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Summary of Trade and WTO Group Meeting (5 February 2004)

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Following its meeting in November, the Trade and WTO Group met to discuss where the Doha trade negotiations are heading and in particular the implications of Robert Zoellick's 11 January 2004 letter to Trade Ministers, the role and representativeness of the G-20 and other developing country groups, and the relationship between bilateralism, regionalism, plurilateralism, and multilateralism.

The future of the Doha Round

On 11 January 2004 US Trade Representative Robert Zoellick sent a conciliatory letter to all Trade Ministers, writing to share common reflections on the Doha Agenda and his views of how it might progress from here. After discussing this issue with many of the Trade Ministers and with the Director General of the WTO, Zoellick's assessment of the situation is that "there is a general interest in advancing the Doha Development Agenda, and even a sense that our struggles at Cancun may have laid some useful foundations. Yet there is uncertainty about how to re-engage productively so that we can make the necessary decisions." Above all, Zoellick stresses that 2004 should not be a wasted year for advancing the Doha Agenda—he proposes the next Ministerial Meeting should happen in Hong Kong before the end of 2004.

To advance the Doha Agenda from this point forward, Zoellick suggests focusing on a fundamental market access agenda, namely on agriculture, goods, and services. Zoellick emphasizes that in taking on these issues, it will be necessary to take on differential and special treatment given that developing countries have special adjustment problems, and it would be advisable to only concentrate on the most useful and least divisive of the Singapore issues.

On agriculture, Zoellick advocates a common understanding on eliminating export subsidies by a 'date certain'. He also notes that it is the objective of the United States to achieve substantial cuts in trade-distorting domestic support for agricultural products, including cotton; the elimination of export subsidies for cotton and all other agricultural products; and substantial improvements in market access for cotton, cotton products, and other agricultural goods. This can be combined with comprehensive economic reforms in individual countries and new technologies to offer additional opportunities for developing economies.

On market access for manufactured goods, Zoellick stresses that an agriculture understanding necessarily precedes an agreement on manufactured goods. When discussions do move forward on market access does move forward, Zoellick suggests an ambitious blended formula for cutting tariffs on manufactured goods that includes sufficient flexibility so that the methodology will work for all.

On services, Zoellick makes two suggestions. First, some countries need technical assistance to evaluate potential benefits, and to prepare offers and requests. Second, we can identify sectors that seem especially fruitful for synergies between developed and developing economies. Some services sectors provide critical infrastructure for growth and development strategies, including the international competitiveness of countries' manufacturing and agricultural sectors.

On 'Special and Differential Treatment', Zoellick emphasizes that this is a sensitive topic but also that progress will be stymied if every differential treatment provision applies to 100 or more countries.

On the 'Singapore Issues', Zoellick advocates for concentrating on the most useful and least divisive of the Singapore issues, advocating for agreeing to negotiations on trade facilitation and perhaps supporting further work on transparency in government in government procurement. He prefers dropping investment and competition from the agenda, or else coming up with a plan of study on those issues.

As for selecting the next Chair of the General Council of the WTO, there is an understanding the Chair will be rotated between developing and developed countries, with developed slated next. Zoellick, however, advocates for a developing country (i.e. there are experienced candidates in Brazil, Chile, Pakistan, Singapore, and South Africa) to take up leadership this coming year, given the importance of combining trade liberalization and development.

Several points regarding Zoellick's letter were highlighted in presentations and discussion on 5 February 2004:

- The conciliatory tone of Zoellick's letter and the variety of ways it is being received (by sceptics, enthusiasts, and those in between).
- It is important that Zoellick, in his letter, recognizes the G-20 as a negotiating group.
- In terms of special and differential treatment for developing countries, however, the letter does not mention implementation at all nor does it mention anti-dumping issues.
- The letter seems to be pushing the EC on export subsidies. On export subsidies, the US gives relatively few while the EU gives approximately 4 billion, so the US focus on eliminating these will affect the EU disproportionately, however the EU seems amenable to this.
- While Zoellick advocates for a developing country Chair of the General Council, the meeting to decide on the new chair is happening next week and it will probably be Japan.
- The continued negotiations on the Doha Agenda are in effect happening—African ministers are meeting in Kenya in two weeks. Iraqi delegations were just in Geneva last week, with the US pushing to have them given a WTO seat, a contentious issue in Geneva.

The group discussed Zoellick's motives in sending the letter especially given the US political calendar, and the symbolic importance of Zoellick's letter.

The group then moved to focusing on the post-Cancun timeline with a focus on developing countries, focusing on what the WTO should do to bring together the US, EU, and the G-20, or whether the G-20 was meant to function as a blocking group. The representativeness, diversity, and intentions of the G-20 were debated, as was the Group of 77 in the Uruguay Round, UNCTAD, and the Sigano Group (a group of trade officials from India, China, Brazil, and South Africa meet at the Sigano Restaurant in Geneva).

The discussion focused briefly on the peace clause, which came out of the 1994 Uruguay Round agreement, and prevents countries from complaining to a Dispute Settlement Body (DSB) about agriculture subsidies by other WTO member states. The peace clause as a “magic button” was discussed (if someone presses it agriculture will be taken out of the WTO because of potential constant stream of litigation to follow and powerful agricultural interests). There have been calls from the EU for countries not to exploit the end of the peace clause. The group discussed the peace clause especially relating to Brazil (its case on export subsidies to be decided in June) and the US.

The group also focussed on the changing composition of the G-20. It was noted that the Latin American country content of the G-20 has gone down and that the African composition has gone up. What does the changing composition mean for the future of the G-20?

- That any agreement would have to recruit in all those who are outside of the G-20 framework.
- That the negotiators know that they don't need to create a bridge exclusively for the G-20 but need to focus on all the negotiators.
- That due to divisive interests, there are concerns over welding together the Latin American, African, and Asian cores of the G-20.
- A question was raised as to whether anything could be done from within the WTO to facilitate the discussion within the G-20. There was a sense that in order for this grouping to be effective, it would have to build an institutional framework through which negotiations could be conducted and common platforms established.

The importance of GSP was debated, as were the implications of the India decision.

The relationship between regionalism, bilateralism, multilateralism, and plurilateralism was discussed.

This summary was prepared by Sherry-lee Abrahams, St. Antony's, and Marisa Van Saanen, University College. Both are MPhil Candidates in International Relations.