



International Centre for Trade
and Sustainable Development

Bridges

Daily Update

On the Fifth WTO Ministerial Conference

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NEW MINISTERIAL TEXT TO BE ISSUED TODAY

Following intensive bilateral and plurilateral consultations on Friday, WTO officials said an updated draft Ministerial Text would emerge around noon today. Facilitators of the five Working Groups on agriculture, development, the Singapore issues, non-agricultural market access (NAMA) and “miscellaneous” issues submitted draft texts to Conference Chair Luis Ernesto Derbez. The process has now moved into a single track of negotiations on all issues led by Derbez and WTO Director-General Supachai Panitchpakdi. During Friday’s Working Group discussions, countries for the most part continued to hold to previously-expressed positions. Members are likely waiting to fully consider the new text before proceeding to a more active negotiating mode, with agriculture remaining the most significant issue for the full package of negotiations.

Coalition-building in Agriculture

Agriculture consultations took place virtually non-stop all Friday. George Yeo (Singapore) facilitated the discussions. An increased sense of irritation seemed to be building up, with the US and EC insisting that they had already shown flexibility, and targeting the G-21 in particular with requests for reciprocity. US Deputy Trade Representative Peter Allgeier said all countries must engage in a process of “give and take,” and stressed that while the G-21 had articulated numerous demands, the group had failed to provide any indication of where it was willing to move. He added that the group might fail to maintain its coherence in real negotiations because of its diverse makeup.

Meanwhile, an alliance pushing for the inclusion of Strategic Products (SPs) and a Special Safeguard Mechanism (SSM) in the agriculture talks, including Members such as the Dominican Republic, Honduras, Kenya, Nicaragua, Panama and Sri Lanka, has grown by 10 countries from 23 to 33 since it was announced on 9 September. These countries feel that simply applying special and differential treatment (S&D) for developing countries in the agricultural context would not be specific enough to address important poverty alleviation and development goals. The G-33 seeks agreement on only a framework for SPs and an SSM at Cancun. The group feels that SPs should be self-designated.

On Thursday, the African Union (AU), the African, Caribbean and Pacific (ACP) countries and the least-developed countries (LDCs) formed a new entity in agricultural negotiations and tabled a new consolidated position paper. The paper calls for a framework and modalities in agriculture, balancing commitments under the three pillars of export subsidies, domestic measures and market access. The countries call for self-designated SPs for developing countries as well as an SSM and the preservation of existing preferential access schemes. The countries propose a market access formula that would target high tariffs, tariff peaks and tariff escalation.

Observers noted that the interplay between the G-21 group, the G-33 and the new AU/ACP/LDC group will be a critical factor in how the agriculture negotiations develop. Although the G-33 group has been approached by the G-21, its members have chosen not to merge, as the G-33 prefers to focus all its energy on promoting SPs and an SSM.

Cotton Initiative Watered Down?

Discussions continued on the sectoral initiative by four West and

Central African (WCA) countries to address rich country subsidies that distort global cotton prices and negatively affect the livelihoods of millions of poor African farmers. Supachai facilitated the talks. Members differ on the scope and ambition of such a solution. In presenting the EC’s approach, Trade Commissioner Pascal Lamy said WTO Members should eliminate trade distorting domestic support; eliminate export subsidies; and offer duty and quota-free market access for all cotton products from least-developed countries (LDCs). EC Agriculture Commissioner Franz Fischler said this approach had yet to be approved by EU member states, but that he had presented the proposal to EU members in Cancun and none had objected. Some commentators noted that the EC was taking credit for a done deal – the EU provides no export subsidies for cotton, is shifting its amber box cotton subsidies to the green box under the reform of the EU Common Agricultural Policy (CAP), and already provides quota-free and duty free access to LDC exports. The EU approach did not extend to the demand by WCA countries for a transitional mechanism to compensate WCA until subsidies had been fully phased out.

Summarising developments at an HOD meeting, Supachai indicated that Members had started to converge on an approach under which a solution to the cotton problem would be linked to overall agricultural discussions, and financial assistance to the WCA countries would involve other international organisations than the WTO.

Development Group Split on GIs, S&D

Despite continuing disagreements on implementation S&D, facilitator of the Development Working Group Mukhisa Kituyi (Kenya) was the first to submit his text to Minister Derbez. Reportedly, consensus seemed to be emerging on wording on the issues of LDCs, small economies and commodities.

Members were split on Friday in particular on the issue of extension of geographical indications (GIs). GI extension (i.e. language in the current draft Ministerial Text that explicitly lists as an implementation issue the extension of GIs to products other than wines and spirits) has crystallised as the most difficult subject in the Group, and is reportedly holding up progress on the remaining development issues. While some developing countries have signalled a development interest in GI extension, the discussions have largely turned into a North-North dispute, pitching the EC and Switzerland – staunch supporters of GI extension – against the US and Australia. The facilitator described this division as the “main threat” to agreement on the development section of the Ministerial Text, expressing frustration that “the development agenda is being held hostage to a North-North conflict”. He noted concerns by some Members that those pushing for GI extension were trying to “smuggle an amendment to the TRIPs Agreement through the back door”.

On S&D, a number of developing countries, including the LDC group and Cuba, noted that they saw no economic value for them in the package of 24 S&D ‘decisions’ forwarded for adoption by ministers in Cancun, which mostly ‘reaffirm’ decisions already taken or rights already established. These countries are concerned that agreeing to the package now could mean that they would be required to make tradeoffs in other negotiating areas for only a marginally meaningful subset of their original 88 S&D proposals. They are also concerned that

developed countries would make use of such an agreement to tout a 'development' success that in reality would not provide economic payoffs for developing countries. Some countries would like a new deadline, possibly March 2004, for agreeing to the S&D points. Kenya said it would like to see if other proposals could be added to this list at Cancun, while Bangladesh noted that LDCs would be particularly active in attempting to strengthen S&D provisions during the remaining time for negotiations.

One developed country delegate stressed that their country was not demanding tradeoffs on the S&D proposals, and felt that developing countries should take advantage of the Cancun meeting to 'bank' the 24 points. A number of developing countries including Kenya, Egypt and India reiterated a request made on 28 August that the Ministerial Conference decide to establish a negotiating group at the WTO on outstanding implementation issues and to put forward decisions for adoption by March 2004. This was staunchly opposed by the US.

Singapore Issues – Geneva by the Sea

Moving into the next phase of talks, countries remain as polarised as ever around the four Singapore issues of investment, competition policy, transparency in government procurement and trade facilitation. Described by one participant in the Working Group as "Geneva by the sea", discussions for the most part were a re-hashing of old issues. Canadian Trade Minister Pierre Pettigrew, who is facilitating the Group, reported to an HOD meeting that Members were still far apart. He suggested the way forward should be to find a compromise solution somewhere in between, and that the issue should be linked to other negotiating areas to achieve progress. Many countries in the course of discussions on Friday, including Pakistan and S. Africa, said that progress in the area would have to be linked to agriculture.

According to a spokesperson for the US Trade Representative, the EC had "isolated themselves from the rest of the planet" on the Singapore issues. The EC, which is the main demandeur in this area, continued to insist that negotiations have already been launched in this area in the Doha Declaration. To address concerns on policy and scope, the EC proposed adopting a 'bottom-up approach' on the Singapore issues (such as that used in the services negotiations whereby countries specify which industries they want to opt-in), supplemented with S&D and technical assistance.

However, according to a press release by development group ActionAid, EU member states are themselves not united in the importance of launching negotiations on the four new issues. Sweden, the Netherlands, Belgium and Ireland have said they do not consider negotiations on investment to be a priority for Cancun, while Germany's development minister has notified her sympathy with developing countries' resistance to the EU's agenda.

For its part, India and a group of over 70 developing countries reiterated their long-standing position that launching negotiations on the four issues was premature at this stage. The US said it was in favour of unbundling the four issues, as it was ready to move forward on government procurement and trade facilitation if no agreement was possible on investment and competition. One observer noted that there could be an attempt to get "explicit consensus" on the former two issues, as several countries, including both developed and developing, supported launching negotiations on trade facilitation and transparency in government procurement, and referring investment and competition policy back to Geneva.

The Singapore issues talks are also hampered by lack of agreement on the meaning of the term 'explicit consensus' (according to the Doha Declaration, negotiations will take place on the four issues after Cancun "on the basis of a decision to be taken, by explicit consensus," at Cancun on modalities). India, which introduced the language in Doha in 2001, said that explicit consensus meant convening some sort of a roll-call,

while EC Trade Commissioner Pascal Lamy was not forthcoming with a specific definition.

Some Convergence in Miscellaneous Group

Following Friday's talks, there has been movement towards consensus on three major issues in this Working Group: invitee status for multilateral environmental agreement (MEA) secretariats at the Committee on Trade and Environment special sessions; non-violation cases in intellectual property; and para. 19 of the Doha Declaration (including reviewing article 27.3(b) of the TRIPs Agreement and the relationship between TRIPs and the Convention on Biological Diversity and traditional knowledge). According to sources, some countries that had resisted the EC's call to extend invitee status to MEAs and other agencies for the duration of the negotiations had shown some flexibility on this issue.

Positions, however, are for the most part unchanged on a geographical indications register for wines and spirits. As such, Members are considering setting a date for completing the negotiations that would coincide with that for agreeing modalities in agriculture and non-agricultural market access. Talks on eco-labelling in the Working Group remained stalled, as did services-related issues (i.e. dates for revised offers and modalities for LDC participation in the negotiations).

Non-agricultural Market Access

Little movement was evident in discussions on NAMA, leading facilitator Henry Tang Ying-yen (Hong Kong) to summarise his task of bridging positions as a "mission impossible". Discussions continue to mirror those held in Geneva, with Members disagreeing on the range of issues (particularly definition of a tariff reduction formula and voluntary or mandatory approach to sectoral tariff elimination). Tang said the talks were at the 'consolidation phase', and urged ministers to show as much flexibility as they could.

On the Agenda

A new version of the Draft Ministerial Text – in three languages – is expected to be circulated among Members at a HOD meeting around noon today. The HOD meeting will then be suspended to allow for review and consultations on the new Draft Ministerial Text, and resume again later in the day for feedback and comments. Minister Derbez and Supachai will continue holding meetings and consultations on every issue in order to achieve an outcome that is acceptable to all. The text will be finalised in HOD meetings and adopted by all Members at the end of the Conference, scheduled for Sunday evening 14 September.

Cancun Trade and Development Symposium

The Cancun Trade and Development Symposium was held from 11-12 September. At the meeting, members of the knowledge community came together in a gathering of experts, academics, NGOs, IGOs, and governments to exchange views and analysis on how to ensure that trade policy and rules are supportive of sustainable development. Twelve sessions were co-organised by over 25 organisations, in which a number of topics were discussed, including intellectual property, agriculture, market access, marginalisation of LDCs, global value chains, investment, as well as the need to promote spaces for development policy. Workshop reports and presentations will be posted on ICTSD's website.

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ICTSD's Weekly and Monthly publications are on hand at the WTO Conference and on the ICTSD website. A number of key official documents, including the Ministerial drafts and NGO position papers, are also posted.



ICTSD BRIDGES DAILY UPDATE is a daily news service covering trade and sustainable development on the occasion of the Fifth WTO Ministerial Conference in Cancun, Mexico. The publication focuses on news, activities and negotiations around the Ministerial from 10 to 14 September as they relate to sustainable development issue-areas. BRIDGES Daily Update is produced in Cancun by ICTSD staff under the direction of Ricardo Meléndez-Ortiz. Other language editions are produced in collaboration with FFLA & CINPE (Spanish); ENDA tiers-monde (French); Germanwatch (German); FGV & OIKOS (Portuguese); ICTSD (Chinese); and Eco-Accord (Russian). For further information contact ICTSD at: 13, ch. des Anémones, 1219 Geneva, Switzerland; tel: (41-22) 917-8492; fax: 917-8093; email: ictsd@ictsd.ch; web: <http://www.ictsd.org>.