
COTTON UPDATE – 12 December 2006

Will the negotiations resume? Yes, but..., or no, but...

Will talks resume or not? Right now in Geneva, everything seems to come down to words and nuances. Judging from the press and rumours at the WTO, the confusion is skilfully maintained, to say the least. Officially, the negotiations have not resumed. On the one hand, Pascal Lamy feels that conditions are not quite right, while on the other hand, he has said that negotiations could be wound up by the end of 2007 (European American Press Club, Paris, 6 December 2006). Last July, the General Council backed the Director-General when he recommended suspending the talks to allow serious reflection by members (for an unspecified period of time). Negotiations are de facto suspended because there have not been any new proposals to date to break the logjam (especially in the contentious areas of market access and domestic agricultural support).

Statements right, left and centre in favour of the resumption of negotiations

Informal meetings at WTO on the rise

And what about agriculture?

Conclusion

Statements right, left and centre in favour of the resumption of negotiations

Uncertainty and confusion are the words that come to mind for newspaper readers at the moment. As assessments range from “the resumption of negotiations” to the “Doha impasse”, it is hard to get a clear picture of the situation. More and more informal meetings are being held in Geneva. There is talk of resuming technically but not politically. Discussions have reportedly been launched and consultations are strongly encouraged, but negotiations have not restarted.

Many key Member States, groups and regional organizations are calling for the resumption of negotiations and say they are keen to avoid wasting efforts already made and results already obtained. At every major regional summit, such as APEC and the African-South American Summit, but also at the latest meetings of the UEMOA and the African Union, members have reaffirmed their commitment to multilateral negotiations and called for the relaunching of Doha Round negotiations.

At every single meeting he has attended recently, Pascal Lamy has stepped up and urged members to push for resumption, for example at the ceremony to celebrate the 20th anniversary of the launching of the Uruguay Round in Montevideo on 22 November or at the ACP-EU Joint Parliamentary Assembly on 23 November in Barbados. He took part in the annual session of the Parliamentary Conference on the WTO held in Geneva on 1 and 2 December by the Inter-Parliamentary Union. He also met with US Congressmen.

Informal meetings at WTO on the rise

Two major informal meetings took place in the week of 10 to 17 November 2006. On the 10th, C. Falconer, Chairman of the Committee on Agriculture, convened an informal forum on transparency in agricultural negotiations. On the 17th, Pascal Lamy chaired an informal forum of the Trade Negotiations Committee, at which he urged all Committee Chairmen to take more such initiatives with a view to paving the way for new proposals. One thing seems more or less sure: nothing is likely to happen before the holidays, even though the General Council is scheduled to meet on 14 and 15 December. January, however, could open up a window of opportunity that could materialize on the fringe of the Davos Forum. The prospect of the Forum (24-28 January 2007) appears to be shaping up as a high point, a vital opportunity to push for the relaunching of negotiations. A mini-ministerial will probably be held in conjunction with the World Economic Forum on 27 January. In Pascal Lamy's view, the talks will focus on the process rather than the substance of negotiations. Up until now, the Director General has recognized that the time is not ripe for a break with the 'silent diplomacy' that is currently under way.

And what about agriculture?

With a view to pursuing the process of informal discussions, Crawford Falconer, Chairman of the Committee on Agriculture, held a fireside chat that brought together a score of ambassadors on 29 November 2006. To relaunch the debate and get a reaction, he floated the following proposal: the Americans would reduce their overall trade-distorting subsidies to the tune of 15 billion a year, in exchange for which EU Member States and other countries would slash their customs tariffs on agricultural products by 60%. The reaction to this proposal, considerably more ambitious than current positions, has reportedly been silence rather than debate. As the EU representative sees it, the proposal expects too much from Europe in terms of market access and not enough in return from the Americans with regard to domestic support. The Americans are using the outcome of the mid-term elections as an excuse to justify their lack of manoeuvring room on the question.

To keep the informal process of technical discussions going, Mr. Falconer called another meeting on 6 December. Although these discussions have not yet yielded any tangible results, Falconer is pressing forward and a new “Informal Forum on Transparency in Agricultural Negotiations” was held on the 11th December 2006. Nothing special came out and discussions will restart by the 15th January 2007.

Conclusion

This apparent activity may mean that things are starting to happen in Geneva. In all likelihood, however, it serves to cover up a major gap: the lack of progress with regard to substance, as the members are making do with discussing procedure and process rather than the very substance of negotiation. The stir probably reflects a lack of advances rather than progress towards resumption. Notwithstanding, prospects for resumption are increasingly bright and everyone is waiting for the initial impetus that can only come from an agreement between the United States and the European Union on their respective proposals. This could speed things up, and efforts will have to be made to ensure that cotton, which receives thorough coverage in current WTO debates on aid, is also included in trade negotiations.

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