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A Community Perspective on the Agricultural Part of Doha

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To understand the negotiations on Agriculture in Doha, it is necessary to look also at Seattle and at the negotiations on Agriculture which took place between Seattle and Doha based on Article 20 of the existing WTO Agreement on Agriculture.

When the Community proposed that the inbuilt agenda, agriculture and services, be folded into a new Comprehensive Round, the countries most interested in reforming the agricultural trading system saw both a risk and an opportunity. The risk was that the round would delay progress under Article 20. The opportunity was that combining agriculture with other issues would enable them to exert greater pressure on the Community on agriculture. They therefore argued that the agricultural mandate in Article 20 had been "paid for" in the Uruguay Round and that, if they were to agree to a new mandate on other subjects, they should "obtain in return" a more ambitious mandate on Agriculture. They had some support from this point of view from the US, probably because in the US the farmers were the main interest group supporting a new Round and signs of progress on Agriculture would therefore be needed if they were to sell a Round to Congress.

For these reasons, preparation for Seattle concentrated almost entirely on Agriculture and the agricultural negotiations were the most animated ones at Seattle itself. The abrupt end of the Seattle Ministerial, when it suddenly became apparent that there was no text on other issues into which the Agriculture text could have been slotted, came as a shock and at the time, it seemed as though the agriculture negotiators could have found better ways of wasting a week.

But, as later events were to show, the work done on the Agriculture text in Seattle proved to be a valuable preparation for success in Doha. The sensitive issues were identified and ideas on how to resolve the apparently unbridgeable gap between those who wanted a "new agricultural mandate" and those who wanted the existing inbuilt agenda with its existing mandate to be folded into a new round began to emerge.

What then were the key sensitive issues? Taking them in the order in which they appeared in the texts, they were: -

- (1) **"Integration of Agriculture into the rules of the WTO"**. At first sight this seems an odd subject to stir up so much passion. A lawyer would say that the legal principal is already clear. Agriculture is subject to general WTO rules, except where special rules are laid down in the Agreement on Agriculture. So what sense would it have to announce that a negotiation on the Agriculture Agreement should have as its object the integration of Agriculture into WTO rules? But behind the phrase lay two sharply contrasting views. On the one side stand the Cairns group. They see in the derogations from general WTO rules contained in the Agriculture Agreement a discrimination against agriculture, meaning a discrimination against countries who have comparative advantage in Agriculture. On the other side stand the European Community, the Friends of Multifunctionality and most of the non-Cairns developing countries. They see in agriculture a sector which is different from other industries and one which will always

require its own rules, even when the long term goal to which all members have been committed since the Uruguay Round of a "fair and market oriented agricultural trading system", has been achieved. The U.S. seem to belong to neither group or perhaps their heart lies in one and their head in another.

- (2) The future of agricultural export subsidies. NAFTA has made the use by the US of export subsidies on cereals ineffective, so they have given them up, whilst still employing them for dairy products. The Uruguay Round left only the US and the EU with a volume of permitted export subsidies which is significant in world terms. So the statistics on export subsidies notified to the WTO suggest that the European Community is responsible for 85% on all export subsidies paid on agriculture. It is hardly surprising then that the US have become cheerleader for the world in calling for their total elimination. Of course, the picture would be different if the value of notified export subsidies included the volume of exports aided by state subsidised and state guaranteed credit, and even more different if it included food aid granted more as a market opening than a famine alleviating device, and sales by single-desk exporters at prices made possible by price pooling. But as, for the moment, they do not, most WTO members were very happy to support the US in calling for the abolition of the EU's form of export subsidies, whilst arguing - but perhaps with less passion - that other forms of export subsidies should also go.
- (3) The way non-trade concerns, and including multifunctionality, should be addressed in the negotiations. The argument revolved around the question whether the fact that non-trade concerns are referred to Article 20, as matters to be "taken into account" implies that they have an inferior status to the three pillars, market access, export competition and domestic support. Even the most adept of theologians are incapable of providing a unequivocal answer to this question because the three pillars are not referred to explicitly in Article 20 at all. One group of theologians argues that they are referred to implicitly in the commitment to fundamental reform and hence have a superior status. Another group argues that the implicit reference is contained in Article 20 (c). This includes (amongst matters to be "taken into account") the "other objectives and concern mentioned in the preamble to the Agreement", which is the only place where the three pillars are set out in detail.

The same three issues divided the Community from the Cairns group in the run up to Doha but the debate was less passionate because lessons had been learnt both from Seattle and from the subsequent negotiations under Article 20.

When Ambassador Harbinson, the chairman of the General Council, set out on the difficult task of preparing a draft text for Doha, he demonstrated that he had received -or had divined for himself- two key pieces of advice.

First, start with the other issues, not with agriculture. Don't imagine that if agriculture is solved, the rest will fall into place.

Second, don't ask either side to give up on points of theology. The negotiations on agriculture which have been taking place over the last 18 months have shown the Cairns group that the world is not divided between those who want a Round but don't want to "give" on agriculture and those who want to "gain" on Agriculture and don't much care for a Round. There are plenty

of countries who are doubtful about a Round and defensive on agriculture. So those who want a promise of major progress of Agriculture will, if they are wise, see that a Round isn't a battering ram, which will beat down all resistance. And those who want a Round can be expected to know that the text can't be one which guarantees the rejection of the long-term ambitions of the liberals.

And so, or so I imagine, the draft text was created. To comfort the agricultural liberals, it said things not said directly in Article 20 but to comfort the conservatives these were mainly things which can be found in the Preamble to the Agriculture Agreement to which Article 20 refers. It said nothing about integrating Agriculture into the general rules of the WTO -except possibly for the subtlety that the text refers to the objective of a far and market orientated trading system not "agricultural" trading system. Was this avoidance of unnecessary repetition given that the paragraph is headed "Agriculture"? Or was it a hint at a single trading system - and "integration"? On agricultural export subsidies, it said "reduction of all forms of export subsidies" precisely in line with what the Community had offered but it appeared a ray of hope to those who demanded abolition by adding "with a view to phasing out". On non-trade concerns, it stuck to the formula "taken into account", thus meeting the concerns of the liberals but added "in the negotiations" thereby reassuring the friends of multifunctionality that the need for these concerns to be met will condition the negotiations on the three pillars.

In the event Harbinson's conjuring trick very nearly survived Doha unchanged. But the Community could not live with "with a view to phasing out" of export subsidies. Why not? The formal reason was that this phrase could be seen as an attempt to prescribe the end point of the negotiation, rather than setting the agenda. The practical point was that the mandate which the 15 member states had given the Commission was designed to avoid prejudging future agricultural policy within Europe and therefore only provided for reductions in export subsidies. "With a view to phasing out" might not have determined the end of this negotiation but it would have been perceived as a signal in relation to decisions the Community has yet to take on some of its regimes, notably those based on high prices buttressed by quotas. So, to avoid any suggestion that the way in which the agenda was described was intended to prescribe the outcome of the negotiation, it was finally agreed to add the words "without prejudging the outcome of the negotiations". Although the controversy which led to this addition related to the reference to export subsidies, the phrase was inserted into the text in a position which made it qualify the reference to all three pillars, neither emphasising nor excluding the words on export subsidies.

Interestingly there was no controversy at Doha over the biggest innovation in the agriculture text compared to Article 20, the much stronger reference to special and differential treatment for developing countries. It wasn't controversial because all developed countries agree that the new Round should improve the position in developing countries, and no developing country would wish to contest this. But how to give effect to this objective may prove to be one of the most difficult and controversial question in the negotiations, with possibly the widest disagreement being between the various groups of developing countries themselves.