
COTTON UPDATE – 12 December 2007

The never-ending story... repeats itself

As cut-off dates have frequently proved useless during the Doha negotiating process, WTO Director-General Pascal Lamy has decided to stop setting them. The oft-cited “now or never” principle seems to have gained acceptance. As the WTO sees it, we must now leave time for time, not because negotiations are at a standstill but because there is occasional progress.

A timetable

The revised modalities for agriculture and NAMA, originally due for December, are now scheduled to come out in late January or even early February. As far as agriculture is concerned, the talks in Room E (in a small group) were suspended on 7 December. Ambassador Falconer has urged members to step up the number of bilateral meetings during the two weeks leading up to the end of the year. Multilateral negotiations are to resume on 3 January and will go on for a few days before the Chair of the agricultural negotiations drafts his new version of modalities. It is not yet clear whether the Swiss Government will organize a mini-ministerial as a side event to the World Economic Forum, scheduled to convene in Davos from 23 to 27 January 2008. One thing seems certain: the revised texts will not appear before this possible meeting. The Chair of the NAMA negotiations has announced that his text will be issued in conjunction with the text on agriculture. Mr. Lamy is considering a horizontal process of mutual exchanges between agriculture and NAMA that would involve trade ministers, and a deal could materialize around one month after the modalities were published.

Yet everyone has deadlines on their minds

Everyone has agreed to stop talking about cut-off dates, even though it is hard to ignore a key parameter in 2008: the US presidential elections. There are different views on the subject. Some bury their heads in the sand, pretending that the US elections do not exist or do not pose a problem. Others see the issue in purely technical terms and are calculating how long it would take to finalize an

agreement, obtain fast track approval then secure ratification by a “lame duck”¹ US Congress - all this before President Bush leaves office on 20 January 2009. In particular, this is the scenario according to Susan Schwab. Finally, other more low-profile participants have no doubt realized that negotiations will likely bog down in the medium term. Is it reasonable to expect the Americans to reach an agreement on Doha during a lame-duck congressional session, when the Farm Bill remains clearly incompatible with WTO rules and certain candidates, including Hillary Clinton, have already stated on several occasions that they would call for a time-out in the negotiations? Those who have announced a timetable for all of 2008 neither ignore nor underestimate the political constraints; rather, they refuse to be the first to say that the negotiations might grind to a halt and above all to shoulder the responsibility for such a failure.

Real progress in the negotiations?

If we were to play with words, we could almost say that there has been progress in the negotiations but not of the negotiations. Paradoxically, this impression of little steps forward on specific points does not convey a feeling of overall progress. In agriculture, the working texts (such as the one on export competition) seem to provide indications for settling this or that aspect of the negotiations, yet this could prevent a global view of the issues at stake. We cannot rule out the possibility that this method may create new problems once these texts are put together; likewise, it is clear that “general” paragraphs have repercussions for specific points. This is the case with cotton: even though the positions in the paragraphs dealing specifically with cotton appear relatively clear (which does not mean accepted), other paragraphs have a direct bearing on cotton-related modalities. The European position – exposed last week in a Room E meeting – illustrates this problem. The UE says that it accepts “all the cotton text but only the cotton text”. However, at the same time, the EU does not apply to itself the reduction formula as foreseen in the paragraph 42 of the modalities text. Moreover, the Europeans ask for a revision of other paragraphs that have a direct impact on cotton. The C4 reminded the EU that using the formula was necessary before converting orange box subsidies into blue box ones. The C4 also expect a reaction from the Americans on the cotton modalities. It seems that the US has informally said that they will make a counter-proposal in January.

¹ A transitional session known as a “lame duck”, during which the outgoing Congress takes care of everyday business while waiting for the new Congress to take up office. It should be noted that

Moving ahead in **one** or the other major negotiating areas cannot by itself provide grounds for satisfaction. In the name of the principle of the single undertaking, we must move ahead in the **different** negotiating sectors. And here, divergences remain, or are maintained, between developed and developing countries. Whereas the latter have made agriculture the cornerstone of the Doha Round and the emblem of the “Doha development” dimension, the body of members agree on the need to strike a balance between agriculture and NAMA (where negotiations are getting nowhere). Others – especially the European Union and India – are now speaking up to remind stakeholders that no progress will be made without an agreement on services. The negotiations on services have kicked off in a delicate “request and offer” process. Many members would like to see a text come out at the same time as the texts for agriculture and NAMA. Some LDCs have emphasized that they could well lack staff to negotiate simultaneously on all fronts. Nor should we forget that the US and the EU have just floated a new proposal to liberalize trade in environmental technologies. No matter how praiseworthy it might be, the initiative opens up an additional field without settling any of the many unresolved questions.

In any event, the cancellation of the biennial ministerial stipulated in the WTO’s Statutes reflects a lack of tangible progress rather than a significant breakthrough in the negotiations.

Conclusion

By constantly repeating that we do not want cut-off dates, we end up by creating them, simply because it is not reasonable to expect a negotiating process like the Doha Round to be a never-ending story. The EU is already speaking of the need for a significant breakthrough in February in all areas, not just NAMA and agriculture, which is extremely ambitious to say the least. From there to seeing a means to prepare getting bogged down in the negotiations is a step that we are not ready to take – at least not yet...

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