

WTO Negotiations

Overview

With respect to the atmosphere, it's clear that things have changed since the G20 meeting. At both the G-20 and APEC meetings that took place in the middle of November 2010, world leaders instructed their negotiators to take advantage of the 2011 opportunity to conclude the Doha Round of negotiations. The G20 spoke of 2011 being a narrow "window of opportunity". While there is much debate over whether this in fact is do-able, there appears to be a significant amount of momentum created, and we expect that negotiations/activity will continue to increase over the coming weeks and months.

Following the normal WTO Christmas break, activity is slowly recommencing in Geneva. Much of the activity was focused on the January 17, 2011 Agriculture and NAMA week as well as the Davos Ministerial meeting which took place at the end of January (at the time this report was prepared, neither the agriculture week nor the Davos meeting had taken place).

Negotiators are getting ready to kick start what might be the final stretch of the negotiations in light of the much talked about "window of opportunity". Pascal Lamy, the WTO's Director General, unsurprisingly has qualified the G-20 message as being the strong signal the negotiators were awaiting prior to moving into this final phase of the negotiations and is optimistic that it can be brought to a conclusion by year's end.

As a result, there appears to be a lot of positioning taking place by the key players. For example, Brazil is minimizing the importance of the whole process claiming it does not really need an agreement (don't forget they are targeted by the U.S. on NAMA), China is much more visible than they have been these past 10 years (they are also targeted by the U.S. on NAMA), India is staying firm on the special safeguard mechanism (SSM) and special products, and the US is warning that revised texts should emerge from a bottom-up approach and not be dictated by Lamy.

Although there is pressure from Lamy, many have said that the process will take as long as it needs to take and that the objective should be a revised draft modalities that is as close to a final deal with only few (political) brackets left for Ministers. This being said, scepticism remains given the very ambitious proposed timeline. In addition, Canadian senior officials (e.g. Gero, Stephenson, Gauthier) have voiced scepticism that a deal is possible this year (i.e. too much divergence among the key players US, Japan, China, Brazil and India on NAMA).

Furthermore, the U.S. and other major players have not yet showed any indications that they are prepared to move away from their entrenched position; however, the recent finalization of the US/Korea free trade agreement does illustrate that the U.S. may be willing to seriously engage in the WTO negotiations and make the necessary trade-offs to get a deal done by the end of 2011.

As a result of recent developments, all key players were represented in Geneva by their trade negotiators the week of December 6, demonstrating the seriousness of their engagement in the process.

The debate over the revised draft modalities is worrisome – when in Geneva last December, a number of delegations warned Lamy not to table a text that would reflect the landing zone as perceived by the Secretariat, but to ensure that whatever text that comes out of this process carefully reflects what members are willing to live with (e.g. bottom-up approach referred above). However, a text prepared by

the WTO Secretariat should not be ruled out. Recall that it was the Dunkel text during the Uruguay Round that was the catalyst to finalize the agricultural modalities during that Round.

The first series of talks in mid-January are perceived as critical for the negotiating process; failing to achieve any progress in mid-January, the Ministers gathering in Davos on January 26 - 30, 2011 may have to decide if there is any need to recalibrate Doha's objective, i.e. change deadline for releasing revised draft texts (but still aim for some sort of agreement in 2011, whether modalities or full agreement) and inject the required momentum for the talks to seriously progress in the months to come.

Process

The process as outlined by Lamy (qualified as overly ambitious by some) is as follows:

- Negotiations to resume in early January
- Objective to table revised modalities papers (in all areas of the negotiations) by the end of the first quarter (toward the end of March 2011)
- Development of the schedules of commitments during the fall
- Leading to a series of intense give-and-take negotiations across sectors (horizontal Process) towards finalizing an agreement on modalities by June/July
- Final agreement to be ratified at the WTO Ministerial Conference on December 15-17, 2011

More specifically:

- Series of agriculture negotiations scheduled for the week of January 17
 - Open-ended session on the 17th
 - Series of room E meetings involving up to 40 delegations throughout the week
 - Followed by another open-ended session on Friday January 21st
 - The questions to be addressed are the so-called list of 10 unresolved and bracketed questions which includes
 - The designation of sensitive products (e.g. the number of sensitive products)
 - The treatment of sensitive products is not part of the bracketed text and is still not on the WTO radar screen and Canada's chief negotiator for agriculture continues to claim that this is an issue for ministers
- Group of 11¹ session planned for January 24-25.

¹ The Group of 11 is composed of: US, EU, Brazil, India, China, Japan, Australia, Canada, Argentina, South Africa and Mauritius

The G11 is a small group of Ambassador/senior officials (e.g. Gero and Stephenson) which tries to analyse the negotiations with a view of identifying possible trade-offs; in other words, a prelude to what the horizontal process might involve and therefore a group that can play a significant role

Whereas the negotiating groups focus solely on technical matters pertaining to their respective area, the G-11 discussions is expected to focus on trade-offs between sectors.

- Davos mini-ministerial:
 - As in the past, Ministers attending the Davos ministerial meeting on January 29 will be given a 2-minute time slot to make a brief statement on the negotiations. There are 30 or so ministers that are expected to fly to Davos at the end of this month.
- G-7:
 - The G-7 trade ministers (EU, US, Brazil, China, India, Japan and Australia) meeting which is expected to take place in Brussels at the end of January right after Davos (sources say likely dates are January 30-31) could be postponed to a later date because Brazil's trade envoy may not be able to attend due to Brazil's new government's official visit to Argentina that same weekend.

A more detailed report on developments following each of these meetings will be provided verbally at the February Board meeting.