

# A Community (or European Community) perspective on the agricultural part of Doha

## NEGOTIATIONS ON AGRICULTURE FROM SEATTLE TO DOHA

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

When the European 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. There was some support for this point of view from the United States, probably because in the United States 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 Conference, 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.

BY DAVID ROBERTS

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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?

### 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 make 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 stands 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 that have comparative advantage in agriculture. On the other side stands the European Community, the Friends of Multifunctionality, and most of the non-Cairns developing countries. They see in agriculture a sector that is different from other industries in that it 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 United States seems to belong to neither group or perhaps its heart lies in one and its head in another.

### THE FUTURE OF AGRICULTURAL EXPORT SUBSIDIES

NAFTA has made the use of export subsidies on cereals ineffective, and so the United States has given them up, while still employing them for dairy products. The Uruguay Round left only the United States and the European Union 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 percent of all export subsidies paid on agriculture. It is hardly surprising then that the United States has become the world’s cheerleader 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-subsidized and state-guaranteed credit. It would be 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

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made possible by price pooling. But for the moment, they do not. Most WTO members were very happy to support the United States in calling for the abolition of the EU's form of export subsidies, while arguing, perhaps with less passion, that other forms of export subsidies should also go.

## HOW THE NEGOTIATIONS SHOULD ADDRESS NON-TRADE CONCERNS, INCLUDING MULTIFUNCTIONALITY

The argument here revolved around the question whether the fact that non-trade concerns are referred to in 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 an 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, among 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.

## TWO PIECES OF ADVICE

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 learned 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

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

## THE TEXT

And so, the draft text was created. To comfort the agricultural liberals, it said things not stated directly in article 20, and to comfort the conservatives these were mainly things that can be found in the preamble to the Agriculture Agreement to which article 20 refers. The text said nothing about integrating agriculture into the general rules of the WTO, except for the subtle statement wherein the text refers to the objective of a fair

and market-orientated trading system not an "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." This is 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 to meet these concerns will condition the negotiations on the three pillars.

## "WITH A VIEW TO PHASING OUT"

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 ag-

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labour standards or the social clause are concerned primarily with child labour. Issues such as the enforcement against domestic sweatshops, which is notoriously miniscule and lax in the United States, where they abound in the textiles industry, are not in the social clause. Also not in the social clause are the rights of the migrant labourer, who is subject to quasi-slavery conditions in parts of US agricultural sector, nor indeed the low levels of unionization of the US labour force.

### POST-DOHA

Despite overwhelming logic on the need to keep non-trade issues out of the trade agenda and to avoid insertion of protectionist measures through camouflage or other means, business lobbies would work toward identifying and invoking non-tariff measures and barriers to market access. This is likely to have serious and adverse implications on the credibility of the WTO. Indeed, barely seven years into the WTO's existence, there is growing skepticism with regard to its manner and style of functioning. The Doha Ministerial Conference tried to allay developing country concerns by giving the development agenda special emphasis and agreeing on a work program post-Doha. This could be seri-

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ously jeopardized if the causes and consequences of poverty and underdevelopment are not recognized. As Amartya Sen pointed out, the global trading regime is distinguished by acute asymmetries of unprecedented prosperity on the one hand and abject poverty on the other. It is essential therefore, if trade

liberalization as represented through the WTO is not to be slowed down, for the developed countries to desist from innovative means to deny market access to the products emanating from developing countries. For a global trading regime to succeed, it needs to be truly global and not selective. 

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gricultural 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 but-tressed 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 out-

come 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 emphasizing nor excluding the words on export subsidies.

### SPECIAL AND DIFFERENTIAL TREATMENT FOR DEVELOPING COUNTRIES

Interestingly, there was no controversy at Doha over the biggest innovation in the agriculture text compared with arti-

cle 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 of 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 questions in the negotiations. Possibly the widest disagreement may emerge among the various groups of developing countries themselves. 