representatives agreed that the 8 February draft text released by the chair of the agriculture negotiations at the World Trade Organization (WTO) demonstrates the clear progress that has been made in the talks and forms an excellent basis for reaching agreement.

The meeting, which was hosted by the International Food & Agricultural Trade Policy Council (IPC), the International Center for Trade and Sustainable Development (ICTSD) and the International Food Policy Research Institute (IFPRI), aimed to take stock of the trade and development implications of the text for certain countries. Research findings presented by experts were complemented by comments from WTO member representatives.

A number of participants expressed their concern about the tight timeline and the number of technical questions still to be answered. IPC member Carlo Trojan, former ambassador of the European Commission to the WTO, warned against a “failure by default,” and urged WTO member governments to contemplate the likely costs. “Not only would such a failure have systemic consequences,” Mr. Trojan warned, “but also we should not imagine that we could simply pick up the negotiations in a few years time.”

Although some participants expressed concerns about a range of flexibilities for both domestic subsidies and market access, others emphasized that the overall results of a Doha deal would lead to a significant increase in agricultural trade liberalization as compared to the Uruguay Round Agreement on Agriculture. The deal now within reach would create real new market access opportunities as a result of significant tariff reductions, the elimination of export subsidies, and substantial reductions in trade-distorting support.

The new text means that applied tariffs facing EU exporters in developed countries could be reduced by 36% on average, with those facing U.S. exporters potentially dropping by 29%, said experts. The reductions in overall subsidies envisaged in the chair’s text will not result in effective cuts in current and anticipated spending; however, limits on the most trade-distorting ‘amber box’ subsidies could be constraining for some specific products such as sugar and dairy before the end of the implementation period.

Even in cases where tariff cuts and tighter domestic subsidy disciplines only result in ceilings rather than actual reductions, WTO member governments need to convey to their constituencies the importance of the new disciplines in constraining trade-distorting measures that countries might want to introduce during a worsening economy. Several participants stressed the importance of consolidation – locking in trade reforms that have taken place to date, to prevent future backsliding.

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The rise in commodity prices should facilitate the conclusion of the negotiations, as reforms can be carried out more easily in an environment of high prices. At the same time, however, IPC member Raul Montemayor, President of the Federation of Free Farmers Cooperatives, Inc., pointed out that concerns about high food prices and food security can trigger increased protectionism, emphasizing that “trade liberalization now is important to counter these tendencies.”

Drafts of the papers presented at the roundtable can be accessed at www.agritrade.org and www.ictsd.ch.

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About ICTSD: The International Center for Trade and Sustainable Development (ICTSD) is a non-governmental organization, based in Geneva, which – by empowering stakeholders in trade policy through information, networking, dialogue, well-targeted research, and capacity building - seeks to influence the international trade system such that it advances the goal of sustainable development.

About IPC: The International Food & Agricultural Trade Policy Council (IPC) promotes a more open and equitable global food system by pursuing pragmatic trade and development policies in food and agriculture to meet the world's growing needs.

About IFPRI: The International Food Policy Research Organization (IFPRI) seeks to provide policy solutions that reduce poverty and end hunger and malnutrition.