Canadian agriculture and the Doha agenda: The changing negotiation process

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Motivation

- new political coalitions seem to have formed, unformed and reformed during the negotiations
- role of Canada seems obscure

1. are institutional factors part of the problem with the Doha round?
2. can Canada influence the outcome?

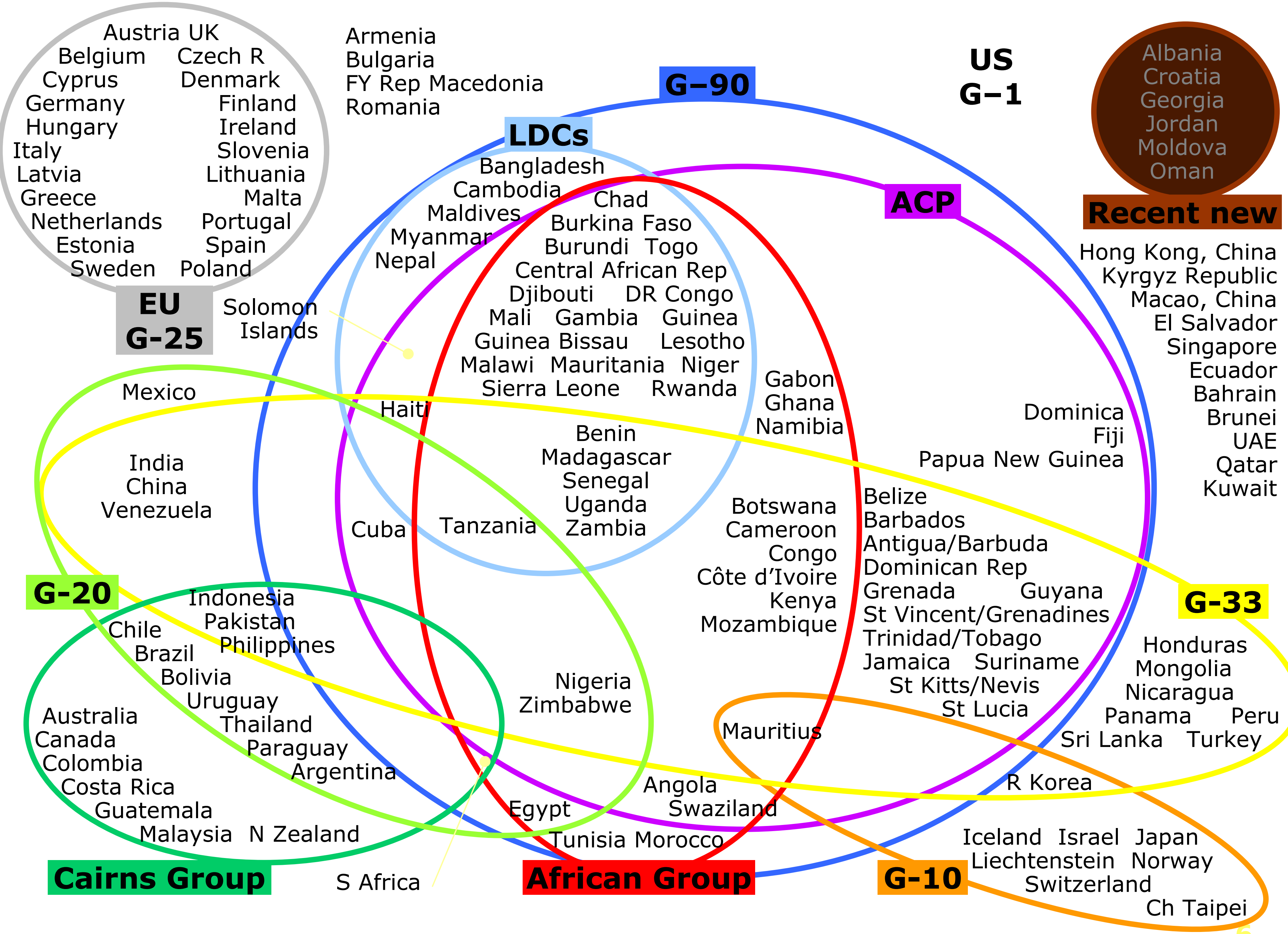
The confusing Doha process

- Ministerial Conferences
- Formal meetings in Geneva
  - General Council
  - TNC
  - Negotiating groups
- Informal meetings
  - We have been trying to track who holds what meetings, <u>both ministers and senior officials</u>
  - For example, farm trade meetings in fall 2005

13, 14 Dec, Hong Kong	G-10, G-33, Cairns Group Ministerials
2-3 Dec, London	G-7 Finance Ministers
2-3 Dec, Geneva	G-6 Senior Officials
30 Nov, Brussels	G-90 Ministerial
29 Nov, Brussels	ACP Ministerial
23-24 Nov, Arusha	African Union Ministers of Trade
22 Nov, Geneva	New G-5 ministers Brazil, EU, India, Japan, USA
20 Nov, Geneva	FIPs plus friends meeting
15-16 Nov, Busan	17th APEC Ministerial
9 Nov, Geneva	G-20 ministerial
8-9 Nov, Geneva	Geneva mini-ministerial
7-9 Nov, Geneva	FIPs meeting
7 Nov, London	New G-5
21 Oct, Geneva	G-20 meeting
20 Oct, Geneva	FIPs plus friends meeting
19 Oct, Geneva	FIPs meeting
12 Oct, Geneva	FIPs plus friends meeting
12 Oct, Geneva	FIPs meeting
12 Oct, Geneva	G-4 meeting Brazil, EU, India, USA
11-12 Oct, Geneva	G-20 ministerial
10 Oct, Zurich	Zurich mini-ministerial
9-10 Oct, Zurich	Senior officials meeting

The past

- Kennedy Round
  - “Bridge Club” (US, EEC, the United Kingdom, Japan, and Canada)
- Tokyo Round
  - EC, U.S. domination
  - Quad emerges de facto
- Uruguay Round
  - EC, U.S. prominence
  - Quad
  - Cairns Group
  - de la Paix group
  - G-10 (Brazil, India blocking role)
  - Informal dinners
- And now, with 149 Members…



Thanks to ICTSD and WTO

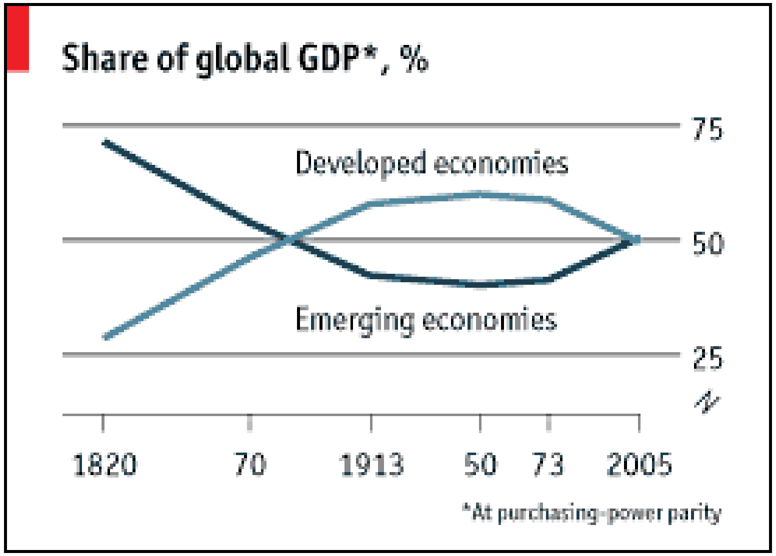
Groups relevant to agriculture

- Regional groups (S/S)
  - ACP
  - African Group
  - LDCs
  - G-90 (2003; provoked by "Singapore issues")
- Offensive Coalitions
  - C-4 (2003; S/S, cotton)
  - G-11 (2005? S/S, Tropical products)
  - Cairns Group (1986; agriculture exporters)
  - **G-20** (2003; S/S, Brazil with India, China, South Africa, others)
    - Major source of ideas now
- Defensive coalitions
  - G-10 (2003; importers)
  - G-33 (2003; S/S, developing country agriculture importers)
  - Recent accession; Small & vulnerable
- Cross-coalition
  - G-4 (2005; USA, EU, Brazil, India)
  - FIPs (2004; add Australia)
  - G-6 (2005; add Japan)
  - FIPs Plus (2005; add Canada, Argentina, China, Japan, New Zealand, Switzerland)
- Managerial (right term?)
  - Mini-ministerials (2001; 30)
  - Green Room/CCG (1980s? 30)
  - "senior officials" (2006; U.S., EU, Brazil, India, Australia, Japan, Canada, Egypt, Malaysia, Norway)
  - Analytic burden sharing??
- NB different for NAMA, services, etc

Potential explanatory factors
(for a qualitative political scientist…)

1. Power
2. Issues
3. Institutional design (modalities)
4. Learning
5. Small group theory

1. Power in a changing world



'Coming of Age: The Rich Nations No Longer Dominate Global Production,' The Economist, January 19, 2006.

Institutional power

- based on norms of the regime
- Single Undertaking and consensus decision-making
- *power to influence* agenda
- *power to block consensus* on decisions

Compulsory power

- material resources
- normative resources
  - claims based on justice for developing countries, in general but especially for the poorest
- Example: 2 stage explanation of G-20

Leading exporters and importers, merchandise, 2004

	Exporters	Value	Share		Importers	Value	Share
1	Extra-EU (25) exports	1203.8	18.1	1	United States	1525.5	21.8
2	United States	818.8	12.3	2	Extra-EU (25) imports	1280.6	18.3
3	China	593.3	8.9	3	China	561.2	8.0
4	Japan	565.8	8.5	4	Japan	454.5	6.5
5	Canada	316.5	4.8	5	Canada	279.8	4.0
6	Hong Kong, China	265.5	4.0	6	Hong Kong, China	272.9	3.9
	domestic exports	20.0	0.3		retained imports	27.3	0.4
	re-exports	245.6	3.7	7	Korea, Republic of	224.5	3.2
7	Korea, Republic of	253.8	3.8	8	Mexico	206.4	3.0
8	Mexico	189.1	2.8	9	Taipei, Chinese	168.4	2.4
9	Russian Federation	183.5	2.8	10	Singapore	163.9	2.3
10	Taipei, Chinese	182.4	2.7		retained imports	82.8	1.2
11	Singapore	179.6	2.7	11	Switzerland	111.6	1.6
	domestic exports	98.6	1.5	12	Australia	109.4	1.6
	re-exports	81.0	1.2	13	Malaysia	105.3	1.5
12	Malaysia	126.5	1.9	14	Turkey	97.5	1.4
13	Saudi Arabia	126.2	1.9	15	India	97.3	1.4
14	Switzerland	118.5	1.8	16	Russian Federation	96.3	1.4
15	Thailand	97.4	1.5	17	Thailand	95.4	1.4
16	Brazil	96.5	1.5	18	Brazil	65.9	0.9
17	Australia	86.4	1.3	19	South Africa	57.1	0.8
18	United Arab Emirates	82.8	1.2	20	Indonesia	54.9	0.8
19	Norway	81.8	1.2				
20	India	75.6	1.1				

Source WTO, (2005) International Trade Statistics, 2005 (Geneva: World Trade Organization).
Table I.6 (Billion dollars and percentage)

Exports of agricultural products, 2004

	Rank by Value (million dollars)			Rank by % share in economy merchandise exports	
1.	United States	79567	1.	New Zealand	59.7
2.	extra-EU (25) exports	78410	2.	Argentina	49.6
3.	Canada	40100	3.	Brazil	32.0
4.	Brazil	30853	4.	Australia	22.8
5.	China	24121	5.	Canada	12.7
6.	Australia	22101	6.	India	11.6
7.	Argentina	17082	7.	United States	9.7
8.	New Zealand	12157	8.	South Africa	7.9
9.	Mexico	11358	9.	extra-EU (25) exports	**6.5**
10.	India	8964	10.	Mexico	6.0
11.	Japan	5468	11.	China	4.1
12.	Korea, Republic of	4984	12.	Korea, Republic of	2.0
13.	South Africa	3619	13.	Japan	1.0

Source WTO, (2005) International Trade Statistics, 2005 (Gen eva: World Trade Organization). Table I.9

2. Changing issues

- Food security becomes development box becomes "special products"
  - how should small-scale/peasant agriculture be handled?
- Are some products too "sensitive" for real reform?
- Are cotton, bananas, preference erosion and losses to net food importers different?
- Such change both
  - necessitates learning (how do Members know what they want?)
  - forces reconsideration of allies

3. If learning matters

- It starts at home
- Involves ministers, officials and the public, reciprocally
- Takes place <u>within</u> and <u>between</u> Groups
- Has institutional design implications (e.g. Groser process)

- Question: does this process affect the Doha outcome?

3. Multilateral modalities

- Single Undertaking precludes minilateral deals
- Rules and domestic policies inherently MFN
- Principal Supplier rule replaced by formula
  - Request and Offer limits interest of large market Members in negotiations with small market Members.
  - R&O especially problematic for GATS
- Special and Differential treatment morphing into de facto differentiation
  - Still have variable geometry (universal principle/national implementation)

Implication of modalities

- New rules apply to all
  - Voice matters: all want to participate
  - Exit difficult for any country
  - Any Member can deny consensus

- More roles for small groups and coalitions

4. Are all the groups "coalitions"?

- "a set of governments that defend a common position in a negotiation by explicit coordination." (Odell 2006)

- Limitation: excludes cross-coalition or heterogeneous, small groups, e.g. FIPs, new Quad
  - common interest in finding compromise, or merely the principal antagonists?

Small group theory

- Homogenous groups
  - Common characteristics (blocking?)
  - Issue-specific (make proposals?)
- Heterogenous groups
  - Cross-coalition (negotiating?)
  - Managerial

- Coalitions only defend an interest-based position? Some could be occasions for learning, especially cross-coalition groups
  - "most of the work in multilateral exchanges does not involve negotiation at all. […] It is not the staking out of positions, from which concessions are subsequently made, that best characterizes the work that takes place in multilateral encounters. Building group consensus, through the dynamics of group process, is the key feature." (Rubin and Swap, 1994)

Where is Canada?

- Old Quad does not meet; Canada not in the smallest cross-coalition groups.
  - Canada marginalized by lobbies, or minority parliament?
- Canada still in:
  - Cairns Group
  - FIPs Plus
  - New "senior officials" group
  - Mini-ministerials
  - Green Room/CCG
  - informal dinners?

Can Canada influence the outcome?

Fair assessment (especially if learning matters):

> "our ability to influence the negotiations will continue to be directly related to our ability to generate constructive ideas, and to work on building consensus around ideas that ultimately help to advance our own negotiating objectives."

Institutional obstacles to the round?

- Proliferating groups not an obstacle, in principle
  - Which coalitions must be represented in small group meetings?
  - How do we know if a group has critical mass?
- **BUT**: is there a problem moving from learning to bargaining? ("Members need to talk to each other")
- Problem with bottom-up vs text-based?
  - Are Members in the room the agents of principals outside?
  - Will principals be happy if a Chair's text emerges from the room, without their views explicitly noted?
- Is the round as a whole too complex?
- More mini-ministerials helpful? General Council in July, with ministers present? Mre involvement of senior officials a good thing
- Also a Leaders meeting?

Paul Martin's L-20, without him?

- "Alphonse and Gaston" routine? Progress on agriculture is dependent on market access for goods, which is dependent on high quality offers in services, which is dependent on agriculture…
- Lula wants a Summit. Schott (FT) says invite "countries whose policy reforms are crucial to the success of the WTO venture."
  - which countries are crucial?
- G-7 Summit contributions to Tokyo Round in 1978 and Uruguay Round in 1993
  - told trade ministers to get the job done
  - signalled willingness to support at home
  - did not make any decisions: would not want to be responsible for agriculture domestically

In sum

- Canada’s ability to influence the outcome is undiminished
- Institutional evolution is probably increasing the prospects for a successful outcome