

Report on Seventh WTO Ministerial Conference  
Geneva, November 30<sup>th</sup> to December 2<sup>nd</sup> 2009

“Next year is the year we will conclude the Doha Round  
– and it always will be”  
*(a conference participant)*

### *Background*

The atmosphere in Geneva just prior to the Conference was soured by a demonstration which got out of hand. Genuine protestors were infiltrated by extremist elements which took the opportunity to shatter their tranquil surroundings by breaking some shop windows and burning a few cars. As WTO Director-General Pascal Lamy said, it was really sad to see that demonstrators — who have the right to make their views known in a peaceful way — should have their event hijacked by a small group of people who preach violence for its own sake.

Nevertheless the Conference itself passed off in a low key way, peacefully and without further difficulty. This was in line with the original intention. According to its constitution, the WTO should have a Ministerial Conference at least once every two years. The previous Conference had been in Hong Kong in December 2005 – four years ago. The reason for this hiatus was that – after a series of delicate operations in Seattle (to say the least), Doha, Cancun and Hong Kong – Lamy and many WTO Members themselves had developed an aversion to using these high profile events as live trade negotiating sessions, with the outcomes unpredictable until the very last minute.

Members eventually came to the conclusion that a Ministerial Conference could not be put off any longer, so they decided to go ahead in Geneva in December 2009. It was agreed in advance that this would not be a negotiating session. The Doha negotiations were on their own, separate track. The main item on the agenda was to review the operation and the functioning of the multilateral trading system, in two thematic “working sessions” – a review of WTO activities, including the Doha work program on the first day; and the WTO’s contribution to recovery, growth and development on the second day. In their statements, many Ministers naturally commented on the central importance of the Doha negotiations to the health of the system and to global economic recovery. But no formal outcome was expected, or indeed delivered.

### *Chairman’s Summary*

In his summing up at the end of the Conference, the Chairman (Chile's Finance Minister, Andres Velasco) noted that there was strong convergence on the importance of trade and the Doha Round to recovery and development. Ministers reaffirmed the need to conclude the Round in 2010. In this respect there was wide support for building on progress made to date and not attempting to reopen "stabilized" texts. It was pointed out that, while priority was given to Agriculture and Non-agricultural Market Access (NAMA), it was also important to advance in other areas of the negotiations such as Services, Rules and Trade Facilitation.

The Chairman also noted that there was broad agreement that the growing number of bilateral and regional trade agreements presented a challenge for the multilateral trading system and that there was a need to ensure that the two approaches complemented each other. There was also strong convergence on the importance of accessions to the WTO, but some divergence on how in practice these could be advanced.

Members stressed that, in addition to improved market access, capacity-building was as vital to addressing supply-side constraints in developing countries. The importance of keeping up the momentum of Aid for Trade, including the Enhanced integrated Framework for Least Developed Countries, was emphasized. LDC-specific issues were raised, including Duty-Free Quota-Free Market Access and Cotton.

Numerous comments were made on other current and future issues facing the WTO. The contribution the WTO can make through removing barriers to trade in environmental goods and services was widely endorsed. There were also warnings against "green protectionism". Food security and energy security were highlighted. Concern was expressed about the effect of private standards on trade, especially for developing countries. Other subjects suggested for consideration included government procurement, competition and investment, though reservations were also expressed.

### *Decisions taken*

Only two actual decisions were taken at the Conference. The first was on the question of whether Members should be allowed to bring disputes on the grounds that the spirit, but not the letter, of WTO rules on intellectual property had been violated (so-called TRIPS "non-violation complaints"). A moratorium on such complaints has been in place effectively since the establishment of the WTO in 1995. Members decided to extend this moratorium until the next Ministerial Conference.

In the second decision, Ministers also agreed to extend another moratorium, this one relating to a ban on imposing customs duties on electronic commerce (for example, downloading music from the internet).

### *Other activities*

Readers familiar with WTO conferences will correctly anticipate that the opportunity was taken to have many more informal contacts and meetings in the sidelines.

For example, a bilateral meeting took place between US Trade Representative Ron Kirk and Brazilian Foreign Minister Celso Amorim. It was reported that the US came forward with a long list of agricultural and industrial products on which they would like to have improved market access. Brazil apparently felt that the list was so long that it meant “everything and nothing”.

As usual, various informal groupings – for example the Cairns group of agricultural exporting countries and the informal group of developing countries held meetings. Most such meetings, as well as the bilateral meetings, focused on the Doha negotiations.

Ministers from 22 developing countries also approved a “framework” agreement under which they would cut tariffs by a fifth or more on a substantial majority of each other’s exports. This was timed to coincide with the WTO conference although the negotiations were actually held under the Global System of Trade Preferences (GSTP), a South-South trade scheme under the auspices of the UN Conference on Trade and Development (UNCTAD). With this framework in place, the individual participating countries will now draw up lists of products to be included. Countries involved include Argentina, Brazil, Egypt, India, Indonesia, Mexico, Algeria, Iran and South Korea. China and South Africa did not participate. The finally agreed tariff cuts will not be extended to non-participants. At this stage, opinions vary on how commercially meaningful this scheme will be.

### *Assessment*

The initial public demonstration apart, this was the most low-profile WTO Ministerial Conference ever. The low expectations were fully met.

The main benefit was probably that, through informal contacts and public statements, it enabled WTO Members, as well as interested observers and

analysts of the WTO scene, to obtain a snapshot of where the Doha negotiations stand and what the prospects for success are.

In his final press conference, Director-General Lamy said that the desire expressed by ministers to conclude the Doha Round quickly has provided the “political energy” to organize work for the coming months. This weak formulation simply means that it has been informally agreed to hold another “stock taking” session (but not a full ministerial conference) in the first quarter of 2010, in order to determine whether it is still possible to conclude the Round by the end of the year. It will be recalled that world leaders, in the form of the G20 meeting in both London and Pittsburgh, have committed themselves to that goal. But this high level political commitment has not been matched by concrete progress in the negotiations.

The date of the end of the first quarter of 2010 arises because, if Members can agree on “modalities” in Agriculture and NAMA by then, it would still be possible to reach final agreement on the Round as a whole by the end of the year.

Asked whether he felt this was realistic, Lamy answered that it is “do-able” but whether or not it will be achieved is up to the Members themselves – not exactly a statement of confidence.

In fact there are signs that the Round is in danger of atrophy, if not dismemberment in the longer term. Notably, the US has not been keen on the idea of a stock-taking meeting early next year. USTR Kirk said in his final press conference that artificial deadlines were not the basis for an outcome. It was substance that would determine that. He emphasized that the US is prepared to engage in real, hard bilateral negotiations to decide the “end-game”.

The US emphasis on bilateral negotiations - based on a lengthy “wish list” of agricultural, industrial and environmental products (and services) - is a sign of the deepest division we have seen in the talks for some considerable time. Notably, this US approach also seems to be backed up by its agricultural, industrial and services business sectors. The approach appears to envisage, if not exactly a throwing overboard of the draft modalities so painstakingly assembled over the last eight years, then a considerable downgrading of their importance. This will be highly anathema to many developing countries who have invested heavily in building up the modalities with concepts such as “special products”, a “special safeguard mechanism” and reductions in “overall trade distorting support” (i.e. subsidies) in Agriculture. Nor has the US been supported by other developed countries such as Japan and the European Union.

During the Ministerial Conference it has indeed often seemed as if it has been the US on one side and all other Members on the other. However, as we know from experience, this does not necessarily mean that the US will not prevail, at least partially! Much may depend on what happens when Members really get down to serious and concrete bargaining sessions – and whether there can then be any conjunction of bottom lines. This stage has not been reached because the vast majority of WTO Members do not think that the US Administration is in a position yet to throw its full weight behind a push for a final deal. It has other priorities at present. No one knows when - or if - this situation will change.

And so, for the present, the show must go on, with no certainty of success or when this will be achieved. Hence the humor (containing, as humor often does, a germ of truth) of the conference participant quoted at the beginning of this article : “next year is the year we will conclude the Doha Round – and it always will be”!