WTO and the Doha Round-An overview

A presentation by
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UNESCAP, New Delhi
14 September 2015
Outline of the presentation

- Genesis of the Doha Round
- Structure of the Doha Round
- Negotiations since 2001
- The Bali Ministerial Conference (2013)
- Current Scenario
The Genesis of the DDA

- 1994- Conclusion of the Uruguay Round- Considered to be the last comprehensive multilateral Round.
- US wanted more market access in NAMA and Services after 1995, though not keen to start another comprehensive Round
The Genesis of DDA (contd.)

- 1996- Singapore Ministerial- EU spearheaded demand for 4 Singapore Issues (Trade Facilitation, Transparency in Government Procurement, Investment and Competition); Labour and Environment also discussed

- 1999- Seattle Ministerial- WTO being considered a hand maiden of big business, protests staged outside venue, Ministerial got disrupted concluded without a Ministerial Declaration
Contd.

- Afterwards Developing Countries stepped up demand for closure on Uruguay Round Implementation Issues, conclusion of unfinished business in Agriculture
- 9/11 Attack used as an excuse to kick start a new Round- called a Development Round in afterthought
Distinctive features of the WTO

3 Main functions-

• Negotiations for Continuing Trade Liberalisation

• Review in the Permanent Committees of adherence by Members to their commitments

• Dispute Settlement for injury to trade
Doha Ministerial Conference (2001)

Doha Development Agenda comprises:

– Doha Ministerial Declaration
– Decision on Implementation Related Issues
– Decision on TRIPS & Public Health
Doha Ministerial Declaration- a false dawn?

- EU main driver- US persuaded to join in later. Developed Countries demand to balance Agriculture with NAMA and Services Market Access. Development and Implementation Issues added at the insistence of developing countries

- Rules- Anti Dumping, Fisheries Subsidies added to agenda
• Dispute Settlement Understanding Reforms discussion started in 1998. Added to Doha agenda

• Environment and TRIPS added on

• Single Undertaking- para 47-agreements in individual areas could be implemented on provisional or definitive basis
Showdown at Cancun (2003)

- Sharp differences between US/EU on the one hand and G20 and other developing countries on Agriculture and Cotton - S&D Treatment
- Pursuit of the 4 Singapore Issues by the US/EU also a major precipitating factor
- No outcome on Implementation Issues or Agreement Specific Proposals
- No Ministerial Declaration
July Framework (2004)- Patching up

• Compromise worked out in different areas
• Agriculture- Tiered formula in Market Access- with Sensitive Products for EU and G10, Domestic Support and Export Subsidies reduction, S&D – Special Products, Special Safeguard Mechanism
July Framework (Contd.)

- NAMA- Non linear formula approach accepted, Sectoral Initiative also to be a part but voluntary
- Services- Market Access discussions to be intensified
- Trade Facilitation- To be part of DDA at last. Other Singapore Issues dropped till the conclusion of DDA
Hong Kong Ministerial (2005)- rising hopes

• Agriculture- Further fleshing out of July Framework decisions
• NAMA- Swiss Formula to be the basis for non-linear reduction of tariffs
• Services- Plurilateral approach to supplement bilateral request offer approach
• December 2006 set for the completion of modalities
Buckling down to work (2006-08)

- Serious negotiations among Members took place on all issues between 2006 and 2008.
- Successive Draft Modalities texts were issued on Ag. and NAMA.
- Services, Rules (Anti-Dumping and Fisheries Subsidies) and TRIPS (Wines & Spirits; Protection for other products) negotiations lagged behind.
- No progress on LDC issues.
Hopes belied: Mini-Ministerial 2008

- DG, WTO convened an informal Mini-Ministerial on his own responsibility to work out compromises on gateway issues.
- Agreement was reached on 80% issues in Ag and NAMA.
- Signalling Conference in Services was quite encouraging.
- However, talks broke down mainly because the US had a lame-duck Presidency and did not have a clear mandate to negotiate.
Salient points of Agreement (2008)

AGRICULTURE

• Market Access- Tiered tariff cuts, Special Products, Sensitive Products, Tariff Escalation, Tropical Products

• Domestic Support- Cuts on Overall Trade Distorting Domestic Support, Blue Box Disciplines, Green Box issues incl. Food Security

• Export Competition- Phasing out Export Subsidies, Food Aid disciplines, Export Credit disciplines

NAMA

• Swiss formula and coefficients, Special dispensation for SVEs
Unresolved Differences

AGRICULTURE

• Cotton Subsidies, Special Safeguard Mechanism for Developing Countries (Only above Bound Rate part), Tariff Simplification

NAMA

• Sectoral Negotiations for further lowering of tariffs after Swiss Formula cuts

RULES

• Zeroing (Anti-Dumping), Fisheries Subsidies

LDC ISSUES - DFQF, Cotton, Services, Implementation issues
The wasted years (2009-2012)

- September 2008 - the collapse of Lehman Brothers and the start of the Global Economic Crisis - Trade Concessions much more difficult to negotiate in view of rising unemployment and industrial distress - Main focus was on preventing rise of protectionism

- New US Administration took over in Jan 2009 - new USTR and Ambassador to WTO not named till March 2010 because of internal problems

- The US (supported by the EU) started talking of “the world has changed” and demanding extra payment, mainly from China but also from other “emerging countries”
Geneva Ministerial (2011)

- Developed countries succeeded in getting a Ministerial decision to the effect that completion of the Doha Round looked difficult in the near term.
- Hence the effort should be focussed on concluding agreements in those areas where agreement could be reached, i.e. harvesting of “low hanging fruits”
Run up to the Bali Ministerial (2013)

• All the developed countries and a handful of their developing country supporters (eg. Mexico, Chile, Colombia, Peru, Costa Rica, Singapore) wanted to harvest only Trade Facilitation (TF) as a binding agreement at Bali. Intense negotiations initiated by them.

• Majority of developing countries demanded resolution of LDC issues (LDCs), Agreement Specific Proposals (Africa Gp) and three Ag. Issues (Export Competition & TRQ- G20, Food Security- G33) as a quid pro quo for a binding agreement on TF.
The Food Security Proposal

• The following formula governs procurement of any crop for food security purposes:

  10% of Value of Production \( \geq \) Volume of Marketable Surplus (Minimum Support Price - External Reference Price)

• External Reference Price (ERP) = Average import or export price prevailing during 1986-88; Notified to WTO as Rs. 3.52 per kg. of rice

• 2014-15 MSP for rice: Rs 21 per kg. for grade ‘A’
The Food Security Proposal (contd.)

- Formula does not factor in inflation (>675% in India since 86-88). Article 18.4 provides a legal basis for considering “excessive rates of inflation”.
- The US and its allies stonewalled any meaningful discussion on a solution from Nov 2012 onwards.
- The G 33 suggested two solutions for inflation indexing in Sep 2013.
- China, potentially the biggest gainer from TF, suggested a Peace Clause as a third alternative in September 2013.
- The US wanted a Peace Clause with many stringent conditions, including a limited duration.
The outcome of the Bali Ministerial

PART I — REGULAR WORK UNDER THE GENERAL COUNCIL
• TRIPS Non-violation and Situation Complaints
• Work Programme on Electronic Commerce
• Work Programme on Small Economies
• Aid for Trade
• Trade and Transfer of Technology

PART II — DOHA DEVELOPMENT AGENDA
• Trade Facilitation
• Agriculture
  o General Services
  o Public Stockholding for Food Security Purposes
  o Understanding on Tariff Rate Quota Administration Provisions of Agricultural Products, as Defined in Article 2 of the Agreement on Agriculture
  o Export Competition
Bali Outcome (contd.)

- **Cotton**
- **Development and LDC issues**
  - Preferential Rules of Origin for Least-Developed Countries
  - Operationalization of the Services Waiver for LDCs
  - Duty-Free and Quota-Free Market Access for Least-Developed Countries
  - Monitoring Mechanism on Special and Differential Treatment

**PART III — POST BALI WORK**
Nov 2014 solution to the Food Security impasse

• A decision was taken by consensus in the General Council that the Bali Ministerial Declaration would be understood to mean that the Peace Clause will continue till a Permanent Solution were worked out.
Current Negotiations outside the WTO/Doha Round

- Trans Pacific Partnership (US, Canada, Mexico, Japan, Australia, New Zealand, Chile, Peru, Singapore, Malaysia, Brunei, Vietnam). Meeting in Hawai in July 2015 did not result in final agreement. Next date for meeting not set.
- Trans Atlantic Trade and Investment Partnership (US and EU). Will take at least another two years.
- The International Services Agreement (TISA) - 24 countries (including the EU) had signed in. Uruguay intending to withdraw. China has requested inclusion.
- The Information Technology Agreement (product coverage extension). Details being worked out. Will be given approval in December 2015 in the Nairobi Ministerial.
- The Environmental Goods - Plurilateral. Unlikely to be harvested in Nairobi.
Current Scenario in the WTO

- Global Commodity prices, including Ag. Products, at very low levels
- Because of the US Farm Act 2014, the US is not in a position to accept 2008 cuts in Agriculture subsidies
- The EU does not want to give up Ag. Export Subsidies
- Without cuts in Ag. Subsidies, not possible to accept ambitious outcome in Ag. Market Access
- Ag. Market Access linked to Market Access in NAMA and Services
Current Scenario (contd.)

- Some Ag. Exporting countries have floated the idea of an average cut formula for Ag. Tariff cutting along with a supplementary Request Offer approach.
- Similar ideas floated for NAMA also.
- Deliberate attempt at lowering ambition level. Developing countries reject an outcome in Market Access without cuts in high Ag. Domestic Support levels.
- Intensive negotiations scheduled in Geneva from tomorrow (15 Sept) to reach a compromise on the Work Programme.
Two possible outcomes at Nairobi

• Compromise reached on no cuts in Ag. Subsidies, average tariff cuts in Ag. and NAMA supplemented by Request Offer approach. Best endeavour agreements for Development, incl. LDC issues. Doha Round finally buried.

OR

• No agreement on Ag, NAMA and Services. Impasse continues.
THANK YOU