

COTTON UPDATE – 23 May 2011

Doha: Up against the wall or on the edge of the abyss?

Introduction

One more step and we move forward... or we fall? Given that the Director-General said that the status quo was not an option, we must consider that times are changing and that negotiating methods are evolving, even if it means accepting the risk of failure. Wouldn't it be healthier to accept a clean end (with or without results) than endlessly prolonging sterile discussions? If Doha is dead, then doesn't it deserve at least an obituary notice, as Jean-Pierre Lehman from the Evian Group wrote in the 13 May edition of the Swiss daily *Le Temps*? And if it is still moving, how can we help it get up?

Moving forward, moving back, wrapping up?

Let us base ourselves on the assumption that Doha is not dead but that we are either up against the wall or on the edge of the abyss, in a "geographical" version of the glass that is half empty or half full. If we are up against the wall, we have to move (climb or go around) so that something happens. This is the "optimistic" version of the present situation, if indeed one can speak of optimism. If we are on the edge of the abyss – the more pessimistic version – at the least we do nothing (which we have been doing very well for several years), and at the worst we move back and announce the end of the Round, which will require a certain amount of political courage. As Pascal Lamy announced at the last Trade Negotiations Committee meeting on 29 April 2001, it is necessary to change the way we negotiate before we can even hope to change what is in the text: "We need a new approach that goes beyond 'business as usual', and that leads to results this year." This proposal seems sensible, especially since we have seen that the status quo is equivalent to a death sentence for the Round. We can however wonder about the method chosen, because the WTO Director-General has reopened his "confessional" for a fresh series of private talks with the major players and the coordinators of the various coalitions, as he did before Easter with the results which are known to all: even though the Chairs of the negotiating groups all submitted a text,

in reality these were comments on sticking points and potential openings for negotiations rather than a new version of the modalities.

Non-negotiation for cotton?

The only noteworthy thing about cotton in the report of the Chair of the negotiating group for Agriculture is that it is indeed present in the list of the “Chair’s consultations on questions between square brackets or otherwise annotated in the documents before the negotiating group”, the second in a series of nine specific points. Ambassador Walker’s text is depressing. The fact that the members consulted all stressed that they “remain committed to finding a solution that addresses the issue of cotton ‘ambitiously, expeditiously and specifically’” sounds more like a recitation piece or a required step, at least for some, than the reflection of a genuine desire to support a Development Round as symbolized by cotton. Indeed, apart from this statement of intent, no breakthroughs can be seen: some members continue to assert that the text as it stands is unacceptable but have not put forward any concrete proposals in support of their objections. Ambassador Walker goes on to conclude on a gloomy note: “in the absence of a dynamic capable of leading to the resolution of outstanding issues in the Agriculture negotiations more broadly, and indeed the Round as a whole, what that solution might be remains unclear.” This situation is all the more regrettable given that the United States on one side and the European Union on the other side are in the process of defining their respective agricultural policies for the coming years and that the relative economic situation is extremely propitious for a reform of cotton subsidies. There is a real opportunity to make proposals, within the framework of negotiations, which are acceptable from a domestic perspective.

Conclusion

Current negotiations, which are aimed at an overall agreement within the framework of a single undertaking, are stuck. The EU recently floated a proposal based on an approach driven by the sectorals (and more specifically industrial machinery, chemicals and electronics). This proposal involving a new method has not been rejected outright but has met with a cool reception for two reasons: first, the developing countries contest the choice of these sectors as being geared to the interests of the developed countries; and second, many actors in the negotiations, even though they are engaging with the method, feel that a sectorals-based approach will not solve any of the other negotiating problems. An alternative solution to an agreement based on the single undertaking does not exist at present and could, as the case may be, only be defined if Doha were officially shelved.

Everyone claims that they want to conclude the Round but no one seems to be willing to pay part of the price. The problem is that today, we are negotiating 21st-century problems with 20th-century tools. If we remain in the Doha straitjacket, we will no longer be able to ask the right questions and the very rules of international trade might become obsolete. Continuing to keep negotiations open without moving forward not only hurts the Round de facto but also harms the institution itself. Perhaps the time has come to find an honourable way out of the Round in order to preserve the WTO...

"So, from our perspective (...) we are not in good shape. The question we have before us today is – what can and should we do? Should we give up? Declare failure? I don't think any of us want to do that. The United States does not, at any rate. Should we restate our commitment to the Round? Well, we certainly need to do that – but we all understand, after repeating that commitment for many years, that this rings increasingly hollow. We need to do something more. But what? (...) In my view, without abandoning our commitment to the success of the Round, we need to begin a hard-nosed discussion of what can be done. We need to explore what 'next steps' we can take to find a more productive path – and, if we find that path, to take it as quickly as possible."

*Remarks by Ambassador Ron Kirk, United States Trade Representative, at the Plenary Session of APEC Ministers Related to Trade Regarding the Doha Round of World Trade Organization Talks
Big Sky, Montana
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* As Prepared for Delivery **

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IDEAS Centre, 10, rue de l'Arquebuse, 1204 Genève, Suisse T +41 22 807 17 40, F +41 22 807 17 41