



Update WTO Negotiations



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WTO members are beginning to get the Doha Round of negotiations back on track after the abrupt conclusion of the fifth WTO Ministerial Conference in Cancun, Mexico, in September 2003.

In the fall of 2003, WTO Director-General Supachai Panitchpakdi and General Council Chair Carlos Perez del Castillo conducted informal consultations in Geneva. These discussions focused specifically on the four issues that took centre stage in Cancun: agriculture, cotton, non-agricultural market access and the four “Singapore” issues (trade facilitation, transparency in government procurement, investment and competition).

At the December 15, 2003, WTO General Council meeting, members agreed that the individual negotiating groups and the Trade Negotiations Committee (the group overseeing the negotiations) should resume work in 2004 once new chairs had been selected for each negotiating group. The General Council Chair observed that, while members had expressed commitment to the multilateral trading system, little change in positions had occurred since Cancun. He then proceeded to highlight several key issues that remain to be resolved. For example, how much of the text presented in Cancun should be used as a framework for the negotiations, how the Singapore issues should be dealt with and whether cotton should be negotiated along with other agricultural products or on its own. In summarizing the state of the negotiations since Cancun, the Chair concluded that “serious negotiation” among members is needed to move the negotiations forward.

In January 2004, U.S. Trade Representative Robert Zoellick sent a letter to his WTO counterparts, aiming to inject new momentum into the negotiations. In the letter, Ambassador Zoellick stated that he did not want 2004 to be a “lost year” for the negotiations. His letter was well received by other WTO members including Canada. In February, Ambassador Zoellick also paid visits to his counterparts in Asia, Africa and Europe to discuss possible ways of moving the negotiations forward.

Canada’s Minister of International Trade, Jim Peterson, welcomed the U.S. commitment to increased engagement in 2004, stating that he was particularly encouraged by the U.S. call for WTO members to show more ambition on agricultural trade reform and increased market access. Minister Peterson also agreed with the United States that it is important for WTO members to agree to set a date for the elimination of all export subsidies in agriculture. Putting an end to the export subsidies that distort

DID YOU KNOW?

LEAST-DEVELOPED COUNTRIES AND THE WTO

Canada believes that accession to the WTO and increased participation in the world trading system will help least-developed countries (LDCs) with their development efforts. Thirty-two LDCs are currently members of the WTO. In December 2002, aware that no LDCs had completed the accession process since the WTO’s establishment in 1995, the General Council agreed to facilitate and streamline the accession process for LDCs. The agreement calls for developed countries to exercise restraint in the market access demands that they make of LDCs and for LDCs’ concessions and commitments to be reasonable, taking into account their individual development, financial and trade needs. Among other things, the decision provides acceding LDCs with priority access to the wide array of technical assistance and capacity building provided by the WTO and other development partners. Canada provides trade-related technical assistance to acceding LDCs through the WTO Global Trust Fund and bilateral programs. At the Cancun Ministerial Conference in 2003, the accession of two LDCs, Cambodia and Nepal, was approved. On March 23, 2004, the Government of Nepal ratified its terms of accession. Nepal will become the 147th member of the WTO and the first LDC to join the organization since its creation in 1995. Eight other LDCs are currently engaged in the accession process.

For more on accession to the WTO, consult the WTO accessions Web page: http://www.wto.org/english/thewto_e/whatis_e/tif_e/org7_e.htm

world prices for agricultural products is an important goal for Canada. While he was pleased with Ambassador Zoellick's overall observations and recommendations, Minister Peterson made it clear that Canada does not agree that new disciplines need to be placed on state trading enterprises such as the Canadian Wheat Board.

Minister Peterson has been actively promoting progress in the negotiations since his appointment to the International Trade portfolio in December 2003. In January 2004, Minister Peterson met with U.S. Trade Representative Robert Zoellick in Washington, as well as with European Union Trade Commissioner Pascal Lamy in Brussels, to discuss ways of moving the negotiations forward. Support for the Doha Round of negotiations was also one of many items discussed by Minister Peterson and Commissioner Lamy during the Canada-European Union Summit that took place on March 18, 2004.

In late January, while attending the World Economic Forum in Davos, Switzerland, Minister Peterson met with many of his WTO counterparts to discuss the status of the negotiations. Ministers showed a clear desire to move forward, acknowledging the need for real engagement by WTO members. Ministers also agreed that agriculture is the most important issue to address if progress is to be made in the negotiations.

In February, senior officials from the European Union and the G20 group of developing countries (led by Brazil, India and China) met in Geneva to discuss agriculture. Then in late February, Canada's Minister of Agriculture, Bob Speller, met with fellow ministers in the Cairns Group to discuss how best to coordinate their approach to the negotiations. (Canada is a member of the Cairns Group, a group of developed and developing countries that seek a fair and market-oriented agricultural trading system.) Minister Speller encouraged the Group to continue pressing for an ambitious result in the agriculture negotiations.

At the February 11 General Council meeting in Geneva, new chairs were selected for the various WTO bodies (see the following article on the selection of chairs for 2004). And in March and April, the negotiating groups are meeting to discuss work plans for the year. The next WTO Ministerial Conference is expected to take place in Hong Kong, but members have not yet set a date. The next meeting of the WTO General Council will take place on May 17 and 18, 2004.

CORE AGENDA

AGRICULTURE

The Chair of the WTO General Council's informal consultations on agriculture focused on the draft framework text that was on the table in Cancun. This framework agreement contains concepts but leaves specific numbers for further negotiations, and would, if accepted, guide the later development of modalities. The consultations revealed no new flexibility among members, but they did identify some key issues on which continuing work was necessary. At the February General Council meeting, Ambassador Tim Groser of New Zealand was selected as the new chair for the agriculture negotiating group, and a work program for 2004 will now be developed. The next meetings of the agriculture negotiating group were scheduled for the week of March 22.

The key outstanding issues in the WTO agriculture negotiations are as follows: agreement to set a date for the elimination of export subsidies on all products; the extent of reductions that should be made to trade-distorting domestic support; and how to achieve substantial improvements in market access for all products, while providing flexibility in how market access is improved for sensitive products. Canada continues to seek the elimination of all export subsidies on all products as quickly as possible; the elimination or maximum possible reduction of trade-distorting domestic support; and real and substantial improvements in market access for all agriculture and food products.

NON-AGRICULTURAL MARKET ACCESS (NAMA)

Canada's view is that the text on NAMA presented at Cancun had the necessary structure and elements for a framework upon which a consensus could be built. However, work remains on finding an appropriate balance between ambition and flexibility. Although there appears to be general agreement that a formula approach should be used for NAMA negotiations, there is no agreement on what type of formula to use or on how ambitious the formula ought to be. Work also remains on defining sectoral components and on the most appropriate way to provide extra flexibility to developing countries.

RULES

The Rules Negotiating Group held its first meeting since Cancun on March 16, 2004. With a view to moving work forward, the Group agreed to a work plan that will put more emphasis on informal meetings and technical discussions to deepen understanding of the issues put forward by

members. Canada continues to seek clarification and improvement of existing anti-dumping and countervailing rules and disciplines with a view to lessening the scope for abuse of these remedies. Canada also seeks to improve subsidy disciplines to ensure fairer competition for Canadian exporters in foreign markets.

SERVICES

Market access negotiations for services are progressing slowly, because of lack of progress in other negotiating areas and the absence of agreement on a date for the improvement of members' initial offers. Canada continues to encourage other countries to come forward with market access offers and requests. Despite the lack of progress in market access, much formal and informal technical work is under way in support of the services negotiations. Canada will continue to encourage this technical work, including in informal sectoral groups. Canada will also be encouraging developed countries to provide trade-related technical assistance to help developing countries participate more fully in the ongoing market access negotiations.

OTHER ISSUES SINGAPORE ISSUES

Consultations since Cancun suggest that the four Singapore issues will be dealt with individually. There is currently greater support among WTO members for negotiations on trade facilitation and transparency in government procurement than on investment and competition. Canada would like to launch negotiations on trade facilitation and transparency in government procurement as soon as possible. We also believe that there is great value in addressing investment and competition concerns within the WTO, and we are working to this end.

COTTON

WTO members continue to discuss how to address the concerns of West African cotton producers who feel adversely affected by subsidies provided to producers in developed countries. Discussions are under way to address immediate financial concerns through multilateral institutions, such as the World Bank, and the long-term adverse effects of subsidies through the WTO agriculture negotiations.

GENERAL COUNCIL SELECTS NEW CHAIRS FOR WTO BODIES FOR 2004

At the February General Council meeting, WTO members approved a new slate of chairs for regular and negotiating bodies, and they elected Ambassador Shotaro Oshima of Japan as the new General Council chair. The current Director-General of the WTO, Supachai Panitchpakdi, will continue as chair of the Trade Negotiations Committee.

General Council: Shotaro Oshima, Japan

Main Bodies for the Doha Negotiations:

Agriculture:

Tim Groser, New Zealand

Non-agricultural Market Access:

Stefan Johannesson, Iceland

Services:

Alejandro Jara, Chile

Rules:

Eduardo Perez Motta, Mexico

Trade-Related Intellectual Property Rights:

Manzoor Ahmad, Pakistan

Dispute Settlement Understanding:

David Spencer, Australia

Environment:

Toufiq Ali, Bangladesh

Development:

Faizel Ismail, South Africa

The new chairs will serve until the Sixth Session of the Ministerial Conference, a date for which has not yet been determined. The previous Chair of the WTO General Council, Carlos Perez del Castillo of Uruguay, did not propose chairs for any of the Singapore issues (trade facilitation, transparency in government procurement, investment and competition). He indicated that work will continue based on the understanding reached by members in December that the Director-General, assisted by Deputy Director-General Rufus Yerxa, will continue to "explore the possibility of agreement on a multilateral approach" on trade facilitation and transparency in government procurement, and to consult on "possible future outcomes" on investment and competition.

A complete list of chairs for all WTO bodies can be found on the WTO Web site: http://www.wto.org/english/news_e/pres04_e/pr371_e.htm

TRADE-RELATED TECHNICAL ASSISTANCE WHAT IS IT AND WHY IS IT IMPORTANT?

Open markets, strengthened international trade rules and liberalized trade have contributed positively to global economic growth and poverty reduction over the past 50 years. However, not all countries have been able to take full advantage of the gains from liberalization—four billion people in the world still live on less than \$5 a day, and 1.2 billion live on less than \$1 a day.

The Doha Development Agenda provides an opportunity to help lift hundreds of millions of people in developing countries out of poverty—through higher rates of economic growth and new opportunities that will come from improved market access and greater integration into the global economy.

While developing countries have much to gain from opening their markets to trade, trade alone cannot be expected to lift nations out of poverty. To reap the benefits liberalization has to offer, certain fundamentals need to be in place, including strong domestic institutions and domestic economic reforms. In this regard, trade-related technical assistance can help developing countries to more fully participate in and benefit from the international trading system.

Since 2001, the Government of Canada has provided over \$185 million in trade-related technical assistance to developing countries on a bilateral basis. The types of programs we have funded include seminars and training sessions (to enhance the ability of developing country representatives to negotiate trade agreements), as well as policy and institutional assistance (to help developing countries manage the various rights and responsibilities associated with these agreements). Canada also contributes to trade-related capacity-building initiatives in local developing country economies.

Each year, the WTO issues “Annual Technical Assistance and Training Plans,” which respond to needs of developing country WTO members that have been identified by developing countries or regions. The WTO then provides up to 450 different activities through these plans, which are mostly funded by the WTO’s Global Trust Fund. Canada has also contributed over \$25 million in funding for trade-related technical assistance through multilateral organizations (including \$1.7 million in contributions to the WTO Global Trust Fund).

Ensuring trade-related technical assistance that is effective and targeted to developing country needs requires a coordinated effort on the part of donor and recipient members, as well as an integrated approach with other international institutions. In this regard, the WTO also provides assistance to least-developed countries through its partnership in the Integrated Framework for Trade-Related Technical Assistance, working alongside the International Trade Centre, the World Bank, the International Monetary Fund and agencies of the United Nations.

A trade capacity-building database has been developed jointly by the Organisation for Economic Co-operation and Development and the WTO to track trade capacity-building activities. The database will help to ensure more effective and efficient delivery of assistance, as well as track the fulfilment of commitments made by WTO members at the Doha Ministerial Conference. Since 2001, over 8,000 trade-related technical assistance and capacity-building activities—amounting to over US\$2 billion—have been delivered, and a further US\$8.1 billion has been committed to help improve transportation, energy and communications networks essential for international trade. This database can be accessed at <http://tcdb.wto.org>

