

Doha Round Negotiations – Framework for establishing modalities in Agriculture

On the 31st of July 2004, the WTO members agreed and the General Council of WTO adopted a Decision to take action towards successfully concluding the Doha Round negotiations. The Decision included a framework agreement for establishing modalities in Agriculture.

After the failure of the Cancun Ministerial Conference (September 2003), the effort to achieve this agreement was concentrated on a "small package" of the most difficult issues only, in the core of which was certainly the agricultural sector. The rest were the "Non-agricultural Market Access" (NAMA), the "Services Sector" and the so-called "Singapore issues", of which only the "Trade Facilitation" was touched upon.

From the very beginning of the Doha Round negotiations till the present stage, Agriculture was certainly the most controversial file, due also to its importance for the developing countries. It could be argued, therefore, that the achieved consensus on agriculture made the whole agreement possible.

Even though this framework cannot be considered as a final agreement, but only an intermediate stage, it does include significant commitments and it puts the negotiations back on track.

The next WTO Ministerial Conference is scheduled for the December of 2005. Taking into account that in the course of the current year the Presidential Elections in the USA will be held along with the renewal of the members of the European Commission, no intensive negotiations are to be envisaged before the beginning of 2005, when this framework agreement is expected to be translated into specific figures and commitments.

The main points of the agricultural agreement are the following:

General Overview

The framework agreement captures the notion of "harmonisation", according to which, the highest levels of trade distorting support and the highest tariffs, should be reduced most. It calls for all countries, with the exception of the LDCs, to improve their market access and it provides for the elimination of export refunds whilst parallel disciplines for all forms of export subsidies will be imposed.

Domestic Support

The framework agreement stipulates reductions in the overall level of trade distorting support as well as in each type of trade distorting support (amber box, de minimis and blue box). There will be capping of support provided to individual products. Flexibility is given to the members to choose a set of revised Blue Box criteria. The framework agreement also includes a provision for review and clarification of Green Box criteria. There will be a 20% first year reduction in the level of permitted overall trade distorting support.

Export Competition

The agreement stipulates the elimination of export subsidies by a final date to be agreed, potentially different from the one to be agreed for the other issues. Tighter disciplines on export credits, export state trading enterprises and use of

food aid for commercial purposes are also included.

Market Access

The tariff reduction formula agreed is a harmonisation one. Both developed and developing countries have the right to self declare a number of "sensitive" products that will be eligible for lower tariff cuts; however they would still have to expand market access on those products through a combination of tariff reduction and quota expansion.

Cotton

The African initiative on cotton will be addressed *within* the agricultural negotiations. In addition the wording regarding the issues of domestic support pillar, limits the pressure for the cotton subsidies to be addressed separately from the other agricultural subsidies.

Geographical Indications

This issue remains pending. It is expected that it will be addressed in the future, in parallel with the issues of sectoral initiatives and export taxes.

It should be noted that the EU approved the draft decision of the WTO, in a special meeting of the Council of Ministers for General Affairs, held in Geneva, on 30.07.2004. A separate declaration, as regards cotton, was included in the conclusions of the Council.

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Declaration of the EU Council of General Affairs on cotton, of 30 July 2004

"The Council and the Commission reaffirm that the CAP reform is Europe's important contribution to the Doha Development Agenda (DDA) and constitutes the limits beyond which commitments cannot be undertaken.

In addition to that the Council and the Commission underline the importance of the cotton sector for a number of rural areas in the Community. In this regard they note with satisfaction that, in the framework agreement, cotton is treated within the agriculture negotiations".

Decision adopted by the WTO General Council on 1 August 2004

http://www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_31july04_e.htm
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