

WTO: Competing Policy Issues and Agendas for Agricultural Trade

Executive Summary

Three days after the close of the World Trade Organization's (WTO) Fifth Ministerial Meeting in Cancun, Mexico, ERS and the Farm Foundation cosponsored a one-day conference to discuss current and emerging issues in the WTO trade talks. More than 140 researchers, policymakers, and industry representatives gathered on September 17, 2003, for "WTO: Competing Policy Issues and Agendas for Agricultural Trade."

Leading up to Cancun, global trade talks under the Doha Development Agenda had proceeded concurrently with competing policy issues and agendas. These included bilateral and regional trade negotiations, policy reform, and potential changes in the nature and scope of trade preferences for developing countries.

In the keynote address at the ERS-Farm Foundation conference, Ambassador Allen F. Johnson, Chief Agriculture Negotiator for the Office of the U.S. Trade Representative, summarized the events in Cancun. A luncheon address by Greg Frazier, a former Chief Agriculture Negotiator, presented an overview of issues to resolve beyond Cancun. Four panel sessions addressed the following topics:

- Competing trade policy issues and agendas, including European Union (EU) enlargement and policy reform, and the concerns of developing countries;
- Emerging issues affecting trade policy;
- Preview of data and studies on the effects of trade liberalization policies; and
- The role of economic analysis in trade policy.

The conference concluded with a wrap-up that included prominent academic researchers and a high-ranking embassy official from Latin America.

The comments of participants at the September 17 conference were wide ranging and in some cases divergent. Among the highlights:

- With no agreement emerging from the Fifth Ministerial Meeting, the stalled WTO trade talks are likely to accelerate efforts at bilateral and regional trade negotiations.
- Lack of an agreement in Cancun is due largely to contention over high agricultural support and subsidies in wealthier countries as well as the so-called "Singapore" issues.¹ The collapse of talks in Cancun will delay completion of the current round of trade talks and add uncertainty to the process. Many developing countries, which stand to gain from the round, will have to wait longer for an agreement. It may take time for developing countries to overcome their mistrust of other parties to the talks.
- The Fifth Ministerial Meeting underscored that developing countries, particularly the Group of 21, have emerged as a significant bloc, strengthening their negotiating position and objecting to the

¹ Singapore issues are those related to trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation put forward in the first ministerial meeting in Singapore in 1996.

agricultural framework agreed upon by the EU and the United States in advance of Cancun. In particular, developing countries are resisting the push by the EU and Japan to broaden the focus of new trade agreements to include the Singapore issues. Of the 148 WTO members, most are developing countries, and they are playing an increasingly active role in negotiations.

- Trade policy issues are probably more important than ever to global agricultural trade. Beyond the unfinished agendas on market access, domestic support, and export subsidies, other unresolved issues have emerged. These include sanitary and phytosanitary measures, use of labeling as a technical barrier to trade, mandatory country-of-origin labeling, and other non-tariff measures. Should mandatory labeling, for example, be reserved for certain legitimate goals such as conveying essential information related to health, safety, and quality?
- No longer competing for the spotlight with global trade talks, at least temporarily, is EU agricultural policy reform and EU enlargement. Reform of its Common Agricultural Policy (CAP) has strengthened the EU's negotiating position while leaving little room for further concessions in the global trade talks. The additional 10 new member states to the EU in May 2004 would not substantially alter its WTO negotiating position but could significantly increase CAP budget expenditures in the long run.
- How would economics be used in shaping and analyzing trade policy? Should economists take other approaches, given what happened in Cancun? Economics has been used in several phases of trade negotiations and trade disputes. Empirical economics is used more in trade remedy and trade dispute settlements, but further development of standard tools is needed for analyzing the implications of trade remedies. For trade negotiations, economics can provide general understanding of costs and benefits of more open markets, can project outcomes of specific options and proposals, and can provide historical factual analysis.

With a delay in the talks, the three pillars of agricultural trade (market access, export competition, and domestic support) still represent imposing/serious trade barriers. Member countries would have gained from further liberalization in these. However, as tariff rates had been expected to be negotiated downward, analysis of non-tariff measures moves closer to the forefront. Intellectual property rights and labeling are increasingly important areas requiring more research, but do not lend themselves easily to quantitative analysis. Future research needs include more outreach related to the concerns of developing countries, as well as work on trade liberalization in processed products.