

## **AFRICA REGIONAL WORKSHOP ON WTO NEGOTIATIONS**

10-11 April 2006

Cape Town, South Africa

**An Assessment of the 6<sup>th</sup> WTO Ministerial Conference:  
Hong Kong. 13<sup>th</sup> – 18<sup>th</sup> December 2005**

Faizel Ismail



**HOSTED BY TRALAC AND COMMONWEALTH  
SECRETARIAT**

# **An Assessment of the 6<sup>th</sup> WTO Ministerial Conference. Hong Kong. 13<sup>th</sup> – 18<sup>th</sup> December 2005**

**by Faizel Ismail**

## **I. Introduction and background**

In the early hours of Sunday morning, the 18<sup>th</sup> of December, as the negotiations amongst about 30 Ministers began to conclude, the “grand bargain” that was needed for the WTO Hong Kong Ministerial Meeting to succeed was clearly in sight. However, there were significant differences in the perspectives of these Ministers, on the composition of the key elements of the bargain and the timing of the Doha deal. In this assessment we provide a perspective on the recent Hong Kong Ministerial Meeting and outline the central fault lines of this “grand bargain”. Some suggestions will be made to advance the negotiations towards a successful achievement of this “grand bargain”.

The central fault line or principle in the current Doha talks was clearly articulated by the Commissioner of the EU, Peter Mandelson, in his statement after the Hong Kong Meeting<sup>1</sup> In this statement Mandelson argues that the EU was unlikely to make further concessions in the current Doha negotiations given the paucity of concessions, in his view, that are on offer from the EU’s trading partners. He goes on to state that there was no possibility of him using the WTO to push through, further, or early, reforms of the EU Common Agricultural Policy (CAP). Although the EU at its recent summit<sup>2</sup> had decided to review the EU CAP budget in 2008/2009, Mandelson warns that there would be no links between this and the efforts to conclude the Doha negotiations early in 2007.

He argues further that given real incentives in the Doha industrial goods and services negotiations, the EU could provide “more predictability and transparency for agricultural exporters” (referring to the demands of the CAIRNS Group, G20 and the US) and show more flexibility in the range of products that the EU has demanded should be deemed “sensitive”.<sup>3</sup> Mandelson also questioned “Lamys’ view” that further progress could be made by April 2006 ie, the achievement of full modalities in the agriculture and industrial products (NAMA) negotiations.<sup>4</sup> In this regard Mandelson states rather ominously in the same article that “the EU cannot be pushed into an agreement that simply is not there”.

Mandelson’s assessment above sets the stage for the complex post-Hong Kong Doha negotiations. There are three key issues, that he has raised, which need to be challenged.

---

<sup>1</sup> See “Trade chief says EU united on farm stance”, Financial Times, 21/12/2005, p.2.

<sup>2</sup> The EU Summit was held on December 16<sup>th</sup> and 17<sup>th</sup>. see “EU horse-trading was humiliating – but failure would have been worse” FT 19/12/2005 p.3

<sup>3</sup> The EU has demanded a so- called “pivot” in the tariff cutting formula i.e., the flexibility to deviate from the agreed percentage cut by a maximum of two thirds, with a 20 percent minimum cut, for about 70 percent of their tariff lines. In addition, the EU insists on designating up to 8 percent of its tariff lines as being “sensitive”. The EU intends to make only minimal cuts in these so called “sensitive products”.

<sup>4</sup> The Hong Kong Declaration has set the deadline for the conclusion of the negotiations for full modalities to be the end of April 2006.

Firstly, the argument that the EU has done enough in making concessions in the agriculture negotiations is simply not true, as the current EU offer on Market Access made by Mandelson on the 28<sup>th</sup> of October, will result in no further real market opening or acceleration of CAP reforms.<sup>5</sup> He has argued that the only possible concessions the EU could make, notwithstanding any possible changes in the EU budget, is some additional flexibility in its demand to continue to maintain the current high levels of protection for its sensitive sectors.

Secondly, his view that other WTO members (especially the so-called “advanced developing countries”) need to make real concessions in industrial goods and services for the EU to make the above additional concessions is an attempt to raise the bar above the heads of the majority of the major developing countries, and thus shift the burden of adjustment in this Round from the major agricultural subsidizers to the major developing countries. Mandelson’s argument that the EU needs the major developing countries to make these concessions before the EU can make even some incremental concessions is spurious. There is no discernable major drive by the EUs industrial producers or service providers for additional market access into developing country markets. On the contrary, these interests have voiced their concern with regard to the disproportionate political influence of the EUs agricultural lobbies. There is legitimate suspicion that Mandelson’s argument is an attempt to shift the blame for lack of movement in the Doha Round to the major developing countries.

In addition, a group of developing countries<sup>6</sup> have argued that the real danger of a joint push by the EU and other developed countries (notably the US)<sup>7</sup> to seek additional extensive concessions from developing countries in the NAMA and Services negotiations is that the development content of the Round will be turned on its head, with the developed countries making more inroads into developing country markets and with developing countries still facing high levels of protection and distortions in global markets for products of export interest to them. In a paper<sup>8</sup> submitted to the Committee on Trade and Development and the Trade Negotiating Committee of the WTO, developing countries have argued that the strategic objective for this round of negotiations should be for industrial countries to reduce the protection they grant to inefficient sectors that frustrate the growth potential of developing countries. Reflecting on the recent proposals<sup>9</sup> of developed countries they have stated that these demands in

---

<sup>5</sup> “Making Hong Kong a Success: Europe’s contribution” European Commission. Brussels. 28<sup>th</sup> October 2005.

<sup>6</sup> See Statement made by South Africa to the 55<sup>th</sup> session of the Committee on Trade and Development on behalf of Argentina, Brazil, India, Indonesia, Namibia, the Philippines and Venezuela. 28<sup>th</sup> of November 2005.

<sup>7</sup> The US has stated on several occasions that it will work shoulder to shoulder with the EU to seek significant market access in the markets of advanced developing countries in the NAMA and Services negotiations. See FT...

<sup>8</sup> “Reclaiming Development in the WTO Doha Development Round” submission made to the 55<sup>th</sup> session of the Committee on Trade and Development on behalf of Argentina, Brazil, India, Indonesia, Namibia, Pakistan, the Philippines, South Africa and Venezuela. 28<sup>th</sup> of November 2005.

<sup>9</sup> Making Hong Kong a Success: Europe’s contribution” European Commission. Brussels. 28<sup>th</sup> October 2005.

NAMA and Services will create enormous and disproportionate burdens of adjustment that developing countries would have to bear in their industrial and service sectors. In sharp contrast the EU has made insignificant offers to open its markets in the agriculture negotiations, and both the EU and US have proposed a co-efficient for developed countries in the NAMA negotiations that will require them to make no real adjustment in their industrial sectors. They have thus argued that the EU and the US are seeking a round for free!

Thirdly, Mandelson's assertion that the EU would not be prepared to make any significant move in offering even the minimal additional concessions that he referred to above, by April 2006<sup>10</sup>, will make the possibility of concluding the Doha Round by the end of 2006, or early 2007, even less likely. In addition, developing countries will be reluctant to make significant concessions early in the post - Hong Kong period, unless the EU reflects the political will to make real concessions in the agriculture negotiations that are in line with the Doha Mandate.

There is a second fault line or a secondary set of issues which are of great importance to the majority of the poorer and smaller members of the WTO, and that are a crucial component of the Doha grand bargain. Without a successful resolution of these issues, a Doha deal or grand bargain will simply not be struck. These issues relate to addressing the trade related development challenges faced by Least Developed Countries, and the so-called "small, weak and vulnerable developing countries". The specific development issues raised by these countries include, the need to provide duty free quota free market access to LDCs, cotton, preference erosion, special flexibilities for small, weak and vulnerable economies and development aid.

There was a great deal of posturing on these issues before the Hong Kong Ministerial Meeting. The EU trade Commissioner Peter Mandelson, in a letter to WTO members written in October 2005, challenged Ministers to provide a development package on these issues in Hong Kong.<sup>11</sup> There was great suspicion amongst developing countries that the EU was again trying to divert attention from the core issues of development in the Round, which related to developing country demands for developed countries to remove their trade distorting subsidies and protection of agricultural products. In addition, the US delegation was suspicious that in focussing on these development specific issues, the EU was attempting to divert attention to the US inability to deliver concrete results on the cotton issue and on the issue of duty free, quota free market access for LDCs.

## **II. What happened in Hong Kong?**

After 6 days of intense negotiations in Hong Kong (13<sup>th</sup> to the 18<sup>th</sup> of December), Ministers managed to cobble together an agreement late on Sunday night, the 18<sup>th</sup> of December, several hours past the agreed deadline. For the major developing countries in

---

<sup>10</sup> The Hong Kong Ministerial Declaration calls for full modalities in Agriculture and NAMA to be agreed by the end of April 2006.

<sup>11</sup> Letter dated 9<sup>th</sup> October 2005.

the G20 the agreement was no major breakthrough<sup>12</sup>, but a small and significant step forward in the Doha Round. For LDCs and other small, weak and vulnerable developing countries, there were some incremental gains made in the Hong Kong Declaration, but no breakthrough emerged on their major demands. We briefly evaluate the results of the negotiations in Hong Kong below.

## **Agriculture**

In Agriculture, the EU had reluctantly agreed to table an offer to eliminate its export subsidies by 2013. After much difficult negotiations in the chairman's consultative group in the final hours of the negotiations, the G20 members in the meeting agreed to this offer provided that "the substantial part is realized by the end of the first half of the implementation period". Before the Hong Kong Ministerial Meeting there was great pressure on the EU to decide on this issue in Hong Kong, as the G20, CAIRNS Group, the Africa Group, the ACP, LDC Group and the US, all called for export subsidies to be eliminated by 2010.

There was no substantial advance in the Agriculture negotiations in Hong Kong since the July 2004 Framework Agreement. In addition to re-stating the decisions already reached in the July Framework agreement, the final draft of the Hong Kong Declaration reflected some significant movements by WTO members in the technical work undertaken in Geneva, since then. These issues related to the conversion of specific tariffs to their ad valorem tariff equivalents and some convergences reached to use three bands for cuts in domestic support subsidies and four bands for the tariff cuts envisaged in the market access negotiations.

There was some improvement in the final text on the language on Special Products (SP) and the Special Safeguard Mechanism (SSM) demanded by less competitive developing countries (G33). Agreement was reached that developing countries can self-designate a still to be determined percentage of tariff lines as Special Products to be "guided by indicators based on the criteria of food security, livelihood security and rural development". There was also agreement that developing countries will "have recourse to a SSM based on import quantity and price triggers".<sup>13</sup> The addition of a price trigger was fought for vigorously during the Ministerial Meeting and was a victory for the G33.

## **NAMA**

In the NAMA negotiations, several of the major developing countries including South Africa, India and Brazil were of the view that the decisions reached on NAMA at the

---

<sup>12</sup> Celso Amorim, the Brazilian Minister of Foreign Affairs and Trade and the co-ordinator of the G20 was quoted in the FT (19/12/2005) as saying that the decisions reached in the Hong Kong Declaration was "modest but not insignificant".

<sup>13</sup> See WT/MIN (05)/DEC Para 7 of the "Ministerial Declaration". Doha Work Programme. 22 December 2005. The July 2004 Framework Agreement already provided for a developing countries to self-designate Special Products and utilize a Special Safeguard Mechanism without specifying the criteria to determine SP or the details of the SSM.

Hong Kong Ministerial Conference did not represent a roll back of gains made in Doha or in the July 2004 Framework agreement. Indeed some of these gains made in the NAMA negotiations, for example, on flexibilities agreed to in the July 2004 Framework, were under threat in the past few months in Geneva. Whilst the final draft of the Hong Kong Declaration reflected members agreement to adopt a Swiss Formula, the option to use different types of Swiss formulae still remain to be decided and are not foreclosed. The major advance for developing countries in this text was the decision to link the ambition in the market access negotiations in Agriculture with NAMA. This allows developing countries to argue that WTO members would need to produce a formula in the market access negotiations in agriculture that is “balanced and proportionate” to that in the NAMA negotiations. In addition WTO members agreed that the level of ambition in market access for Agriculture and NAMA should be “comparably high”.<sup>14</sup>

Whilst there was some fragmentation in developing country positions on the formula to be adopted by the WTO on NAMA in the period before Hong Kong, the approach taken by the EU in its October 28<sup>th</sup> submission caused these countries to create a united front on the need to defend the flexibilities that developing countries had succeeded in obtaining in the July 2004 Framework Agreement.<sup>15</sup> This united front was further consolidated in Hong Kong where Ministers of the so-called NAMA 11 presented joint proposals in the negotiations on NAMA.<sup>16</sup> This group were able to also establish a strong link between the level of ambition in NAMA with that in Agriculture in the final text of the Hong Kong Ministerial Declaration.<sup>17</sup>

## Services

On Services, the existing GATS<sup>18</sup> development friendly methodology in the services negotiations were under threat of being fundamentally altered by proposals made in the first draft of the Hong Kong Ministerial text<sup>19</sup>. Developed countries, and a few developing countries were attempting to substantially change the methodology of the services negotiations in an attempt to raise the ambition of the negotiations, in a manner that would increase the pressure on less competitive developing countries. There was

---

<sup>14</sup> See WT/MIN (05)/DEC Para 24 of the “Ministerial Declaration”. Doha Work Programme. 22 December 2005.

<sup>15</sup> See TN/MA/W/65 “Market Access for Non-Agricultural Products. Flexibilities for Developing Countries” Communication from Argentina, Bolivarian Republic of Venezuela, Brazil, China, Egypt, India, Indonesia, Namibia, Pakistan, Philippines and South Africa. 8<sup>th</sup> November 2005.

<sup>16</sup> See letter by the above countries, including Tunisia, sent to the Chairman of the Conference and the Director General at the Hong Kong Ministerial Conference.

<sup>17</sup> See WT/MIN (05)/DEC. Para 24 of the “Ministerial Declaration”. Doha Work Programme. 22 December 2005.

<sup>18</sup> The current methodology for the negotiations in Services is based on the General Agreement on Trade in Services (2000) and the GATS negotiating guidelines agreed by the WTO in 2001. These agreements call for a positive list approach where countries choose the sectors they wish to make concessions in and the extent to which they wish to open their markets. Secondly, the current negotiating methodology that is utilized largely by members is a bilateral request and offer method, although a plurilateral approach is also provided for by the above guiding documents.

<sup>19</sup> See WT/MIN (05) W/3 “Draft Ministerial Text”. Doha Work Programme. 7<sup>th</sup> December 2005.

widespread opposition to these attempts by the African Group, the ACP and several ASEAN countries.

In the draft Ministerial text<sup>20</sup> that was forwarded to the Ministers, the quantitative targets insisted on by the EU was deleted. There were a number of remaining concerns that these countries, including South Africa, had with this text. Their initial concern was that the chapeau of the Ministerial draft text did not state that the new methodology proposed in the annex (Annex C) was not agreed. Thus, at the insistence of those countries that had substantive objections to some elements of Annex C, the chapeau of the Ministerial text that referred to Annex C was bracketed.

Negotiations in Hong Kong focussed on the changes needed by these countries before they agreed to remove the brackets. In the course of the negotiations in Hong Kong these members succeeded in making two significant changes to Annex C. Firstly in the section on Objectives the words “strive to achieve the following objectives” was replaced with “should be guided, to the maximum extent possible, by the following objectives”. Most developing countries viewed these objectives as being too ambitious and prescriptive. Secondly, these countries also objected to the prescriptive language of the proposed methodology for plurilateral negotiations in services. The compromise struck in the final text underlined the fact that the existing flexibilities provided for in the GATS and the Negotiating Guidelines would still remain the bases for the negotiations in services.

## **The “Development Package”**

There were 5 key development specific issues identified by the EU<sup>21</sup> and other members in the period before Hong Kong: a development package for LDCs, Cotton, preference erosion, the specific concerns of small, weak and vulnerable countries and the question of an “Aid for Trade” envelope to support the needs of developing countries. Despite intense negotiations on both the LDC duty free, quota free issue and the need for an early harvest on cotton, the so-called “Development Package” proposed by the EU failed to materialize in Hong Kong.

### **LDCs**

The compromise offered by the US after 6 days of intense negotiations, to provide duty free, quota free market access for up to 97 percent of tariff lines and to progressively increase this, with no obligation to reach 100 percent, was not acceptable to LDCs. The US argued that it could not offer to extend full product coverage to countries such as Bangladesh and Cambodia which were competitive in some products, such as Textiles, as

---

<sup>20</sup> WT/MIN(05) W/3. “Draft Ministerial Text”. Doha Work Programme. 7<sup>th</sup> December 2005

<sup>21</sup> See Letter by Peter Mandelson sent to WTO Trade Ministers dated 9<sup>th</sup> October 2005. Mandelson identifies five deliverables for Hong Kong in this letter, including the so-called implementation issues. In their subsequent position paper, dated the 28th of October (referred to above), the EC supported the need for “specific actions to overcome the distortions to trade on cotton” and “early implementation” of such actions.

this would displace African countries existing preferential market access provided under the US AGOA preferential scheme. Pakistan surprised most members by arguing that it would not accept a deal for LDCs which did not provide some comfort for its fear that preferential textile exports from Bangladesh, in terms of the proposed deal, could displace a significant part of its exports into the US market.

LDCs were reluctant to accept the US offer as they argued that the 3 percent exemption would allow the US to exclude almost all the products of export interest to them. In the statement made to WTO members at the final plenary on Sunday evening (18<sup>th</sup> December 2005) the co-ordinator of the LDCs, Minister Patel of Zambia, thus called for the Annex on LDCs to be part of the ongoing negotiations in Geneva and to be used as a bases to develop modalities to conclude the negotiations on LDCs. In a letter sent to the DG and several WTO Ministers subsequent to the Hong Kong Ministerial Meeting, Minister Patel, as co-ordinator of the LDCs in a reconciliatory tone called for the offer of the US and other developed members on duty free, quota free market access referred to above (in Annex F) to be built upon in the Post- Hong Kong Geneva process.<sup>22</sup>In the statement made by the Chair of the conference, Secretary Tsang of Hong Kong, China referred to the section on duty free quota free treatment in Annex F as a “framework” and urged developed and developing country members in a position to do so, “to set out by the end of 2006, the means by which they will implement this decision”.<sup>23</sup>

There were four other Special and Differential Treatment, LDC Agreement Specific proposals that were agreed to in Annex F. These included an agreement to give “positive consideration” to requests for waivers by LDCs, and when requested to provide waivers exclusively in favour of LDCs by other members, to decide such a matter expeditiously and “without prejudice to the rights of other members”. Costa Rica and Paraguay had finally agreed to this compromise. A second agreement called for donors, multilateral agencies and international financial institutions to ensure greater policy coherence with WTO agreements in the conditionalities that they often impose on developing country members. A third agreement re-affirmed that LDCs will only be required to undertake commitments and concessions to the extent consistent with their development needs and capabilities and directed the WTO to co-ordinate its efforts with donors to “significantly increase aid for trade related technical assistance and capacity building”. Finally, the most significant agreement for LDCs, of these four, was the decision to provide new flexibilities for LDCs not to comply with the TRIMS agreement until 2020. These flexibilities include a transition period of 7 years for existing measures and an agreement to give positive consideration to allow any new TRIMS for a period of 5 years.

## **Cotton**

---

<sup>22</sup> In this letter Minister Patel states, “I believe that the LDCs managed to get an outcome which, although was not all that we wanted, is a platform upon which we can build in the future”.

<sup>23</sup> Statement made by Secretary Tsang, the Chair of the Conference at the closing plenary meeting of the WTO Hong Kong Ministerial Conference. 18<sup>th</sup> December 2006.



The four West African cotton producing countries pleaded passionately for an early harvest in the cotton negotiations. In response, the US delegation, insisted that they did not foresee any negotiations outside the context of the Agriculture negotiations. However, there was some movement by the USTR Robert Portman, when he agreed to eliminate the US cotton export subsidies in 2006. Brazil had argued that this was required anyway by the recent WTO Appellate Division decision in the case brought to the WTO by Brazil, on the US trade distorting cotton subsidies. In addition, the US agreed to support a decision to provide duty free, quota free market access for cotton exports from LDCs from the date of implementation of the Doha deal. These were two incremental advances made on the cotton issue in Hong Kong.

However, on the most significant demand of the C4 countries and other members, ie the need to reduce trade distorting cotton subsidies, the US did not agree to an early harvest. As part of the final agreement, both the USTR and the four West African cotton producers (C4 countries) agreed to continue the negotiations in Geneva, in the post Hong Kong period, with the C4 countries still maintaining their demand for an early harvest not linked to the Doha agriculture negotiations.<sup>24</sup>

### **Erosion of Preferences and the needs of small, weak and vulnerable countries**

On the issue of erosion of preferences and the special needs of small, vulnerable economies, the ACP group succeeded in gaining some further recognition of these concerns in the NAMA negotiations and a commitment to address these issues in the ongoing Doha negotiations.<sup>25</sup>

### **Aid for Trade**

Finally, on the issue of “Aid for Trade”, the final text<sup>26</sup> called on the Director General of the WTO to create a Task Force to be created and to provide the General Council with recommendations by July 2006.

There was no major breakthrough or early harvest on the 5 identified development specific issues in Hong Kong. For LDCs, there was some significant advances made on the 5 Agreement Specific Proposals that LDCs had prioritized, in the negotiations on Special and Differential Treatment. The agreements reached on duty free, quota free market access, and increased flexibilities in WTO rules and capacity building, are significant gains to build on in the ongoing Doha negotiations. Thus, whilst some incremental advances were made on the so-called development package, greater political will is required to advance these issues in the Post – Hong Kong period.

---

<sup>24</sup> These positions were articulated by both the USTR and Ministers from the C4 countries in their statements made to the final plenary of the Hong Kong Ministerial meeting.

<sup>25</sup> See WT/MIN (05)/DEC Para 20 and 21 of the “Ministerial Declaration”. Doha Work Programme. 22 December 2005.

<sup>26</sup> See WT/MIN (05)/DEC Para 57 of the “Ministerial Declaration”. Doha Work Programme. 22 December 2005

In most cases it has become clear that there will, or can, be no major breakthrough or early harvest on these issues as the political will and capacity of the major countries to deliver on these issues will depend on the ambition to be agreed on the core issues in the Doha negotiations viz, Agriculture, NAMA, Services and the related disciplines. Thus for these countries to make some gains from the Doha Round and advance their issues, there will need to be an early conclusion to the Doha Round as a whole, with a high level of ambition on the core issues.<sup>27</sup>

### **III. The Way Forward**

The post - Hong Kong work programme and the timing for the conclusion of the Doha Round did not obtain much consideration by Ministers in Hong Kong. Ministers simply assumed that the Round should be concluded by the end of 2006. Thus the timetable for the achievement of full modalities in Agriculture and NAMA was decided to be 30 April 2006 and the completion of schedules based on these modalities was set for 31<sup>st</sup> July 2006.

There was no discussion of how the political will to complete the task of achieving full modalities on Agriculture and NAMA by the end of April 2006, could be developed within the next four months. Already the EU Commissioner, Peter Mandelson, has signalled that the EU does not have the will to finalize full modalities in a manner that will require them to make significantly new concessions in the agriculture negotiations (discussed above). Notwithstanding this, the EU will continue to pressure others, particularly, the major developing countries to make additional onerous concessions in the NAMA and Services negotiations.<sup>28</sup> A failure to achieve any real movement on these core issues of the negotiations and resolve the fundamental fault line in the Doha Round is also likely to have a detrimental effect on any possible resolution of the specific development issues of interest to the majority of least developed and small, weak and vulnerable developing countries.

Advancing the Doha negotiations in the post - Hong Kong period will require renewed political commitment and political will by the major developed and developing countries. The US will need to play its part in making more significant offers to reduce its trade distorting subsidies and discipline its farm support in line with new WTO rules. The US will also need to display greater political will to address the needs of the Least Developed Countries and small, weak and vulnerable members of the WTO. Without an ambitious effort by all WTO members to address these specific issues of interest to these members of the WTO, a grand bargain is unlikely to emerge.

The major developing countries represented in the G20 and the “NAMA 11” have displayed a firm resolve to maintain the high level of ambition of the Round and defend

---

<sup>27</sup> See also Ismail, F. “How can Least Developed Countries and other small, weak and vulnerable developing countries also gain from the Doha Development Round?” forthcoming in *Journal of World Trade*. February 2006.

<sup>28</sup> See Statement by Peter Mandelson in *Financial Times* “Trade chief says EU united on farm stance” 21/12/2005.

the development content of the Doha Round thus far. They have called for more open and undistorted trade and have signalled their willingness to make a contribution in this regard provided this is proportionate to their level of development and the contribution of the developed countries. In their recent paper they have committed themselves to also making a contribution towards addressing the development challenges of the Least Developed Countries and the small, weak and vulnerable countries.<sup>29</sup> Their leadership in advancing these objectives and engaging effectively with developed and other developing countries to build the consensus needed for the round to succeed will be crucial in the year ahead.

There was renewed optimism that developing countries will be able to manage and resolve their differences whilst keeping the pressure on developed countries to deliver on the development content of the round in Hong Kong when the major developing country groupings including the G20, the G33, the ACP, the LDCs, the African Group and the Small Economies met at Ministerial level. This meeting was called “historic” by Minister Amorim as it was the first such meeting of Ministers in the WTO and was referred to as the “G110” (G90+G20). These groups agreed that agriculture is central to the round and to development and were united in calling for export subsidies to be eliminated by 2010. They all agreed to address the specific development challenges facing developing countries in the Doha Round.<sup>30</sup> The Doha Round “grand bargain” will also require that in exchange for the strong support of the G20 countries for their concerns in the Round, including that of preference erosion, the least developed countries and the small, weak and vulnerable countries should not obstruct or delay the market access needs of the G20 and other more competitive developing countries.

At this stage, however, the EU stands to be the main obstacle to progress in the Doha Round. Unless significant political pressure is brought to bear on the EU member states in the next few months the WTO is set to miss its next deadline of achieving full modalities, by April 2006 and will certainly not conclude the Round by the end of 2006. The EU will hope that the resolve of the demandeurs (in the G20, Cairns Group and the US) for further agricultural reform in the EU will wane and that they will settle for a lower ambition from the Doha Round. For the G20 and other developing countries accepting such a reduced ambition will mean that the development content of the Doha Round will have little, if any, meaning and the WTO will continue to be seen to be unfair and imbalanced and having failed to address the needs of developing countries yet again!

20<sup>th</sup> January 2006.

---

<sup>29</sup> “Reclaiming Development in the WTO Doha Development Round” submission made to the 55<sup>th</sup> session of the Committee on Trade and Development on behalf of Argentina, Brazil, India, Indonesia, Namibia, Pakistan, the Philippines, South Africa and Venezuela. 28<sup>th</sup> of November 2005.

<sup>30</sup> See Joint Press Statement issued by the G20, the G33, the ACP, the LDC Group, the African Group and the Small Economies. Hong Kong. 14 December 2005.