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Doha: trading punches in the latest round

Blair's 'Rolls Royce' team of EU advisers

Interview: John Monks

Women struggle to smash the glass ceiling





Six months after the Doha trade round was launched, negotiators are getting down to business. But no one should expect rapid results. David Woods explains why

DOHA TALKS TO TEST NEGOTIATORS' METTLE

Nobody said it would be easy – and they were only referring to the launch of a new trade round.

Six months after World Trade Organisation ministers, at their get-together in Doha, fired the starting gun on the ninth set of multilateral trade negotiations since 1948, the 150 or so participants are already round the first bend.

in 1994. For the Doha Development Agenda (as it officially known), negotiators already have less than three years left to get to the finishing line.

It is not as though this is a modest enterprise either. It may not be as sweeping as the Uruguay Round but, largely at the EU's insistence, it has a very broad agenda. So can it be done?

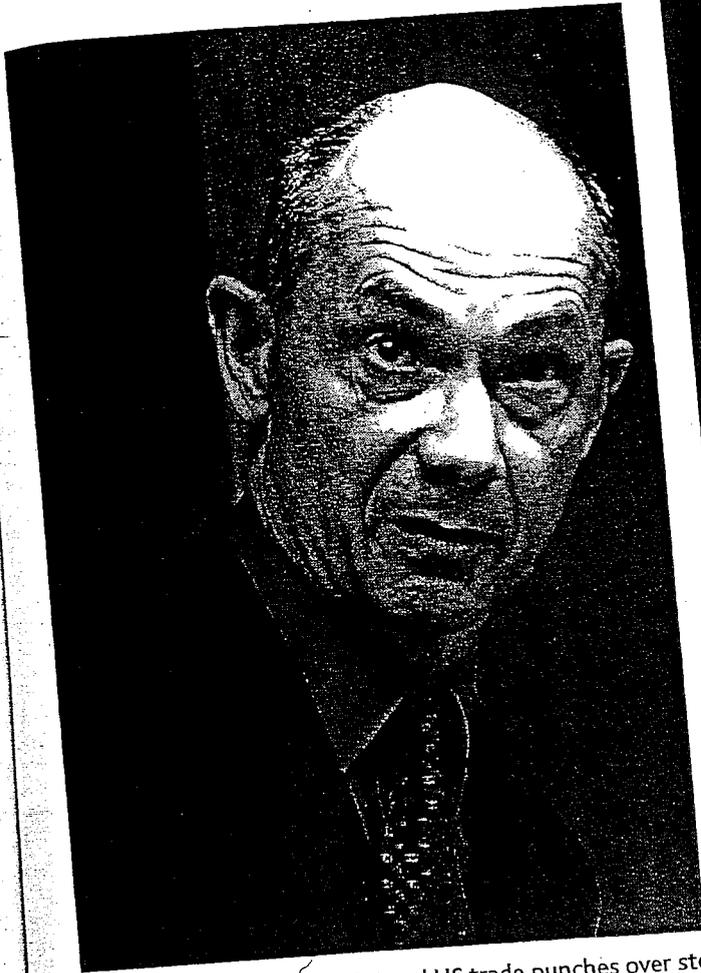
'Breaking the final tape will require the endurance of a long-distance runner, the agility of a boxer, the sense of direction of a curler and the patience of a saint'

But they have a marathon in front of them. It may not have seemed so at the time, but getting to the starting line was the easy bit. Breaking the final tape will require of every WTO government the endurance of a long-distance runner, the agility of a boxer, the sense of direction of a curler and the patience of a saint.

The Kennedy Round of the GATT (the WTO's predecessor) took nearly three years to complete. It was followed a decade later by the Tokyo Round, which took six years, and the Uruguay Round, which lasted more than seven, ending

The chemistry of any trade round is hard to predict. Outside events can be as telling as negotiations inside, presidential elections and transatlantic trade spats most especially. The escalating confrontation between the EU and US over steel hardly helps. As EU Trade Commissioner Pascal Lamy and US Trade Representative Robert Zoellick exchange punches over steel tariffs, concern is growing over what impact this might have on the Doha talks.

But the truth is that this and several other high-profile EU-US trade disputes



Photographs: Reuters

Lamy and Zoellick: as the EU and US trade punches over steel, there are fears this could sour the climate at the Doha talks

need only affect progress in the trade round to the extent that the nations involved wish them to. There are no direct links, only damaged egos and deteriorating relationships.

In effect, the strongest marathon runners are wasting energy fighting on the edges of the track. The weakest have yet to see much reason for exerting themselves.

But despite their differences, Lamy and Zoellick do not want the precious momentum generated by the Doha meeting to sink axle-deep into the sands of diplomatic inertia in Geneva. And the WTO's Director-General Mike Moore was hustling and bustling from the moment he got off the plane from Qatar.

Within a few weeks, and to general surprise, a decision was taken to hold the next WTO ministerial conference in Mexico. That may not sound particularly impressive to anyone unfamiliar with the

challenge of getting things done in Geneva. But it is not unknown for ambassadors to spend months arguing the relative merits of candidate conference sites – a bit like the International Olympics Committee.

So they are all off to Mexico in late 2003. At that point, some really tough decisions – including many explicitly ducked at Doha last November – will have to be taken to get the negotiations on track for the final sprint.

Until then, what will officials be doing? On some parts of the agenda – the less difficult issues – they will get on with the negotiating; on others – the tougher nuts to crack – they will prepare for the possibility of negotiating.

What is the difference? In practice, none at all. But the Doha Declaration was a not very subtle series of procedural compromises. Those governments which wanted many issues put on the agenda (especially the Europeans) had to be

able to show they had largely secured their objectives. Those which sought a highly constrained negotiation (notably India) had to be able to show that they had valiantly and successfully held back the forces of WTO hegemony.

Thus it is that delegates attending Doha Round meetings can be forgiven a degree of confusion. Are they negotiating, examining, consulting, studying or simply passing the time of day with agreeable colleagues?

At this point in the proceedings, the answer is probably: all of the above. In reality, any trade round starts with a period of open debate during which proposals can be thrown into the ring without directly engaging the enemy. It is a timid form of pre-mating ritual. Feathers are displayed, flirting is rampant, males get touchy about their territory and females play hard-to-get. In any event, nobody will make a real move in any direction: no actual coupling will occur this year, and probably not even next.



Photograph: Reuters

Stitching together a deal: concessions to the developing countries on textiles are seen as vital to get a final accord

The structure in which the rituals take place is as complex as the original Doha Declaration. Little new machinery has been put in place for the purpose of the round – just a couple of specific negotiating groups for subjects which could not find a home anywhere else, and the all-important Trade Negotiations Committee (TNC). All other dossiers on the agenda have been allocated to standing WTO committees. In some cases, these bodies are required to cover their Doha Round topics in 'special sessions' convened by different chairpersons.

Sounds complicated? It is and it is hardly surprising that some delegates get so muddled that they forget whether they are in special sessions or regular sessions and whether they are meeting formally or informally. Not only that, but large, unresolved issues relating to the implementation of WTO accords are scattered like autumn leaves throughout the machinery of the WTO and Doha Round.

It was not easy to construct this Byzantine edifice. In fact,

delegates went through several weeks of ill-humoured consultations to assemble it. Blood was spilled over who should chair the TNC. The WTO's director-general had done so in previous trade rounds, but some countries were opposed to giving Moore the job this time. More than a few held the sometimes robust manner in which the Doha deal was secured against him and he is leaving in a few months anyway.

The price of finally agreeing to give him the post was a set of highly restrictive working procedures which largely deny all those in the chair at Doha meetings any room to show initiative or to seek agreement in any way which the entire membership has not cleared in advance.

But at least the machinery is in place and the work has started. Just as

important, some €20 million has been pledged to fund technical assistance programmes and capacity building, especially for the poorest participants.

It is now widely accepted that the EU's ambitions for the Doha Round will not be met unless more developing countries are helped: first, to cope with the burden of negotiating on so many fronts at the same time; second, to be sure that they are getting a fair deal at the conclusion; and, third, to implement any new commitments.

Almost half the pledged funds will come from the EU – centrally and from the member states. The broader commitments made at the Monterrey United Nations Conference on Financing for Development will help too. But it is no good European governments believing that technical assistance alone will deliver the results:

they want in the Doha Round. Most poor countries expect a package which is skewed heavily towards their interests, and nowhere more so than in agriculture.

With some reservations

'It is too early to speculate on who will need to concede what to get a deal at the end of the process'

therefore, the first few months of the Doha Round have been encouraging. It is too early to speculate on who will need to concede what to get a deal at the end of the process, but some pieces of the puzzle are relatively clear, including the kinds of hurdles the EU will have to jump to drive its big agenda forward.

The most obvious difficulty is making concrete reality of the 'development' commitment in the Doha Development Agenda. The WTO and some of its members may have promised more than can be delivered. How much can realistically be done on textiles, farm trade and making WTO rules less burdensome on poorer nations?

It is not evident, yet industrial countries are already drawing up long lists of demands (on services and industrial

tariffs, for instance) which will be largely aimed at the developing states. These demands are in addition to the insistence by the EU and a few others on new disciplines on investment, competition policy and so on. There is a gross imbalance and it will need correcting.

The Union's drive to broaden the playing field on which agricultural talks take place is also problematic. It is all very well saying European consumers are now interested in food safety, animal welfare and safeguarding the environment. That does not alter the fact that for almost everyone else, the priority list is still headed by EU farm support policies that distort international trade – to the detriment of many poor countries which might otherwise be building healthy export businesses.

There are, of course, plenty of people in the European Commission and some EU member states who are working hard to secure fundamental reform of the Common Agricultural Policy. But one can hardly blame other WTO delegations for viewing the Union's stance with somewhat cynical and wary eyes.

It will be very tough going: the EU knows that it will be the focus of attention on agricultural commitments. Whether it will have to scale back its ambitions in other areas remains to be seen. The US will also face pressure: for example, on farm support and anti-dumping rules.

Against this backdrop, we probably should not be expecting any record times in the Doha marathon.

KEY ISSUES ON THE DOHA AGENDA

IMPLEMENTATION: Prior to the Seattle ministerial conference in 1999, developing countries raised dozens of issues which they regarded as unfinished business from the Uruguay Round. These included new WTO obligations with which the poorer nations had difficulty in coping and commitments made by industrial nations which had been poorly implemented (e.g. the dismantling of textiles quotas). About half of these issues have now been dealt with, but the remainder hang over the new trade round.

AGRICULTURE: The aim is to continue the reform process begun in the Uruguay Round. The talks should lower market access barriers and reduce both the support provided to farmers domestically and aid which boosts otherwise uncompetitive exports. For the first time, there is a commitment to phase out export subsidies – at some unspecified point. The EU is usually regarded as on the defensive on farm trade, but so are Japan, Switzerland, Korea and many developing countries which want to safeguard rural development.

SERVICES: Europe has big interests in new services negotiations, although it will remain defensive in the audiovisual area. Apart from the big-ticket industries (financial services and telecoms), there is growing interest in sectors such as tourism, energy, environmental, health and express delivery services, as well as the movement of personnel (managers, accountants and IT specialists, for instance) across borders.

NON-AGRICULTURAL MARKET ACCESS: A vital but often

forgotten area of the round. This should tackle remaining 'peak' tariffs in industrial countries and bring down high average duty rates in many developing economies. Poor nations want attention paid to 'tariff escalation' which penalises their export diversification.

INVESTMENT AND COMPETITION POLICY: The EU fought hard to get the possibility of negotiating multilateral rules in these two areas onto the agenda. The US and many developing countries have severe doubts, as does much of the private sector. But the Union, Japan, Switzerland and others will persist.

INTELLECTUAL PROPERTY RIGHTS: The EU, Switzerland, India and others want to extend the protection of 'geographical indications' – already available for wines and spirits – to other products (such as Gruyère cheese and Basmati rice).

TRANSPARENCY IN GOVERNMENT PROCUREMENT: Essentially, these are anti-corruption rules, which are being pushed by the US and supported by the EU.

TRADE FACILITATION: This involves new rules, and capacity-building assistance, to streamline customs clearance.

TRADE AND THE ENVIRONMENT: This is an EU priority but largely restricted to clarifying the relationship between the WTO rules and multilateral environmental agreements which include trade measures.

TRADE RULES: This relates to anti-dumping, subsidies (including fisheries subsidies) and regional trade agreements.