

TWN Info Service on WTO and Trade Issues (July06/14)

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Questions, concerns abound in aftermath of WTO failure

In the aftermath of the suspension of the WTO talks, several questions remain unanswered and are of concern to many delegations of developing countries.

Below is a report on these issues as the WTO begins one day or two days of a General Council meeting.

**With best wishes
Martin Khor
TWN**

Questions, concerns abound in aftermath of WTO failure

By Martin Khor (TWN), Geneva, 26 July 2006

A few days after the collapse of negotiations at the WTO, delegates of many developing countries are pondering over several issues that have emerged over the proposal, mooted by WTO director general Pascal Lamy and supported by the Ministers of the G6 members, to suspend the Doha negotiations across the board.

Some of these issues may be aired and perhaps resolved at the General Council meeting on Thursday. Among the issues mentioned by several diplomats are:

- When Lamy, as expected, makes a formal proposal to the Council for the suspension, whether the members will have time to reflect on the proposed decision, such as the terms of the suspension and conditions for resumption of the talks;
- Has Lamy's mandate for carrying out "intensive consultations" come to an end, and will he need or ask for a new mandate for further consultations and "confessionals"?
- Which are the issues for which negotiations will come to a standstill, and will exceptions be made for some issues?
- When can negotiations be expected to re-start, and what could or would be the "trigger" for that?
- Now that the Lamy consultations/confessionals initiatives and the exclusive G6 process of July have failed, when the talks resume will there be a return to the previous more inclusive and "bottom-up" process in the agriculture and NAMA groups in which all members and their groupings are involved?

There are even broader issues, such as what will happen to the Doha work programme if due to domestic political considerations or other factors there cannot be a resumption of talks even after many months, and

perhaps years?

Or whether there can be a review of the overall development content not only of the proposals on the table but of the existing rules (such as was sought to be done in the processes involving special and differential treatment and implementation issues, which were slotted as top priority in the Doha Declaration but have since effectively dropped off the main table).

However, the more immediate issues are in the minds of several diplomats. The General Council meeting on Thursday is the first (and the last, before the summer break) formal occasion since the G6 talks failed where the issues can be discussed.

Several of the delegates have pointed out that the idea to suspend the Doha talks was put forward by Lamy and the G6 members at the informal heads-of-delegation (HOD) meeting on Monday, but this has to be decided on formally by the General Council.

They are concerned as to whether they have the opportunity and time to influence the terms of the decision to put forward at the General Council.

At the HOD meeting, Lamy said he would propose to the General Council that negotiations be suspended across the Round as a whole, that all work in all negotiating groups be suspended and progress made to date on various elements is put on hold. No date for resumption of activity will be proposed.

In the wake of the collapse of the talks on Monday, several newspapers recalled how the Brussels Ministerial meeting midway through the Uruguay Round also collapsed, how the negotiations were suspended, and a mandate was given to the then GATT director general Arthur Dunkel to "pursue intensive consultations" aimed at "achieving agreements in all areas of the negotiating programme in which differences remain outstanding." [See separate series of articles on the Brussels meeting].

This led later to Dunkel producing his "Dunkel draft" of the Uruguay Round agreement. He proposed that for any changes to be made to this draft, there had to be a consensus of all members.

The circumstances of the Brussels collapse, the suspension of talks, even the same term for the mandate for "intensive consultation", and speculation in the media, have set some diplomats wondering whether a stage is being set (not now, but at some time in the future) for a Dunkel-like role to be given to Lamy.

Some developing country officials believe that the mandate given to Lamy at the TNC meeting of 1 July was limited to his trying to find a solution by the end of July and that the mandate is over, with the collapse of the talks.

On the issues for which negotiations are suspended, Lamy made clear his suggestion that all negotiating issues of the Doha programme would be affected. However, there may be "grey areas" in which it is not clear whether an issue is or is not part of the Doha programme.

Some diplomats point out for instance that in the aid-for-trade initiative, the general aspects may not be part of the Doha programme, although other aspects (which refer to adjustments required as a result of the Doha outcome) may be.

There was some confusion at the meeting of the Trade Facilitation group which went on Monday to Wednesday this week, whether the group should schedule to meet again after the summer break. (See separate article).

And then there is the suggestion by the EU Trade Commissioner Peter Mandelson that several aspects of the "development package" should continue to be negotiated.

He mentioned Aid for Trade, trade facilitation, the new Integrated Framework for technical assistance for LDCs, the Hong Kong agreement on duty free quota free market access for LDCs, Special and Differential Treatment proposals, rules of origin, and improvements on the dispute settlement understanding.

The EU can be expected to table this proposal of having a "waiver" from the suspension rule for these issues. It is likely to be controversial, especially since some of these issues (especially trade facilitation and dispute settlement rules) are not development issues.

Some diplomats are also concerned with the "modality" of resuming the talks. Will this be decided on by the Director General, by the membership as a whole, or a few members, or even by one member?

Many WTO delegations believe that the talks will only resume if and when the United States feels comfortable enough to improve its offer in agricultural domestic support, and that this may take place anytime after the summer break, or after the Congressional elections on 7 November, or perhaps later.

In any case the chances of finishing the entire Doha negotiations by the end of the year are now miniscule. If the deadline for meeting the requirements of the fast track authority before its expiry at end-June 2007 is missed, then the resumption of the Doha talks may require a new fast track authority. There is uncertainty when or whether that can materialize.

Another question that concerns some diplomats is whether the talks, if and when they resume, will be based on the exclusive G6 process driven to a significant extent by the Director General (if his mandate for that is clarified), or whether the negotiations should be conducted along the lines of the agriculture negotiations of the past several months, in which all members and their groupings could be involved.

Several developing country diplomats prefer the more inclusive approach, since they can participate in it. They have resented the recent focus on the G6 process, in which they are asked to sit on the sidelines with little information, and in which they fear they would be pressurized to simply endorse, under the pretext of time pressure, what the G6 has agreed to.

Many were relieved that they were not called upon to play this role at the end of July or in August, since the G6 members could not get their act together.

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