CTA GRET

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Getting Down to Brass Tacks

Negotiations: A User's Manual

This third day saw the real launch of negotiations, with the first substantial discussions among the groups attending. The past three days were in fact essentially focused on preparing, within each group, negotiating positions (on agriculture, NAMA[1] and development). Each group designated its own Chair and a coordinator for each subject[2]. Prepared by the delegations, the positions are then approved by the Delegation Heads and then transmitted as a basis for negotiations to what until now had been called "green rooms", renamed "chair consultative groups".

To facilitate the discussions, Pascal Lamy has nominated a certain number of "facilitators" to help with the negotiations. For the priority subjects in these negotiations, these facilitators are three representatives of developing countries—Humayum Khan (Pakistan) for NAMA, Mukhisa Kituyi (Kenya) for agriculture and Clément Rohee (Guyana) for development.

[1] Non-Agricultural Market Access

[2] Mauritius chairs the ACP Group, Niger is its coordinator for agriculture.

Will the Development Round Live Up to its Name?

This evening, the development pillar seemed to be where points of convergence could be found, although modalities remained to be determined. The discussions on agriculture have also begun, with what seems to be a consensus obtained last night on export competition as far as two points are concerned: a deadline for the elimination of export subsidies and parallelism with other export support measures. Agriculture should be addressed in greater detail this evening.

During an early afternoon meeting with the ACP Group and the African Group, the head of WTO, Pascal Lamy, reiterated the need to take a pragmatic approach by formulating the most specific proposals possible on the draft Ministerial Text of 7 December. He insisted on the fact that, while the question of preferences was vital for these countries, it could only be addressed once the amount of tariff reductions was known. For bananas, he noted that the conflict had been going on for twenty years and, according to him, would not be resolved in Hong Kong.

The G90 Concentrates on the "Development Package"

The G90 announced in a press conference today that it would be concentrating on the "development package".

Placed on the table by the European Union on 8 December, the "development package" is part of the special and differential treatment for developing countries but in reality only addresses some of the stakes. It contains three points: free access to the markets of developed countries and emerging countries that so wish and exemption from the Services Agreement for LDCs; aid for trade for all developing countries; and additional development-related measures (erosion of preferences, access to medicines and cotton).

Since last night, the discussions have been focalised on the first item of this package, which does not concern the LDCs. In the agriculture pillar of the negotiations, special and differential treatment is thus being addressed from a very limited angle. The other dimensions highlighted by developing countries such as special products and the Special Safeguard Mechanism dear to the G33 and the G90 are not addressed. Whether they are addressed during the week or if this very restrictive version will prevail remains to be seen. It is highly probable that the non-LDC developing countries will not agree to this, as the representative of the African Union (who is Egyptian, and therefore not LDC) has stated in a press conference that special and differential treatment must not be limited to measures to improve market access for the agricultural products of LDCs.

Priority Given to the Right to Protect and Regulate Supply

The French NGOs in Coordination SUD organised today, alongside the official meeting, a workshop on the subject of "Agriculture: For the Regulation of Global Trade". The objective was to evaluate the impacts of 20 years of agricultural trade liberalisation, begun with the structural adjustment programmes and intensified by the WTO.

The conclusion is clear: Whereas the discourse underlying liberalisation promises considerable benefits from trade liberalisation for all, and the poorest countries in particular, reality is a stark contrast. Far from seeing a drop in poverty among small farmers, poverty is growing due to competition from imports from both developed and developing countries. In both developing and developed countries, however, liberalisation benefits those who can resist competition from imports, which leads to a concentration of farms and has negative consequences on the environment. The predicted market stabilisation has not materialised: on the contrary, prices are even more volatile. Researchers explain that this is due to how agricultural markets work, and not to exogenous causes (climactic events) as the economic models justifying trade liberalisation hypothesise.

The workshop participants emphasised the importance of food sovereignty, defined as populations', states' and Unions' right to define their agricultural and food policies. This translates into the right to protect local and regional markets and the right to favour local and regional markets over extraverted development strategies. When it comes to the WTO negotiations on agriculture, this implies negotiating Special Safeguard Mechanisms that are truly accessible for developing countries and allow for additional tariffs and quantitative restrictions on imports. Moreover, developing countries should have the "sovereign right to withdraw from liberalisation" a certain number of strategic products or sectors when it comes to development and food security (special products). In addition, the participants deem the use of domestic support to be legitimate, no matter what colour, as long as they do not serve exportation.

Because agricultural markets cannot regulate themselves and are volatile, the participants insisted that the market instruments generally proposed (income insurance, contracts) were either not relevant or not appropriate. More liberalisation will not alleviate poverty when poverty is caused by liberalisation. It is an illusion to think that one can protect oneself from climactic events in Africa, or rely on instruments that wealthy countries can only use with a guarantee of public power. However, as six African countries propose, the problem of dependency in regards to basic commodities whose prices are volatile, with a structural downward trend, and subject to exchange rate fluctuations needs to be placed on the negotiating table. Although the limits of past product agreement experiences were addressed (cost of regulating stock, difficulty ensuring that all countries play by the rules), these limits must not be used as a pretext to avoid exploring these mechanisms.

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Live from Hong Kong