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#### **Consultations on NAMA show polarisation of views**

Goh Chien Yen

An informal consultation meeting on Non-Agriculture Market Access (NAMA) held on Thursday 27 November saw a sharp polarization of views between the developed and developing countries - with positions as far apart as before and at Cancun, and some hardening too.

At the end of the consultations it was clear, trade diplomats said, that the disagreements were on two of the most contentious issues on the framework for modalities for NAMA negotiations: the issue of a formula approach to tariff reductions, and the proposal for tariff elimination on a sectoral basis. The developed countries, which have shown a 'low level' of ambition on agriculture and are against any limitations on their ability

to subsidize by shifting existing domestic support to the 'green box' and without any caps, demanded in NAMA a very high level of ambition and, in terms of both tariff cuts and sectoral tariff elimination, demanding drastic tariff cuts and market access from the developing countries. A range of developing countries that spoke, more or less turned down these demands.

According to trade diplomats present, the Chairman of the General Council, Ambassador Carlos Perez del Castillo of Uruguay, began the meeting by informing those present of the several small-group consultations that were held by him on Wednesday.

According to the GC chairman, these discussions were focussed on the level of flexibility and specificity that could be brought to the Derbez text (the revised draft ministerial text put forward by the

Chairman of the Cancun Ministerial Conference on 13 September) as it relates to NAMA.

The discussions, Perez del Castillo reportedly told the meeting, had related more specifically on how and in which direction paragraph 3 (on a formula approach) and paragraph 6 (on a sectoral approach) of the Derbez text could be modified.

In the meeting on Thursday, the major developed countries, in particular the US and EC, stated strongly that they wanted a non-linear formula with a single coefficient to be applied by both developing and developed country members undertaking tariff cuts. They expressed their expectation of a high level of ambition by all members. Japan, in a reference to paragraph 10 of the Derbez text, also argued that the balance between benefits of existing countries and that of newly acceded countries should be examined. In this regard, newly acceded countries should also undertake more liberalisation in this area.

However, many developing countries conveyed their opposition to, and unhappiness with the approach of the developed countries for a non-linear formula with a single coefficient to be applied by all. Several made clear that they could not accept the application of a non-linear formula in making tariff reductions.

On the sectoral approach, which is aimed at eliminating tariffs in selected sectors, the US said that this approach must be made mandatory for all members, including the least developed countries (LDCs). According to the US, this is because some of the products of the LDCs were competitive enough and hence should not be exempted from tariff reductions. Japan supported the US, reiterating the same arguments.

Several developing countries made clear that this was unacceptable and insisted that the sectoral approach should remain supplementary and voluntary. Other

developing countries such as Venezuela, India and Indonesia, in this respect also argued that this paragraph (i.e. para 6 in the Derbez text) is unnecessary and should therefore be eliminated, "in view of the widespread misgivings of developing countries on this issue."

Mauritius, on behalf of the African Group, raised concerns with paragraphs 3 and 6 of the Derbez text. Mauritius said that the sectoral approach should be voluntary and that the paragraph can be eliminated, if necessary. Mauritius also articulated the group's reservation with the non-linear formula.

In response to the US proposal that LDCs should also eliminate their tariffs in these sectors, Bangladesh, speaking on behalf of the LDCs, pointed out that this was a sharp departure from the Derbez text. Paragraph 8 of that text said that "least-developed country participants shall not be required to apply the formula nor participate in the sectorial approach." Bangladesh insisted that the existing position in the Derbez text should remain, and that the LDCs should not be asked to participate in making tariff reduction commitments envisaged in paragraphs 3 and 6.

India, which has been one of the principal targets of the US and EC, said that given the very wide range of views expressed on the 'framework' at the meeting, it was apparent that there has not been any major change in the approaches adopted by Members from the pre-Cancun phase.

It argued that the framework on NAMA, which the members were currently working on, should not constrain future negotiations. The NAMA negotiations should ultimately be seen in the overall context of negotiations that would successfully conclude only if there is a balance of gains and losses for each member.

If at the framework stage, a particular direction is to be given and a particular specificity is to be achieved, then there would have to be more specificity in other areas such as certain modes of delivery in

services, in agriculture, on implementation issues and on special and differential treatment questions.

India raised its concern that there had been a mention of 'harmonization' which was not a part of the Doha mandate. It underscored the "paramount importance" of special and differential treatment and less than full reciprocity for developing countries, contained in paragraphs 16 and 50 of the Doha Declaration. In this regard, "any framework that is agreed to must acknowledge and reflect the centrality of these elements", India emphasized.

On paragraph 7 (on special and differential treatment) of the Derbez text, India pointed out that "the flexibilities provided for developing countries do not give options to members to choose from, but restricts and further constrains their policy space." Thus, for providing meaningful flexibility and policy manoeuvrability, a judicious blend of both the alternatives put forward in para 7 was required.

India said that at this stage of the negotiations, all the formulae put on the table by members in the negotiating process should remain available for discussion in the next stage of negotiations. Paragraph 3 should not exclude any formula already on the table and it must be clearly and unambiguously worded.

India added that the current formulation of para 6 was not clear. Read with para 8, it caused a great deal of concern as the intention to have a mandatory sectoral initiative becomes quite clear. India felt that para 6 should be eliminated completely in view of the widespread misgivings of developing countries on this issue.

It said that para 11 of the text subsumed the sectoral approach, adding that the sectoral approach cannot be considered as anything apart from being a supplementary and voluntary one. (Para 11 of the Derbez text deals with the possibilities of supplementary modalities).

On non-tariff barriers, India pointed out that a negligible amount of work has been undertaken in this area and they were treated in the Derbez text as if these issues were on a separate track. India reminded that "identification and removal of non-tariff barriers is an integral part of the negotiations." More focussed attention was required so that the modalities for tariff and non-tariff barriers could be finalised together.

India concluded that it was essential to provide real options to meet the divergent needs of developing countries if the negotiations are to move forward. High levels of ambition are being mentioned when it comes to NAMA, but realism steps in a big way when it comes to negotiations in other areas like agriculture.

India said that ambition could not be unidirectional, aimed solely at forced tariff reductions, completely oblivious to the developmental imperatives in developing countries. At the end of the day, "we have to be very ambitious when it comes to addressing developmental issues which are at the heart of the Doha Development Agenda."

Argentina and Brazil, in their separate interventions, compared the lack of progress and the lowering of ambitions by the developed countries in agriculture and the progress and the high level of ambition sought in NAMA. The level of ambition in agriculture was low, but that on NAMA was high.

They established a clear linkage between progress in agriculture and that on NAMA.

Any tariff reduction formula must fully reflect the Doha mandate for 'less than full reciprocity' requirement for developing countries.

Both countries also came out against any mandatory sectoral approaches.

A number of developing countries also questioned and challenged the proposals on the formula for tariff-reduction and

binding on the unbound tariffs in their schedules.

The text now suggests doubling the applied tariff, and then subjecting it to the tariff reduction formula for binding. Some of the developing countries asked why the applied tariff should be only doubled and not tripled or quadrupled or whatever.

Kenya insisted that any formula must reflect fully the requirement for "less than full reciprocity" from developing countries, and should reflect the level of development of the country.

The Philippines disagreed with the same coefficient approach for developing and developed countries. It also insisted on S&D treatment for developing countries, and opposed compulsory participation in sectoral tariff elimination.

There were thus clear divergences of views, especially between developed and developing countries at the meeting. However, despite this, the Chairman of the General Council saw the meeting as encouraging. According to the Chair, the active participation of the members would help him to develop positions to move the process forward.

Australia and Canada however were less sanguine and raised their concerns about the 15 December senior officials meeting. They were not hopeful that significant outcomes for the negotiating process could be reached by then. They suggested that the elements of the modalities for NAMA could be explored over the course of the following year.

Some trade diplomats said that on the basis of the consultations held so far – on agriculture, on cotton, NAMA, and Singapore issues - it was difficult to see any convergence. This, they said, raised the question of what could be feasible and possible at this stage. Some doubted whether on this basis senior officials could be asked to come for the 15 December meeting, and perhaps the target date may need to be extended.

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**Four arguments against a plurilateral approach to Singapore issues**

Duncan Green and Claire Melamed

In its 30 October 2003 paper entitled 'Singapore Issues – Options post-Cancún', the European Commission proposed a plurilateral approach to the issues of investment and competition policy within the WTO. It laid out two plurilateral options:

Option 1: "*Optional Participation*", where all WTO members would participate in the negotiations, but then would decide separately whether to sign up to any agreement. The Commission describes this as a "GATS" type of process'.

Option 2: "*ITA model*", where only a limited number of WTO members would take part in negotiations. The precedent is the Information Technology Agreement, initially negotiated in 1996 by 14 WTO members.

Several leading UK development NGOs (CAFOD, Christian Aid, Oxfam, ActionAid, and World Development Movement) have prepared this paper to set out their arguments against the EC proposal, which they see as posing a serious threat to efforts to revive the Doha round, following the collapse of the Cancún ministerial.

We have the following four arguments against a plurilateral approach:

- \* **The** EC proposal will poison attempts to restart negotiations in Geneva.
- \* Developing Countries are likely to come under serious pressure to sign up to a 'voluntary' plurilateral agreement, and to sign up on unfavourable terms.
- \* Many of the pre-Cancún arguments against a multilateral investment agreement at the WTO are equally relevant to a plurilateral agreement.

\* A plurilateral agreement would become the focus of major international opposition.

Below are more details of the arguments.

Firstly, The EC proposal will poison attempts to restart negotiations in Geneva. The plurilateral option has already received a 'cool reception' in Geneva.

At a WTO informal meeting on 12 November, the Chairman of the WTO General Council proposed a '2+2' option on the Singapore Issues similar in content to the EC's position.

Under this, negotiations would begin immediately on multilateral agreements on transparency in government procurement and trade facilitation, while investment and competition would be referred back to the relevant working groups for further clarification, leading to several possible outcomes, including plurilateral negotiations.

Countries including Argentina, Brazil, China, Indonesia, the Philippines, Bangladesh (on behalf of LDCs) and Mauritius (on behalf of the Africa Group) all objected strenuously to the manoeuvre, as did Canada.

Developing country opposition could hardly be clearer. In the three months prior to Cancún, 101 developing countries signed public statements that they did not want to begin negotiations on investment and competition policy.

At Cancún itself, more than 70 developing country WTO members reaffirmed their opposition and the *impasse* over the Singapore Issues eventually triggered the collapse of the ministerial and a severe set-back for the Doha round.

Prior to Cancún, developing countries had already rejected a proposal from the EC for a plurilateral option. If the WTO's consensus principle is to mean anything, such a glaring lack of consensus must be

accepted by the EC as a reason to drop its demands.

In the final hours of the ministerial, the EC offered to drop investment and competition from the agenda altogether. In their final press conference, both Pascal Lamy and Agriculture Commissioner Franz Fischler stressed that the proposals put forward by the Commission in Cancún, including on agriculture and the Singapore issues, would remain on the table.

In the Ministerial's final statement, members agreed to 'bring with us into this new phase all the valuable work that has been done at this conference. In those areas where we have reached a high level of convergence on texts, we undertake to maintain this convergence while working for an acceptable overall outcome.'

Since a high level of convergence was undoubtedly achieved on dropping investment and competition from the agenda (only Japan and South Korea opposed the move), any attempt to reintroduce them as a plurilateral option can arguably be seen as running counter to the final ministerial statement (which the EC signed).

EU member states reportedly think that a plurilateral option will not be as controversial as a multilateral agreement – they should remember that the MAI was a plurilateral agreement. It would be inexcusable if the EC was once again allowed to derail the Doha round due to its insistence on a broad agenda, including the Singapore Issues.

**Secondly, developing countries are likely to come under serious pressure to sign up to a 'voluntary' plurilateral agreement, and to sign up on unfavourable terms**

The plurilateral proposal leaves developing countries with an unenviable choice: take part in negotiations that the majority of WTO members have made clear they do not want, or risk being forced at a later stage, whether by

bilateral, multilateral or investor pressure, to sign up to an agreement they have had no part in negotiating.

Acceding countries are particularly vulnerable to pressure, even if in theory the agreement is a voluntary one. Between 1995 and 2002, 14 of the 15 countries that acceded to the WTO, (Ecuador being the exception), signed up to the plurilateral Agreement on Government Procurement.

Countries as diverse as Russia and Vanuatu have been open about the pressures they have faced to sign up to plurilateral agreements. Vanuatu, for example, was required by the US to sign up to the Agreement on Civil Aircraft, despite the fact that it neither buys nor produces aircraft. This demand was rejected, and Vanuatu is still not a member of the WTO.

Moreover, late arrivals have often received less favourable terms than the original negotiators of agreements – most late signatories to WTO agreements have had to make substantial concessions, with many developing countries signing away their rights to special and differential treatment in the course of accession negotiations, despite the fact that these were integral to the original agreements.

For example, China and other developing countries acceding to the WTO were denied the use of Article 6.2 of the Agreement on Agriculture, granting developing countries the right to use some types of domestic support for low income or resource poor farmers.

**Thirdly, many of the pre-Cancún arguments against a multilateral investment agreement at the WTO are equally relevant to a plurilateral agreement:**

\* A new set of complex negotiations would add to the overloaded Doha agenda

\* A plurilateral investment agreement would not increase FDI flows to the poorest countries

\* Non-discrimination is not a successful development strategy

\* A plurilateral investment agreement at the WTO would not balance rights and responsibilities of host countries, home countries and investors

\* A plurilateral investment agreement would not see the end of bilateral investment treaties

**Fourthly, plurilateral agreements would become the focus of major international opposition.**

A plurilateral approach to an international investment agreement has already been tried, and rejected, once. The multilateral agreement on investment (MAI) negotiations, under the auspices of the OECD, were an attempt to do just what the EC is now proposing.

These collapsed under the weight of internal opposition, backed by a huge international network of civil society groups.

At the time of its defeat, anti-MAI campaigns were known to be active in more than half of all OECD countries and numerous developing countries. Its plurilateral nature was one of the key factors of concern to civil society, contributing to the sense that the deal lacked international legitimacy, and was skewed in favour of investors at the expense of governments' right to regulate foreign investment.

The WTO, and the multilateral trading system, can ill-afford such a mobilisation against an agreement that is already opposed by the majority of its own members.

In conclusion, the Doha ministerial launched what it optimistically termed a 'development agenda'. That process was severely set back by the breakdown in Cancún. Only by listening to and, more importantly, acting upon the views of

developing countries can the developed countries hope to revive the vision of Doha.

On Singapore Issues, that means that at the very least, the EC should drop those issues it agreed to abandon in Cancún. These are investment and competition policy, and perhaps transparency in government procurement (it remains unclear, but numerous sources claim that Pascal Lamy offered to drop all three in the final Green Room in Cancún).

Preferably, however, the EC should demonstrate both the political leadership and the grace to drop all four, and concentrate on the issues that really matter to development.

*This article was written by Duncan Green of CAFOD and Claire Melamed of Christian Aid, on behalf CAFOD, Christian Aid, Oxfam, ActionAid, and World Development Movement and is hereby reproduced with their kind permission*

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#### **G-20 WANTS TO CONCLUDE NEGOTIATIONS SUCCESSFULLY - AMORIM**

*On his way back from a trip to India, the Brazilian Foreign Minister, Celso Amorim, met with Ambassadors of the G-20 group of developing nations in Geneva on 22 October, 2003. Later in the day he met with journalists at the WTO and answered a range of questions that probed the Group's strengths and weaknesses and its future plans vis-à-vis the stalled WTO negotiations. It is apparent from the excerpts below of some of the questions posed to him and his responses that the days of 'business as usual' in the WTO may be over.*

**Q: Six countries have left the group – how do you see the future of the group?**

**Amorim:** I think you have a better accounting than I have. May be six, depends on what moment you count. You

know, when you are in the heat of the negotiations, I think more countries stand to regroup. There was one moment in which we even had an applicant of the European Union in the room. Then he told us it was a misunderstanding. But it showed the interest that country had. And as we move along and as we approach negotiations again, I am sure that other countries will probably come because we are a pragmatic group. We are proposal-oriented. We are a group that is interested in negotiations and in concluding negotiations successfully. So I think there are a lot of countries that will see that they have more to gain to be grouped with us than to be marginalized in the negotiations. You know, of course, we cannot make judgements for others. But we, as Brazil (I am speaking now), and I believe this is the conviction of many countries, that there is no alternative to the multilateral system. You may have some passing advantages, you may even have some specific limited advantages in other ways of negotiations but if you want to have a stable set of rules in which countries can be protected, especially developing countries, I think the WTO has no substitute.

**Q: There have been charges that the G-20 group has been 'divisive' and 'aggressive.' Do you agree with that?**

**Amorim:** Well, I prefer to stay with the words Robert Zoellick mentioned to me, and I do not think that is a secret because there were other people present. He said to me that in the last statement we made in the meeting, we were 'business-like.' He would not agree with everything we said but we were business-like. We have never been aggressive. We just defend ourselves from time to time.

**Q: Could you give the view of your group on the proposal of the African group on the abolition of export subsidies on cotton and where is the situation going to go, and is the question of compensation fund too political?**

**Amorim:** I do not think it is too political. It is not for us to give compensation. We

are in favour of abolition of export subsidies in general and of course for cotton as well. As you might know, Brazil has a case in the WTO in the cotton area so we do not have any problems with that. I think the needs of the poorer countries have to be taken account of in the negotiations. That is certainly one of the most important things if you wish to have successful negotiations. Whether they will be treated as part of the agricultural negotiations or treated separately, it is not for me to judge. Fortunately, I am not the Chairman of the General Council and I am not the DG of the WTO.

**Q: At the APEC meeting there was an endorsement of the Derbez text as a basis for restarting the talks in Geneva. Do you support that?**

**Amorim:** This is all a matter for deeper discussion. I do not think we will all sign below that but from what I have heard and from all I have discussed, I believe the G-20 would not have any difficulty in starting from where we left in Geneva – I am talking about agriculture of course. Certainly, the Derbez text is not the ideal one. We had amendments to it as you probably know. But we will be quite happy to start negotiating based on that.

**Q: Do you think the Round can be concluded in time by January 2005?**

**Amorim:** Well, I think the negative would always be a self-fulfilling prophecy. We believe it is possible. It is a hard task. But some hard tasks have been performed before. Six months before Doha, if you asked me if Doha would succeed, I would be very sceptical but it did succeed in a way.

**Q: Could you respond to charges that your group is not 'cohesive' and that it should show 'flexibility'?**

**Amorim:** Well, for the first – they say the proof of the pudding is in the eating! We proved in Cancún that we were a cohesive group. I have just come from India where I had a very productive visit. It was on multi-dimensional aspects – not only on

WTO but WTO came on time and again with business people, with Minister Jaitley, even with the Foreign Minister and even briefly with the Prime Minister. I do not see any reason to believe that we will not be cohesive on our proposals. It requires sometimes a lot of skilful engineering and people were surprised that we were able to that but we did. And we showed flexibility all the time. We negotiated. As I said, one of the few areas in which there were actual negotiations was agriculture and that was precisely because we showed flexibility. Not only us, may be, but we also. Of course, flexibility comes in the process of negotiations. If you do not negotiate you cannot expect others to show flexibility beforehand. If we accept the text of Derbez as a point of departure, that is already a show of flexibility because that is not our proposal. That does not mean that we accept it as an ending point. But at least we can start from there and 'build on,' to use the APEC word.

**Q: The WTO is about 'give and take'. If you have the position of total elimination of subsidies, where do you 'give'?**

**Amorim:** Well, we have been giving for a long time and not taking. But even so, again, let us negotiate. Let us see. People say they have interest in market access, in non agriculture market access, in services. We are prepared to negotiate on these areas. There are things that are probably more sensitive to us. There are others that can be negotiated. But if you take the Uruguay Round, for instance, countries like Brazil – and it is not only the case of Brazil but certainly Brazil - gave much more than we took. And even the areas in which apparently there might have been some advantage like in agriculture, in many cases we lost markets.

**Q: What is your position on the Singapore issues?**

**Amorim:** You know Brazil is not a demandeur in the Singapore issues. In some circumstances and within certain parameters, we would have been prepared

to discuss some of these issues. But I believe there is a great number of countries that are not prepared to discuss at least two of those issues. So if you want to be successful, you have to take that into account. May be they can be kept for studies or for some other things. But you cannot ignore - you cannot just, nowadays, write a paper, put your preferred option, ignore the opinion of 80 countries and then think that it will go. That does not happen any more. That is no longer how the world is made up, fortunately.

**Q: What will happen about the ‘peace clause’?**

**Amorim:** Well, when the peace clause ends, it ends. We will do whatever is necessary to defend our rights.

**Q: What does the G-20 think of the G-33 alliance?**

**Amorim:** There are a lot of technical matters which I will not address in here but the thing that came out today from my meeting with Ambassadors of the G-20 is that we will continue to reach out to other groups. In order for these negotiations to be successful, everybody will have to show some degree of generosity. And that is also valid for us. So we will have to take into account countries that have preferences and the interests of LDCs. No doubt about that. It is finished – the time in which someone can just impose the interest of their own particular business.

**Q: What do you have to say on the relations with the Cairns group?**

**Amorim:** Many of the countries that are part of the G-20 are also part of the Cairns group. It is overlapping. I believe in the final moments of Cancún when we were preparing our amendments, one of them was actually suggested by Australia.

**Q: Will the Group expand to incorporate industrial goods and services?**

**Amorim:** That is not what is on the table now. The future belongs to God – we

never know. When we started this exercise, there were three or four countries trying to write a proposal that would both take into account our ‘offensive’ interests in agriculture, to use the word that is current here, and also the special and differential treatment that some countries needed. We were three or four countries. Then it grew to 15, 17 and then 20, 23 and then it shrunk a little bit. It can grow again. So I would not be too bothered about that.

**Q: There is a lack of clarity on the Singapore issues due to positions taken in Cancún, could you throw some light?**

**Amorim:** It is up to the proponents to decide. In terms of pure analysis, as I said before, the Round as it was, was an overloaded plane. If some issues are left behind, especially two of the Singapore issues, it would help to have a conclusion.

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### **Editorial: Developed Countries hold the keys to revival of trade talks**

Rangarirai Machedze

The EU Trade Commissioner, Pascal Lamy concurred to the broad assumptions that the failure of Cancun was like an accident, which involved 148 cars on their way to a wedding. In explaining the accident, he forgot to mention (although casualty levels still not clear) that some of the victims escaped unhurt and they stood aside instead of helping those who were hurt. Among those who escaped unhurt, some were wearing helmets and others were putting on life jackets. Those who were hurt, most of them wore ordinary clothing and had no any other form of protection.

But all of them still need to go to the wedding. And those who escaped unhurt should not just stand aside and assume that those hurt will uplift themselves. The unhurt must do something to ensure that

everyone goes to the wedding where there is plenty of food and drink. Unfortunately, we are seeing a situation where the law of the jungle is being applied: survival of the fittest and elimination of the unfit, yet all of them want to celebrate together at the wedding.

This is the stark reality that we find developed and developing countries in after the collapse of trade talks in Cancun. At the informal heads-of-delegation meeting on 14 October, it was agreed that the Chairman of the WTO general Council, Perez del Castillo and Director-General Supachai Panitchpakdi, would conduct consultations with members, starting with agriculture, the cotton initiative, non-agriculture market access, and the Singapore Issues.

The aim of these consultations is to find common ground on the four areas with the WTO members, which could allow the restart of negotiations in 2004. However, reports coming from Geneva suggest that positions on the four issues are still the same as to those prior Cancun.

To make matters worse the consultations are being held with the same pre-Cancun method for which they have been so severely criticised: informal, undocumented small group or country-by-country consultations where nobody knows who is meeting with whom and when and what has been talked about. From time to time, Perez del Castillo will then convene informal, undocumented Heads of Delegation meetings on the result of these consultations.

Right after the collapse in Cancun, most of the blame was put on the US and the EU that they were responsible for the breakdown, while the two big trading blocks blamed others, especially the G20 Group of middle-income countries, and the ACP countries. As the EU Trade Commissioner (Lamy) has already indicated, they are now adopting a strategy that aims at shifting the responsibility of reviving the talks towards developing countries, avoiding their own responsibility. The EU must adjust their

negotiating scope and mandate and must show a willingness to engage in fair and just trade practices. As long as they continue to subsidise their farmers to that frightening level of US\$1 billion per day then they should forget about engaging developing countries.

Actually, the developing countries were the first to show their willingness to continue negotiations under the Doha Development Agenda. Now, all parties, even the US, have signaled their willingness to restart negotiations as soon as possible and this is the positive step that they should carry through until they come to a common understanding with the rest of the developing world.

The EU has stated publicly in various occasions that it is not going to undertake any initiative to revive the talks. It is well known that the EU is still in its process of reflection as regards its commercial policy in general and its positions within the WTO in specific. However, the Geneva-based delegates from developing countries interpret this posture as one suggesting that the EU wants them to make an initial offer that would bring the EU back to the negotiating table. Thus, by acting in this way, the EU aims to make developing countries feel responsible for the failure in Cancun and force a concession that would present a solution to the stalemate.

And we think otherwise. The developed countries hold the keys to the revival of talks.

Prior to and during Cancun, developing countries were pressuring the developed countries, particularly the US and the EU to eliminate all forms of subsidies that they were giving to their farmers. They (developed countries) did not listen and of course there was no progress. And now positions are still the same between the developed and developing countries. The developing countries have got practical and heart rending reasons as to why subsidies should be eliminated. And unless this is done then of course there should not be any reason for negotiations to continue. This is the reason why we say the

developed countries have the keys to kick start the process again.

Two weeks prior to Cancun developed countries closed ranks and conceded that for sure there was a need to agree to the worthy cause of developing countries on TRIPs and Public Health as mandated by the Doha Declaration. Whether this was a misjudgment (on their part) thinking that this could sway the position of developing countries on Agriculture and Singapore issues into theirs is debatable. But what they did is commendable although the solution is temporary.

Now after Cancun, why the same can't be done on these four issues? It is clear how agriculture subsidies are hurting the livelihoods of the poor in the developing world. It is also clear how cotton subsidies by the US have impoverished poor farmers in central and western Africa. It is also very much clear how the New Issues will surrender the sovereign power of nation states to the dictates of Transnational Corporations.

When the US and the EU developed their industries, they did so under a protective kind of system which was never open to abuse by other countries. Today they have pressurized developing countries to open their economies to the rest of the world while they are still protecting theirs.

The first article in this Bulletin shows to a large extent the different positions that countries were taking on non-agricultural market access. The US and EC, stated strongly that they wanted a non-linear formula with a single coefficient to be applied by both developing and developed country members undertaking tariff cuts. In this regard, newly acceded WTO members should also undertake more liberalisation in this area.

On the other hand, many developing countries conveyed their opposition to, and unhappiness with the approach of the developed countries for a non-linear formula with a single coefficient to be applied by all. Several made clear that they could not accept the application of a

non-linear formula in making tariff reductions.

The same concept that the developed countries used in the Harbinson Text on Agriculture is more or what they are attempting to apply. Deep tariff cuts will only mean accelerated market access for developed country members' products to the developing world. As alluded to earlier, protection of the different sectors should be the priority of developing countries like what their counterparts did when they were developing their industries.

On the Singapore issues the Chairman suggested that the members could perhaps agree to launch negotiations for transparency in government procurement and trade facilitation at the SOM on 15 December and then subsequently discuss their respective modalities. On the issue of investment and competition rules, he proposed that members could perhaps agree to re-start the clarification process on the modalities. This could then lead to several options, including adoption of a plurilateral agreement, which gives the opportunity of opting in or out of such an agreement.

His suggestion really is meaningless to the developing countries. In Cancun Developing countries took the position that negotiations on the New issues should not start unless there is explicit consensus as the language of the Doha Declaration says. There is no explicit consensus. As the Brazilian Foreign Minister, Amorim in the third article in this Bulletin rightly puts it "you cannot ignore - you cannot just, nowadays, write a paper, put your preferred option, ignore the opinion of 80 countries and then think that it will go. That does not happen any more. That is no longer how the world is made up, fortunately."

If real negotiations are to take place, the WTO must first listen to the concerns of their members particularly on the process of negotiations itself. The developed countries, moreover, must wake up and listen to the concerns of their unequal

counterparts. There is now doubt whether sufficient progress will be made before the 15 December General Council Senior Officials Meeting (SOM) for an agreed outcome.

Still the developed countries must open the doors of the crushed cars, because they

have the keys, such that everyone will go to the wedding and eat the same food and have the same drinks.

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