The Deadlines Game of the Cancun Ministerial: Where Is the Substance?

Forewarned that the Cancun Ministerial Conference will be a stock-taking rather than a decision-making exercise, expectations are low regarding concrete progress in the round of trade negotiations launched in Doha in 2001. Members continue to disagree on practically all items on the agenda, but nowhere more so than on agriculture, non-agricultural market access and the four Singapore issues: investment, competition policy, transparency in government procurement and trade facilitation. Ahead of the Ministerial, they narrowly averted a public relations disaster by reaching agreement on 30 August on the conditions under which countries without manufacturing capacity can import generic versions of patented medicines from abroad (see page 9). Going to Cancun without that agreement would have been a serious blow to a ‘development’ round already in trouble.

Members did not endorse the draft Ministerial Text and its seven annexes sent to Cancun on the personal responsibility of Ambassador Carlos Pérez del Castillo as the Chair of the General Council. While many Members objected to presenting ministers with a document that did not reflect their views, Ambassador Pérez del Castillo defended his text as “the best way of seeking common ground” and “a manageable basis for discussion”. He promised to accompany the document with a letter clarifying the extent of dissent. As this issue went to press, the cover letter was not yet made public. As to the many blanks in the text regarding targets, timeframes and deadlines, the Chair noted that the level of ambition in liberalising agricultural and industrial goods trade would depend on how Members filled those blanks after Cancun.

Agriculture

Agriculture is all important to the Doha Round’s success. However, ministers are not expected to agree on the ‘modalities’ to negotiate tariff and subsidy cuts but rather to set a new deadline (the original expired on 31 March) for reaching agreement after further negotiations in Geneva. The agriculture annex – modelled after a joint paper from the US and the EU – is weaker and far less detailed than previous proposals by the agriculture negotiations Chair Stuart Harbinson. It contains no timeframes or figures for cuts. Galled by the extent to which it saw the Cancun draft catering for US-EU concerns, Brazil called it “an unacceptable basis for negotiations.” In addition to lenience on domestic support and vagueness on the elimination of export subsidies, the draft lists a number of “issues of interest but not agreed”, including many key demands from developing countries, as well as other controversial topics such as “certain non-trade concerns”, the peace clause and geographical indications (GIs). These are high on the EU’s agenda, in particular as it just agreed a list GIs for food names that it wants the WTO to protect. For further details, see page 11.

Non-agricultural Market Access

While the EU and the US cooked a deal that would leave their agricultural support programmes largely intact, together with Canada they tabled an ambitious proposal on 20 August aimed at deeply reducing industrial tariffs worldwide. This, however, was roundly rejected by developing countries. Neither was there consensus on a Chair’s compromise proposal or the numberless Annex B outlining a framework for negotiating modalities forwarded to ministers. Much, if not all, of the stalling on the industrial tariff talks is due to developing country reluctance to agree on deadlines or the extent of tariff cuts when agriculture fails to progress (see page 10).

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The Singapore Issues

The only thing ministers are actually mandated by the Doha Declaration to decide – by explicit consensus – is whether or not to start negotiations on the Singapore issues. Like everything else in the Doha Round, how that decision pans out largely depends what the modalities will be and – as far as some developing countries are concerned – on progress on agriculture, implementation issues and the revue of special and differential (S&D) treatment provisions.

Most developing countries believe that new Singapore issue disciplines would result in more costs than benefits (see related article on page 7). These include the African Group and least-developed countries, as well as India, Pakistan, Cuba and others, who resolutely oppose launching negotiations in these areas. Others, in particular the EU and Japan, are pushing for that to happen.

Reflecting these diametrically opposed positions, the draft Ministerial Text offers two alternatives on all four issues. The first would launch negotiations on the basis of modalities set out in annexes attached to the Ministerial Text. Of these, Annex D on investment is the most detailed on substance. The others are largely limited to procedural issues, with Annex F on transparency government procurement providing a [bracketed] 31 January 2004 deadline for initial offers and a 30 June deadline for a first draft agreement. These two annexes are heavily based on proposals from the EU and Japan. India and 11 other developing countries objected forcefully to the Singapore issue modalities annexes being sent to ministers, arguing that these too one-sidedly reflected the approach of the EU and Japan. Chair Pérez de Castillo said his cover letter to ministers would explain the opposing position.

The other bracketed option – with no annexes – would simply have ministers note that discussions so far do not provide a basis for starting negotiations and that clarification of the issues should continue in the relevant WTO bodies.

S&D, Implementation and Non-violation Complaints

The Ministerial draft is deeply disappointing on special and differential treatment for developing countries and the so-called implementation issues, which concern changes proposed by developing countries to correct imbalances in existing rules (or their application). The draft proposes the adoption of 24 S&D provisions as an early harvest, but almost none would make a significant difference. About 60 other proposals would remain on the table (see page 14).

On implementation, it only notes that “some” progress has been made and instructs the relevant WTO bodies to “redouble” efforts to find solutions. The extension of G1 protection to other products than wines and spirits is singled out through a specific instruction to the Director-General to continue his consultations. In para. 21, ministers are to extend until […] the deadline for recommendations on non-violation complaints under the TRIPs Agreement, which developing countries in particular want to terminate. That this is mentioned as a stand-alone item, could reflect either a higher degree of urgency or – depending on the date chosen – make non-violation termination a de facto part of the single undertaking.

The Ministerial Text does address one development concern not mentioned in the Doha Declaration. In para. 26, it instructs the Committee on Trade and Development to continue work and report on progress to the General Council before the next WTO Ministerial regarding “the dependence of many developing countries on a few commodities and the problems created by long-term declines and sharp fluctuations in the prices of these commodities”. A lone unfinished phrase refers to the initiative launched by four Central and West African cotton exporting least-developed countries to rapidly eliminate cotton subsidies (see page 14).

Other TRIPs Issues and the Environment

Reflecting a deadlock at the TRIPs Council, the deadline for concluding negotiations on a multilateral registration system geographical indications for wines and spirits is to be extended to an unspecified date. No action is taken on the Doha Declaration para. 19 mandate to examine the relationship between the TRIPs Agreement and the Convention on Biological Diversity, the protection of traditional knowledge and folklore (see related article on page 20). The environment only rates a mention that ministers are “committed” to the negotiations.