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FIFTH INFORMAL CONSULTATION BETWEEN THE OECD TRADE COMMITTEE AND CIVIL SOCIETY ORGANISATIONS (CSOs)

Submission by the Catholic Agency for Overseas Development (CAFOD)

**THE CANCUN WTO MINISTERIAL MEETING, SEPTEMBER 2003
WHAT HAPPENED? WHAT DOES IT MEAN FOR DEVELOPMENT?**

Paris, 20 October 2003

This document has been submitted by the Catholic Agency for Overseas Development (CAFOD). The views expressed herein are those of the author and are not necessarily shared by Members of the OECD.

At the end of the document, an annex contains the CAFOD Programme of Work on the WTO and International Trade Issues.

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The Cancún WTO Ministerial Meeting, September 2003 What happened? What does it mean for development?

**Submission to the International Development Select Committee
CAFOD¹
September 2003**

Executive Summary

Like Seattle, the Cancún ministerial collapsed following a North-South split, provoked by the unwillingness or inability of the EU and US to hear and respond to developing country concerns. Politically, the conference witnessed a clash of visions: while the developing countries advocated a new trading system based on fairness and development needs, the EU and US in practice abandoned any pretence that this was a ‘development round’ fundamentally different from its predecessors. Instead, developed country trade negotiators reverted to an eye for an eye ‘business as usual’ approach.

Two issues in particular alienated the developing countries: the insistence, by the European Union and a handful of others, on adoption of the Singapore Issues in the face of overwhelming opposition from the developing countries, and the US’ refusal to tackle the problem of its cotton subsidies. Some important progress was made on agriculture, but this was lost in the ensuing collapse.

This political clash was exacerbated by severe problems of process. Traditionally trade negotiations operate on the basis of brinkmanship. Players hold out until the final (usually small) hours and then rapidly make a series of concessions and strike a deal. In Cancún, this process failed spectacularly.

Paradoxically, one reason for the collapse was that the process of negotiation had become a good deal more inclusive since Seattle. Developing countries were well organized in a range of overlapping regional and interest groups, which were closely involved in negotiations throughout. The number of players involved in taking decisions was thus significantly greater, complicating any attempt to extract quick concessions and last minute climb-downs.

The opaque process for producing a new draft text also contributed to the breakdown. Delegates who had been assured that their views would be taken into account were doubly disillusioned when they read the new draft ministerial text, issued on Saturday 13 September. Despite clear developing country opposition, it included negotiations

¹ CAFOD is the official aid agency of the Catholic Church in England and Wales. For CAFOD’s other publications on the WTO and related issues, see www.cafod.org.uk/policy

on three of the four Singapore Issues, and provided only extremely weak language on cotton.

The Rise of the South

This ministerial, in comparison to Doha and Seattle, witnessed significant progress in the capacity of developing countries to organise and articulate agreed positions. The coming together in the G22 of countries such as Brazil, China and India, around the key issue of agriculture, represented a geopolitical shift whose significance will only become clear in the coming months. The EU and US failed to rise to or even understand the political moment. Stuck in a ministerial negotiating mindset, rather than welcoming the formation of the G22, they attacked it, dwelling on potential divisions and predicting its imminent demise.

Besides the formation of the G22, the LDCs, ACP and African Union members came together to form what became known as the G90, while a group of 33 countries, led by Indonesia and the Philippines, formed the Alliance for Strategic Products and a Special Safeguard Mechanism, dubbed the G33, seeking special measures to protect vulnerable farmers. These groups overlapped and worked together, showing unprecedented strength and unity in their readiness to withstand the usual divide and rule pressures from the powerful countries.

What Happened on the Singapore Issues?

The Singapore Issues proved the nadir of EC trade policy in Cancún. Over the course of the last day of the conference, the EC finally started to backtrack from its prior insistence on commencing negotiations on all four Singapore Issues, but confusion still surrounds what it actually offered to give up. Pascal Lamy claims he offered to give up investment and competition, while several developing country sources say he also offered to drop transparency in government procurement. In any case, the EC moved too late to rescue the conference.

In CAFOD's view, the Commission should now remove all four Singapore Issues from the table. This, coupled with an energetic effort to salvage the pro-development aspects of the agriculture discussions in Cancún, could help rekindle the Doha Round.

The Role of the UK Government

Prior to Cancún, CAFOD, along with many other NGOs, engaged in extensive lobbying and discussions with the UK government. This resulted in two positive developments: the UK came to support the concept of special products, and successfully shifted the EC to a pro-SPs position. On new issues, a broad-based campaign by the Trade Justice Movement appeared to change government thinking, at least on investment.

Unfortunately, the UK government showed a marked reluctance to expend political capital on persuading the EC to change its position on New Issues, arguing that it wanted to use that capital to 'push the envelope' on CAP reform. In hindsight, this was a serious misjudgement – in failing to push more firmly for the EC to back away from the Singapore Issues, the UK government allowed Pascal Lamy to continue to insist on a demand which ultimately wrecked the conference, in the process removing the potential pressure for further CAP reform.

On a more positive note, CAFOD appreciated the level of ministerial and official dialogue with NGOs in Cancún, and the constructive tone towards developing countries adopted in the aftermath both by the Secretary of State for Trade and Industry and the Chancellor.

Next Steps

- There is a strong case for a detailed inquiry into European trade policy-making and the relationships between member states and DG Trade. It was clear throughout the ministerial that the British government frequently had only the haziest grasp of what the Commission was up to. Such an inquiry should also explore the failure of intelligence which allowed senior UK trade officials to assure NGOs, just days before Cancún, that developing country opposition to the Singapore Issues was 'largely tactical'.
- Besides any immediate attempt to relaunch the Doha Round, the long-overdue debate must be held on how to reform the WTO as an institution.
- Finally, the possibility should be explored of reverting to the Tokyo Round approach at the WTO, in which the systemically important players negotiate with each other, without requiring reciprocal concessions from the smaller economies. These smaller countries would nevertheless benefit from any reductions in northern subsidies or other barriers to trade negotiated among the larger players.

Conclusion

The collapse of the ministerial was clearly a setback for the progress of negotiations, but in Cancún, no deal was better than a bad deal, and a bad deal was what was on offer in the 13 September draft text.

What happens next is crucial. If the EU and US can show the necessary leadership in working with developing countries to reform the institution and reenergize the negotiations around genuine development goals, while dropping new issues and concentrating on curbing northern protectionism, then Cancún could come to be seen as a watershed. If however, they walk away from the multilateral trading system in favour of the David and Goliath world of bilateral trade negotiations, Cancún could prove a grim day for the world's poor.

Introduction

In its submission to the Committee's pre-Cancún inquiry on Trade and Development at the WTO, CAFOD concluded:

'The Cancún ministerial in September 2003 looks like resembling Seattle much more than Doha. The main emerging flashpoints are:

- Agriculture: CAP and northern subsidies, lack of Special and Differential Treatment for Developing Countries
- New Issues: Whether to commence negotiations on investment, competition, transparency in government procurement and trade facilitation
- Implementation: outcome of detailed discussions of developing country problems in implementing the Uruguay Round agreements'

Unfortunately, our prediction proved all too accurate. The meeting collapsed, just like Seattle, following a North-South split created by the unwillingness or inability of the EU and US to hear and respond to developing country concerns. If anything, in Cancún the divide was more striking, since this time the EU and the US had resolved their differences on agriculture before the meeting. However there were also important, and encouraging, differences with Seattle, notably the increased unity and clarity of the developing country positions in Cancún, which could herald a welcome geopolitical shift in the WTO, and even beyond.

Developing countries benefit from multilateral rules, mainly through their potential for restraining anti-development trade policies in the rich countries. It is therefore essential that the WTO be put back on its feet, but also that this opportunity is taken to ensure that the institution and the rules it oversees are reformed in the interests of development and the achievement of the Millennium Development Goals.

Roots of the Collapse

The Cancún ministerial collapsed through a combination of political deadlock and what Pascal Lamy has twice (in Seattle and Cancún) dubbed the 'medieval' processes of the WTO (Mr Lamy subsequently downgraded this description still further to 'neolithic').

Politically, the conference witnessed a clash of visions: while the developing countries advocated a new trading system based on fairness and development needs, and made huge steps forward in their unity and voice, the EU and US in practice abandoned any pretence that this was a 'development round' fundamentally different from its predecessors. Instead, developed country trade negotiators reverted to an eye for an eye 'business as usual' approach, complaining bitterly when developing countries failed to play the game by making sufficient concessions in negotiations. US Trade Representative Robert Zoellick seemed particularly incensed by the language of development and non-reciprocity used by developing countries in Cancún. Writing the following week in the *Financial Times*, he laid the blame for failure on the obduracy of developing country negotiators and appeared to pine for the 'good old days' of give and take:

Over the course of 50 years, global trade negotiations have progressed because countries could trade off cuts across products and even sectors to achieve a balanced result.²

Soon after the collapse, one WTO veteran, Pakistan's Ambassador to the United Nations, Munir Akram, who was his country's Ambassador to the WTO from 1995-2002 and part of its

² Robert B. Zoellick, *Financial Times*, 22 September 2003

Cancún delegation, astutely blamed the collapse on the pro-development rhetoric of Doha, saying "the seeds of Cancún's failure were sown in Doha and the use of the label Doha Development Agenda". So, for example, developing countries arrived in Cancún already disillusioned over the developed countries' reluctance to address their concerns on the implementation of the Uruguay Round agreements, or their calls for an overhaul of the WTO's views on 'special and differential treatment' for developing countries. Despite the Doha Ministerial Declaration's promises to deliver a development 'downpayment' on these issues (as well as agriculture) in advance of the next ministerial, only the thinnest of pickings were achieved, largely consisting of agreement on the most straightforward and least significant of the implementation issues.

However, by taking at face value what had largely been intended as window-dressing, developing countries have helped to expose the development deficit at the heart of the WTO, and may yet alter the balance of power within the organisation, enabling it to deliver on the development promises of Doha.

Two issues in particular alienated the developing countries and eventually wrecked the conference: the insistence, by the European Union and a handful of others, on adoption of the Singapore Issues³ in the face of overwhelming opposition from the developing countries, and the US' refusal to tackle the problem of its cotton subsidies, which became the development rallying call of the conference in the way TRIPS and health had dominated the Doha ministerial. Some important progress was made on agriculture, for example in dealing with tariff escalation, capping Blue Box subsidies, and tightening the criteria for Green Box subsidies (see table 1), but this was lost in the ensuing collapse of the conference.⁴

Following the ministerial, in a speech to the European Parliament,⁵ Mr Lamy offered a fascinating analysis of the politics behind the breakdown. He concluded that the US saw no reason to deal with cotton because it was alienated by the lack of substantial progress on additional market access for its agricultural and industrial exports; the G22 was willing to forgo immediate progress on agriculture because it was content with its political consolidation as a major player, and with its defensive gains in not liberalizing (particularly in industrial tariffs), while the coalition of smaller countries, known as the G90, used its opposition to the Singapore Issues to prevent an agreement which would have undermined its preferential access to northern markets. CAFOD does not share this somewhat Machiavellian interpretation, or its absolution of the EU for its (sizeable) share of the blame for the breakdown.

This political clash was exacerbated by severe problems of process. Traditionally trade negotiations operate on the basis of brinkmanship. Players hold out until the final (usually small) hours and then rapidly make a series of concessions and strike a deal. Most of the conference time is largely wasted in repeating positions long since established in Geneva. The European Commission in particular revels in this 3 a.m. ambush approach. However, for this to work, the parties at the table must be clear what is being offered, accept the process, and be able to respond rapidly in going back to their constituencies and winning approval for any climb-downs.

³ The four Singapore Issues are Investment, Competition Policy, Transparency in Government Procurement and Trade Facilitation: The Doha Ministerial Declaration and Chair's clarification established that a decision would be taken at Cancún by explicit consensus on the modalities for negotiations on these issues, including the right not to proceed with negotiations.

⁴ The Green Box and Blue Box are categories of agricultural subsidies permitted under WTO rules to be 'non- or minimally trade distorting'. Many trade economists dispute this description.

⁵ Result of the WTO Ministerial Conference in Cancún, speech by Pascal Lamy, Strasbourg, 24 September 2003

In Cancún, this process failed spectacularly. Even hours after the collapse, many developing countries were still not clear whether the EU had offered to drop two or three Singapore Issues. Newly formed, large membership groups like the G90 found it impossible to agree sudden shifts in this way and instead merely held out against all four Singapore Issues.

Paradoxically, one reason for the collapse was that the process of negotiation has become a good deal more inclusive since Seattle. Developing countries were well organized in a range of overlapping regional and interest groups (discussed below), which were closely involved in negotiations throughout. The number of players involved in taking decisions was thus significantly greater, complicating any attempt to extract quick concessions and last minute climb-downs. Moreover, some of the groups were numerous and relatively new and fragile, making the kind of compromises required in a trade negotiation hard to deliver without threatening the unity of the group. These organisational questions meant that in practice, it was much easier for ministers to stick to repeating fixed positions than to persuade large and multi-faceted groups to move at short notice.

The opaque process for producing a new draft text also contributed to the breakdown. At each ministerial meeting the position of overall chair of the conference is taken by the senior minister of the host country. In Mexico this was Sr Luís Ernesto Derbez, the minister for foreign affairs. He in turn appointed five other trade ministers and the Director General as 'facilitators' of six working groups on the main issues at stake in the conference.⁶ The facilitators reported to Sr. Derbez on progress – or lack of progress – in their working groups and, on the basis of their reports, he produced the second draft ministerial statement, issued at 2.00 p.m. on Saturday 13th September. The role of the WTO's Secretariat in this process was both significant and unclear.

The chair-driven process for arriving at new drafts meant that developing countries were largely negotiating with the chair and the facilitators of the different working groups, rather than with other members. This led to confusion over who had said what to the chair, and who was being taken seriously in the redrafting. The process of the chairs conducting individual sessions with country ministers, known revealingly as 'confessionals', added to the confusion. No-one knew what anyone else had said. The result was an erosion of transparency and trust, and delegates who had been assured that their views would be taken into account and had appreciated the improved level of participation in negotiations, were doubly disillusioned when they read the new draft. Despite clear developing country opposition, it included negotiations on three of the four Singapore Issues, and provided only extremely weak language on cotton, despite the feelgood rhetoric on the subject during the opening days of the conference. This provoked a mood of rebellion among many developing country delegations.

The problems of chair-driven texts were not confined to Cancún. The original 24 August first draft of the ministerial text had been produced in a similar fashion, and had also prompted dissatisfaction from all sides. This led to a number of further submissions being made in the days before the ministerial, increasing the complexity of the task awaiting ministers in Cancún. The WTO seems desperately in need of new ideas in this field: either (as in Seattle) it produces texts that are full of square brackets, which although accurately reflecting the views of members, are virtually un-negotiable in a five day ministerial, or it follows a more opaque chair-driven process which has a high probability of being rejected by a number of the members.

⁶ These were Agriculture, Non-Agricultural Market Access, Singapore Issues, Development and an 'Other Issues' category. . On the second day of the ministerial a sixth working group was set up to deal with complaint over northern subsidies by West African cotton producing countries. This was facilitated by the Director General, Dr Supachai Panitchpakdi

As chair of the conference, Sr Derbez has also come in for criticism for ending the conference when most members felt further progress could still be made. It is particularly hard to understand the interplay between the two key subjects – agriculture and Singapore Issues. The first three days of the conference were devoted almost entirely to agriculture, where some progress was made and many countries felt a deal was possible, given further work. Meanwhile the discussion on Singapore Issues was given much less time and largely consisted of the repetition of fixed positions. Then in the final Green Room⁷, starting on Saturday night, Minister Derbez decided to start with Singapore Issues, a decision which baffled many delegates. If agriculture had been resolved first, (admittedly a big ‘if’), then countries would have found it easier to decide how far they were prepared to go in bridging the heavily polarized positions on the Singapore Issues.

One positive improvement in process terms was the increased involvement of parliamentarians compared to previous ministerials. Some 300 were present in Cancún, from both developed and developing countries. While improving ministers’ lines of accountability to their electorates, the increased level of political scrutiny may, however, have contributed to greater inflexibility in negotiating positions.

The Rise of the South

This ministerial, in comparison to Doha and Seattle, witnessed a significant growth in the capacity of a number of developing countries to organise and articulate agreed positions. The formation of the G22 (initially the G20)⁸ of developing countries, led by Brazil, was far more significant than the EU or US had realized when the group submitted jointly a paper on agriculture in Geneva weeks prior to the ministerial. The coming together of developing countries such as Brazil, China and India, and a wide range of smaller players, around the key issue of agriculture represented a geopolitical shift whose significance will only become clear in the coming months.⁹ Celso Amorim, the Brazilian Minister of Foreign Affairs, was for many the star of the conference. Showing a markedly more statesmanlike reaction to the collapse of the conference than either Pascal Lamy or Robert Zoellick, he concluded.

We were able to show that a group of developing countries united were able to present a platform of agricultural reform, the most important unfinished (perhaps unbegun) business in the WTO, taking into account the needs of developing countries.

What was immediately apparent however, was that the EU and US failed to rise to or even understand the political moment. Stuck in a ministerial negotiating mindset, rather than welcoming this new development, the powerful players dwelt on the divisions between the trading interests of G22 members and predicted its imminent demise. The US in particular was enraged at Brazil’s insubordination, reportedly briefing US business delegates that Brazil had ‘done a deal with the devil’ (presumably India) and that ‘this round is about development, not charity’.

⁷ The Green Room is the name given to special negotiating sessions with a small number of ministers from different countries, hand-picked by the chair because they are thought to be representative of the issues at stake. Green Rooms are often resented by those countries not chosen to participate. At Cancún, the final Green Room ran in parallel with consultation groups including all those countries that had a representative in the Green Room. The origin of the Green Room is said to be a meeting room at the WTO headquarters in Geneva where the Director General met ambassadors to thrash out particular problems. The table in the room was covered with a green baize cloth.

⁸ The G20 were Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, India, Mexico, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand and Venezuela. Over the course of the ministerial, El Salvador left the group, while Egypt, Nigeria and Indonesia joined, bringing the total to 22.

⁹ For submissions by the G22, see http://www.ictsd.com/ministerial/Cancún/docs/G21_ag_text.pdf and <http://www.ictsd.com/issarea/ag/resources/G-20%20official%20text.pdf>

The formation of the G22 was not the only step forward for developing countries: the LDCs, ACP and African Union members came together to form what became widely known (although not by themselves) as the G90 (an exaggeration, since it in fact includes only 61 WTO members). On 12 September, this African Union/ACP/LDC group, led by Mauritius, made a significant joint submission on agriculture. This covered issues of key concern such as the need to address tariff peaks and tariff escalation; the need for enhanced access to developed country markets; self-selection of so-called 'special products' for developing countries (see below) and the need to compensate for the erosion of trade preferences due to tariff liberalization.¹⁰ In press conferences during the ministerial, the ACP group also identified resisting the introduction of Singapore Issues as one of its key priorities.

A group of 33 countries, led by Indonesia and the Philippines, formed the Alliance for Strategic Products and a Special Safeguard Mechanism, in what became dubbed the G33,¹¹ demanding that special measures to protect vulnerable farmers should be strengthened in the draft text and subsequent negotiations. Their position is discussed below.

These groups overlapped, and worked together, showing unprecedented strength and unity in their readiness to withstand the usual divide and rule pressures from the powerful countries and to hold together despite the stresses and strains of their different trade interests. In particular, the G22 went to great lengths to talk to other developing country groups on agriculture, and the Africa group set up a 'contact group' with the G22 to try and coordinate positions. The durability of these groups will be tested in the coming months as negotiators seek to pick up the pieces in Geneva. The G22 clearly have the resources, if they so choose, to set up a secretariat in Geneva to continue working together. This might be more difficult for the other groups. It would be a test of DFID's commitment to capacity building if it were asked to contribute funds that would enable these groups to establish a permanent presence in Geneva.

It is noteworthy that many of the leaders of both the G22 (Brazil, Argentina) and the G33 (Indonesia, the Philippines) are members of the Cairns Group of agro-exporting countries. Until Cancún, the Cairns Group had been dominated by Australia, which kept it focussed exclusively on issues of improved market access and curbing subsidies. This crude free market position may have suited the Cairns developed country members, but it caused increasing tensions with developing country members, who recognized the need also to address development issues such as the protection of small farmers from the adverse impacts of liberalisation. The Cairns Group almost dropped off the map in Cancún, in large part because its developing country members decided to branch out on a more development-sensitive, less free trade-oriented path.

As can be seen from the formation of the G22 and the G33, developing countries focussed on agriculture throughout the conference. Other subjects, notably the Singapore Issues, were seen as a distraction from this essential issue. This position is very much echoed by the IDC's Report, which indeed has been very well received and much-quoted by developing countries in Geneva. This newly assertive developing country voice on agriculture may have far-reaching consequences both for the WTO and the CAP. A Wall Street Journal editorial following the collapse noted 'What really died on Sunday was the developed world illusion,

¹⁰ for the 12 September AU/ACP/LDC submission on agriculture, see http://www.ictsd.com/ministerial/Cancún/docs/acp_ldc_au_agriculture.pdf

¹¹ The Alliance for Special Products and Special Safeguard Mechanism comprises Antigua and Barbuda, Barbados, Belize, Botswana, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Honduras, Indonesia, Jamaica, Kenya, Mauritius, Mongolia, Montserrat, Nicaragua, Nigeria, Pakistan, Panama, the Philippines, Saint Kitts, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia, and Zimbabwe.

especially in Europe, that farm subsidies are untouchable.’¹² Kevin Watkins of Oxfam, writing in the Guardian, concurred, writing ‘The EU can either defend the common agricultural policy or it can defend multilateralism. It can't do both.’¹³

The Draft Ministerial Text¹⁴

The new draft issued on 13 September contained some advances over the first draft, issued in Geneva on 24 August, and some notable rebuffs for developing countries: CAFOD identified a curate’s egg of positives and negatives in the text on agriculture, but a number of negative aspects elsewhere, notably on NAMA (non-agricultural market access, i.e. industrial tariffs) and Singapore Issues:

Positive Aspects in the Agriculture text: A comparison between the first and second draft ministerial texts (of 24 August and 13 September) shows some important steps forward on development issues. While they fall far short of an adequate response to developing country concerns, it is important to identify these and ensure they are not lost in the post-Cancún confusion. Table 1 provides a brief outline of the strengths and weaknesses of the second draft ministerial text on agriculture. It should however be noted that this was still far from being agreed by the time the ministerial collapsed, and its development content might have been substantially altered by the time any final agreement was reached.

In the draft text, developed countries were obliged to deal with tariff escalation – the widespread practice of the EU, US and other rich nations of charging higher tariffs on processed products than on raw materials, which prevents poor countries from processing their raw materials at home, thereby gaining more of the final value added (annex A, para 2.3). Blue Box payments would be capped and reduced (annex A, para 1.3), while tighter disciplines would also be introduced on permitted subsidies under the Green Box (annex A, para 1.5). This was certainly sufficient to worry the European Union – Britain in particular was concerned that tighter Green Box criteria could undermine CAP reform’s effort to shift European subsidies from the Blue to the Green Box. The text also appeared to move forwards from the Doha mandate in requiring members to negotiate a final date for the end of all export subsidies – something the EU would have been unlikely to accept (annex A, para.3.6).

No progress on cotton: The draft text was seen as a slap in the face for West African cotton producers, who had been led to believe that their concerns over the impact of subsidies to cotton producers in the US and elsewhere would be addressed as a priority in Cancún. Closely following the US position on the issue, paragraph 27 muddied the waters by mixing up the cotton issue with the industrial tariffs in textiles and clothing, did not support compensation or other new aid flows, and suggested the answer for West Africa was diversification out of cotton production, rather than curbing US dumping.

Market Access for Developing Countries: In both agriculture and industrial trade, the text urging developed countries to provide market access to developing countries remained purely ‘best endeavours’ (i.e. non-binding). (annex A, para 2.10 and annex B para 9). Experience has shown such exhortations to be largely worthless. A decision was required on whether to make market access for agricultural goods from LDCs (the poorest countries) binding or best endeavours (annex A, para 4), although reports suggest that binding language had been widely accepted by Sunday, in the last hours of negotiations.

¹² *Wall Street Journal*, 16 September 2003

¹³ *Guardian*, 22 September 2003

¹⁴ http://www.ictsd.com/ministerial/Cancún/docs/draft_Cancún_minist_text_rev2.pdf

Table 1: Positive and Negative elements in Agriculture

Positive Elements of Second Draft Ministerial Text	Negative Elements of Second Draft Ministerial Text
<p>Domestic Support:</p> <ul style="list-style-type: none"> Green Box criteria to be tightened Cap and reduce Blue Box spending 'Downpayment' in first year in reducing Amber Box payments 	<p>Domestic Support:</p> <ul style="list-style-type: none"> No ceiling on Green Box No elimination of Blue Box
<p>Market Access:</p> <ul style="list-style-type: none"> Tariff peaks to be eliminated in developed countries Tariff escalation to be addressed according to a clear formula. Possibility of making mandatory previous best endeavours language on developed countries providing duty and quota free market access to LDCs 	<p>Market Access</p> <ul style="list-style-type: none"> Loophole may allow developed countries to retain tariff peaks for a 'very limited number of products to be designated on the basis of non-trade concerns' Further loophole created for lower tariff cuts in developed countries on 'import sensitive tariff lines' Special Safeguard (mainly used by developed countries) not eliminated Swiss formula reintroduced for developing countries (seen as a step backwards by developing countries since it specifically targets their higher tariff rates (developing countries are largely unable to protect agriculture through subsidies, and so generally have higher tariffs than developed countries). Weak language on Special products and Special Safeguard Mechanism for developing countries (see below)
<p>Export Competition</p> <ul style="list-style-type: none"> Elimination of tariffs (by date to be negotiated) of export subsidies on 'products of particular interest to developing countries'. Important change on the text on elimination of all export subsidies: 'the question of the end date for phasing out remains under negotiation' becomes 'an end date for phasing out of all forms of export subsidies remains under negotiation'. This changes the issue from 'if' to 'when'. 	<p>Export Competition</p> <ul style="list-style-type: none"> No definite end date for phasing out all export subsidies
<p>Other</p>	<p>Other</p> <ul style="list-style-type: none"> Peace Clause to be renewed by X months No linkage between the pillars, so developed countries will continue to use domestic support to protect agriculture and dump surpluses on the world market, even though developing countries will have to reduce tariffs further

Ignoring developing countries on Singapore Issues: Despite the clear and loudly expressed opposition of the majority of developing countries to commencing negotiations on the Singapore Issues, the text set out a timetable for negotiations on investment (para 14), and

launched immediate negotiations on transparency in government procurement (para 16) and trade facilitation (para 17).

Deindustrialising the South: Annex B on non-agricultural products was largely unchanged from the first draft and retained a number of measures that could lead to premature trade liberalisation in developing countries, undermining local industries and long-term industrialisation prospects. These included applying a non-linear formula likely to oblige developing countries to make bigger tariff cuts than others (para 3), complete elimination of tariffs in some sectors (annex B, para 6), minimal flexibilities to exempt sectors from binding and cutting tariffs (annex B, para 7) and including only best endeavours language on dealing with the erosion of preference schemes for the poorest nations (para 15).

Special Products and Special Safeguards in the Agreement on Agriculture

Through its previous work in advocating the introduction of a ‘development box’ in the Agreement on Agriculture,¹⁵ CAFOD has taken a particular interest in the need to enable developing countries to protect vulnerable producers by granting them additional tariff flexibility on a range of ‘special products’ (SPs) of particular importance to food security and rural development, and to be provided with a special safeguard mechanism (SSM) to deal with import surges across all products. As part of the CIDSE coalition, CAFOD commissioned a paper on this issue on the eve of the ministerial.¹⁶

The first draft text was weak on these issues, merely saying that SPs would be introduced ‘under conditions to be determined’ and that tariffs on SPs would still have to be reduced, albeit by a lower amount. It also established an SSM ‘subject to conditions and for products to be determined’. It did not address developing country concerns that SPs should be designated by the countries themselves, and that SSMs should apply to all products. The G20 proposal was also vague on SSMs/SPs, a casualty of the need to find a compromise between India (an SP supporter) and Brazil (an agroexporter generally opposed to tariff protection on agricultural products).

In response to these concerns a group of countries, led by Indonesia and the Philippines, coalesced in the months prior to Cancún, rapidly expanding at the ministerial to include 33 members in the so-called Alliance for SPs/SSMs. This group, inevitably dubbed the G33, had three core demands:

- Developing countries should have the flexibility to self-designate a certain percentage of their tariff lines as SPs, which should not be subject to tariff reductions or other means of increased market access for imports
- SSM for all products
- SPs should also have access to the SSM

Although the 13 September draft declaration retained the identical text on SPs/SSMs to the earlier draft, the formation of the alliance prevented further erosion of the concept and is likely to lead to increased pressure for a more comprehensive approach back in Geneva.

What Happened on the Singapore Issues?

The Singapore Issues proved the nadir of EC trade policy in Cancún. The outcome might have been very different if the UK Government and the European commission had heeded the IDC’s advice that:

The Government should unequivocally drop its support for opening negotiations on the Singapore Issues. These issues would overload an already full agenda. They are

¹⁵ See http://www.cafod.org.uk/policy/devbox_02.shtml for a brief introduction

¹⁶ See <http://www.cafod.org.uk/policy/CIDSECICancúnAoA.pdf>

not wanted by most developing countries. And it is questionable whether the WTO is the right forum for agreements on investment and competition. The Singapore Issues are not developmental priorities.¹⁷

Hindsight may be easy, but in the case of both the International Development Committee and CAFOD (along with the other members of the Trade Justice Movement), foresight also clearly predicted that the Singapore Issues were a needless distraction and threat to a pro-development outcome from the Doha Round and the Cancún ministerial. Prior to the ministerial, CAFOD produced several pieces of research highlighting the arguments against the new issues in general, and investment in particular, and recording the groundswell of developing country objections to the commencement of negotiations in Cancún.¹⁸

Although most attention was paid to agriculture during the first three days of the conference, developing countries made a number of statements expressing their continued opposition to the new issues. They were therefore surprised and in many cases angered when the 13 September draft included immediate negotiations on transparency in government procurement and trade facilitation, and delayed negotiations (after some further clarification) on investment.

Over the next 24 hours, the EC finally started to backtrack from its prior insistence on commencing negotiations on all four Singapore Issues, but confusion still surrounds what it actually offered to give up. According to both Pascal Lamy and senior staff in his cabinet, on the morning of Sunday 14th, Lamy said he would be willing to ask EU member states to allow him to drop two of the four issues. The Chair of the conference, Sr Derbez, then suggested that the two should be investment and competition.

Uncertainty surrounds the issue of transparency in government procurement, which many African delegates were convinced the EC had also offered to drop. One reliable (but off the record) source claims that the EC initially produced two draft paragraphs for inclusion in the ministerial declaration, one offering to give up investment, competition and government procurement, the other moving immediately into negotiations on trade facilitation. The source claims that the EC then, in a change of heart, or as a negotiating tactic, moved government procurement from one paragraph into the other (two separate sources have said they saw this crossed out text circulating in the Green Room). Another African source, present in the meeting of the LDC/ACP/AU group meeting, reported that at the meeting at 1 p.m. on Sunday 14th, the group was initially told that the EC had agreed to remove investment and competition completely from the agenda. While this was being debated, a note came in to the Chair of the group, which he said was from Sr Derbez, making a proposal, from the Chair, to just do trade facilitation. These accounts have so far not been confirmed by any European sources, but if they are true, they may undermine the EC's stated intention of leaving two issues on the table in Geneva.

In any case, the EC moved too late to rescue the conference. Positions had become so entrenched that Botswana, on behalf of the African Union/ACP/LDC group rejected negotiations on any of the Singapore Issues, while Korea insisted on retaining all four. At that point the Chairman called off the conference.

¹⁷ House of Commons International Development Committee, Trade and Development at the WTO: Issues for Cancún, Vol. 1, p. 3

¹⁸ See for example The Northern WTO Agenda on Investment: Do as we say, Not as we did (CAFOD/South Centre, May 2003); Singapore Issues In The WTO: What Do Developing Countries Say? (CAFOD, August 2003) and Unwanted, Unproductive And Unbalanced: Six Arguments Against An Investment Agreement At The WTO. (CAFOD, Oxfam, ActionAid, Christian Aid and World Development Movement, May 2003)

The tale of the Singapore Issues is one of startling arrogance and imperviousness both to argument and the clearly expressed views of developing countries. For seven years since the Singapore Ministerial, the EC, despite dwindling support from its Member States and businesses, has insisted on their inclusion, only to abandon them altogether a few hours before the scheduled end of the Cancún ministerial. The damage inflicted is both to the WTO as an institution, and to the EC's own credibility and reputation.

To its credit, however, the EC at least refrained from playing the usual negotiating games at the last moment. It offered to take investment and competition off the table entirely, rather than merely postpone them until the next ministerial, and in the aftermath of Cancún, Patricia Hewitt and commission staff made clear that they had no intention of reintroducing them in Geneva. In the memorable phrase of one Commission staffer 'we are not masochists, nor are we sadists'.

In CAFOD's view, the Commission should go further and promise to remove all four Singapore Issues from the table for the duration of the round. This coupled with an energetic effort to salvage the pro-development aspects of the agriculture discussions in Cancún, could be a significant contribution to rekindling the Doha Round.

The Role of the UK Government (see Annex A for comments on HMG response to the Committee's report)

Prior to Cancún, CAFOD, along with many other NGOs, engaged in extensive lobbying and discussions with the UK government. This resulted in two positive developments: the UK came to support, albeit in a watered down form, the concept of special products, and successfully shifted the EC to a pro-SPs position endorsed in Doha by both Pascal Lamy and Franz Fischler. M. Lamy also claimed, if incorrectly, that the EC was one of the first supporters of the 'development box', which gave rise to the SPs concept.

On the Singapore Issues, a broad-based campaign by the Trade Justice Movement also appeared to change government thinking, at least on investment. Following the mass lobby of MPs in June 2003, backed up by a debate at policy level, NGOs were told at both official and ministerial level that the UK would inform the Commission that it no longer saw the Singapore Issues as a priority. However, this would be in the form of a quiet word in Pascal Lamy's ear, possibly backed up by more vigorous action in Cancún. In Cancún, the UK government argued that its reluctance to expend political capital on the issue sprang from its desire to give overwhelming priority to using that capital to 'push the envelope' on CAP reform. The argument went that while the mid-term review had established firm limits on domestic support, the WTO debate on market access and export competition could be used to push CAP reform further, and put pressure on upcoming reforms of the sugar regime, among others.

In hindsight, this was a serious misjudgement – in failing to push more firmly for the EC to back away from the Singapore Issues, or to build support for this among other member states, the UK government allowed Pascal Lamy to continue to insist on a demand which ultimately wrecked the conference, in the process removing the potential pressure for further CAP reform. Patricia Hewitt, the UK Secretary of State for Trade, told the House of Commons on Wednesday 17 September that "we should accept that ... WTO agreements on investment and competition are off the EU's agenda." This is welcome, but the UK government must now ensure that the EC follows suit and does not further sour the atmosphere by attempting to reintroduce them back in Geneva. The UK government should also press vigorously for the EC to go further by unconditionally removing the remaining New Issues from the negotiations.

There is also a strong case for a detailed review, perhaps in the form of an inquiry at European Parliament and/or Parliamentary Select Committee level, of the relationships

between member states and the EC trade commissioner. It was clear throughout the ministerial that the British government frequently had only the haziest grasp of what the Commission was up to. Lines of accountability were weak to non-existent. UK civil servants claimed they were not even allowed onto the Commission's floor in the hotel. This was brought home early in the ministerial, when NGOs asked a number of questions about a leaked EC set of amendments to the draft ministerial text, only to be informed that the British Government had not seen the amendments. Civil servants were then placed in the embarrassing position of having to ask NGOs for photocopies of the document. It was clear that other EU member states were similarly kept in the dark. The only other delegation to obtain a copy of this amended text was Sweden, and they too had received it from an NGO.

Although this 'need to know' treatment of member states was justified in terms of giving the Commission sufficient flexibility to negotiate, the results suggest otherwise. The brinkmanship deployed over Singapore issues by Pascal Lamy, supposedly a brilliant trade negotiator, and his success in having them included in the 13th September text, was the single factor most responsible for the collapse of the conference.

Such an inquiry should also explore the failure of intelligence which allowed senior UK trade officials to assure NGOs, just days before Cancún, that developing country opposition to the Singapore Issues was 'largely tactical'. It is clear that, despite DFID's ongoing dialogue with developing countries, and the work of the UK mission in Geneva, on this issue at least, NGOs had a better grasp than did officials of the political realities involved.

On a more positive note, CAFOD appreciated the level of ministerial and official dialogue with NGOs in Cancún, which was a substantial improvement on what took place in Doha and Seattle. Interactions were more fluid, with small group discussions complementing set piece evening briefings. Although sometimes frustrating, in that the government felt compelled to defend the EC's position and felt unable to give much information on the position of other WTO member states, the technical discussions were useful in helping NGOs understand the new drafts and submissions as they appeared. The priorities of the UK government were also clarified over the course of the meeting, as discussed above.

Although naturally, the collapse of talks in which both officials and NGOs had invested so much hope and effort, led to some impassioned exchanges, CAFOD also welcomes the tone adopted both by the Secretary of State for Trade and Industry in her statement to parliament on 17 September, and subsequently, and by the Chancellor in his speeches and articles around the Dubai IMF/World Bank annual meeting. In a pre-Dubai piece for the *Independent on Sunday*,¹⁹ the Chancellor showed a welcome sense of priorities, writing:

A multilateral trading system is essential to deliver fair trade for poor countries and, in putting developing countries' interests first, we must focus on agriculture and not be distracted by the Singapore issues (investment, competition, transparency in procurement and trade facilitation).

By welcoming and committing to listen to the emergent developing country voice in the WTO, stressing that all members – especially the larger ones - need to accept responsibility for, and learn the lessons from, the breakdown in Cancún, and calling for further movement on CAP reform, the UK government struck a notably constructive and pro-development note compared to some of the finger pointing that has taken place in Washington and Brussels.

Over the next two months, the EC is carrying out a series of consultations with member states, analysing the implications of Cancún and reviewing its approach to trade policy,

¹⁹ *Independent on Sunday*, 21 September 2003

including the appropriate balance between multilateral and bilateral agreements. It is vital that the UK government and the House of Commons play a forceful role in this process.

Peter Carl's background paper for the October 133 Committee²⁰ is the most comprehensive EC analysis to date, but in a number of places the tone on the G21 is disturbingly hostile, in marked contrast to the welcome given the formation of the G21 by Patricia Hewitt and Gordon Brown as a new voice for developing countries in the WTO. It is unsurprising that such a new alliance was fairly inflexible in its first days, but rather than demonising the G21 (as the US has done both during and after Cancún), the EC should be engaging with and seeking to strengthen the grouping. A joint attack by the US and EU is likely to be seen by developing countries as an example of northern powers unwilling to cede ground to the South.

Were the NGOs Responsible for the Breakdown?

It may seem implausible, but in the hours after the collapse, both WTO and British government officials and ministers claimed that NGOs had to some extent hoodwinked the developing countries into opposing the Singapore Issues. EC Agriculture Commissioner Franz Fischler, for example, argued in an interview with the *Financial Times* that NGOs had been at least partly responsible for the breakdown.²¹ This is a disturbing allegation in several respects. Firstly, it shows a patronising attitude towards developing country governments by implying that NGOs were able to persuade them to act against their better interest. Secondly it demonstrates a remarkable lack of appreciation of the balance of power in the international debate on these issues – the WTO, EU, etc massively outgun NGOs in terms of influence and resources. Thirdly, it ignores the lack of support for Singapore Issues outside the bubble of the European Commission – there has been little pressure from business, and the World Bank has made it clear that investment negotiations are not a development priority.

However, if NGOs (both northern and southern) have had an influence, officials and politicians would do well to reflect why, despite their limited political clout and research budgets, NGO arguments have resonated so strongly with developing countries' own experience.

Back to Geneva

Amid chaotic scenes as the conference collapsed, the Secretariat and Chair of the conference cobbled together a hurried six paragraphs sending the negotiations back to Geneva and 'taking fully into account all the views expressed in Cancún'.²² It rapidly became apparent that this form of words is likely to generate considerable uncertainty over which texts should provide the basis for further negotiations in Geneva. For example is it only those that were properly discussed in Cancún, or should it include submissions and proposals from all sides during the ministerial, whether or not they were debated? This problem is particularly acute in agriculture, with a plethora of contradictory texts and proposals, none of which (including the draft ministerial text) appear to have the support of a solid majority of members. A General Council meeting at senior officials level (one step down from a ministerial) will take place before 15 December 2003 to decide on the next steps.

What happens next depends to a large extent on political will. Developing countries need and will remain committed to a reformed WTO in order to ensure that it helps them get a fair deal out of the multilateral trading system. There is a clear danger, however, that the US and to a lesser extent the EU will give up on the WTO and divert time and energy into bilateral and regional negotiations where their greater relative weight enables them to ensure outcomes biased in their favour. This would clearly be a setback for development and raise serious

²⁰ Peter Carl, *The Doha Development Agenda After Cancún*, paper for 3 October 2003 133 Committee meeting

²¹ *Financial Times*, 20 September 2003

²² [http://www.ictsd.com/ministerial/Cancún/docs/WT-MIN\(03\)-W-24.doc](http://www.ictsd.com/ministerial/Cancún/docs/WT-MIN(03)-W-24.doc)

doubts over their initial commitment to a 'development round'. In their closing press conferences, both Pascal Lamy and Robert Zoellick sounded negative about the future of the WTO, with the US reportedly particularly blaming the Brazilians for their strong stand on agriculture.

Over the following week, the EC appeared to pull back from these threats of bilateralism, with agriculture ministers, for example, pledging their continued commitment to the multilateral system.²³ The US, on the other hand, appeared alarmingly intent on 'doing a Kyoto'. Writing in the *Financial Times*, Robert Zoellick concluded an attack on 'the transformation of the WTO into a forum for the politics of protest' with the ominous warning:

The key division at Cancún was between the can-do and the won't-do. For over two years, the US has pushed to open markets globally, in our hemisphere, and with sub-regions or individual countries. As WTO members ponder the future, the US will not wait: we will move towards free trade with can-do countries.²⁴

Another possibility, floated by Martin Wolf in the *Financial Times* is that the systemically important players, some 30 or so countries with the EU counted as one country, will revert to the Tokyo Round approach of negotiating agreements with each other, without requiring reciprocal concessions from the smaller economies. These smaller countries would nevertheless benefit from any reductions in northern subsidies or other barriers to trade negotiated among the larger players.

Whether this would be a pro-development step would partly depend on what happens elsewhere - if it provided genuine flexibility for developing countries, plus market access commitments and subsidy reductions from the OECD, then it would be beneficial. However, a Tokyo-round approach might resemble the failed OECD talks on the Multilateral Agreement on Investment, producing plurilateral agreements, which developing countries have no part in shaping but are then bilaterally forced to sign up to.

Furthermore, in such a system, developed countries would no longer have any incentive to resolve the many problems with the existing Uruguay Round agreements, raised by developing countries under the general heading 'implementation issues'. Resolving these was made part of the Single Undertaking in Doha, giving weaker players additional leverage in persuading the powerful WTO members to address these concerns.

Besides any immediate attempt to relaunch the Doha Round, however, the WTO needs to be overhauled as an institution, an issue which then UK trade minister Stephen Byers promised to address after the Seattle collapse, but which has been largely ignored in the intervening years.

The WTO negotiating system is clearly not functioning. Before Cancún, negotiations were in a state of paralysis in Geneva, and the attempt to break the deadlock through the heavily-criticised 'mini-ministerials' had delivered few results. Now two of the last three ministerials have collapsed. Even Doha was arguably only saved by a combination of the post-September 11th mood and the quick thinking of the chair in clarifying his understanding of the text on new issues in such a way as to reassure doubters among developing countries (and quick thinking was in short supply in the handling of events in Cancún).

There may be an argument for member states declaring a time out on negotiations, while they agree proposals for reforming the way the WTO works, and the manner in which trade

²³ *Financial Times*, 23 September 2003

²⁴ *Financial Times*, 22 September 2003

negotiations are handled. These may arise from the work of the Sutherland Commission, which is currently reviewing the WTO's operations.

Some of the institutional questions that need to be addressed include:²⁵

Are time-limited negotiating 'rounds' the only or best way forward for the WTO?

Research by Sheila Page at the ODI²⁶ shows that developing countries generally gain negotiating clout as talks progress, suggesting that perhaps a permanent negotiating forum would lead to more pro-development outcomes than the current pressure cooker approach, in which talks may end just as the smaller developing countries are getting fully up to speed on the issues.

Should the WTO start making decisions through a majority vote rather than

consensus? While Article IX.1 of the Marrakech Agreement provides for voting in the absence of consensus, the institutionalisation of the practice of informal consensus means votes are never taken. The UNDP notes that if a vote is never taken then informal consensus can become a means by which a powerful minority can persuade a less powerful majority to concede.²⁷ This interpretation is widely shared among independent analysts. Even the GAP report, which the WTO has widely cited, draws specific attention to the very negative impact these informal means of consensus have on members' ownership over decisions made.²⁸

What can replace ministerials? One issue which clearly must be addressed is that the WTO needs to find a new way of reaching agreements, accommodating a new multipolar negotiating landscape of slower-moving, more numerous blocs of countries. This will not be easy, but Cancún demonstrated the counter-productiveness of trying to persevere with a ministerials-as-usual approach.

Should the role of the WTO Secretariat be reviewed? This was raised by the EC in its post-Cancún consultations, asking 'should the role of the Secretariat, and perhaps more importantly the Director-General, be reinforced in order to give him a solid basis for putting forward unbiased proposals and compromises that by definition can only be prepared by a highly competent and politically independent Secretariat.'²⁹ The implicit criticism in this statement is striking, although it is not clear which members the Commission feels exercise undue influence over the Secretariat.

Any delay while such issues are considered would not be without cost, however, since it could fuel the move to bilateralism, for example in the Free Trade Area of the Americas and the ACP-EU negotiations under the Cotonou agreement.

Was Cancún a Disaster?

The collapse of the ministerial was clearly a setback for the progress of negotiations. It demonstrated that the US government has no intention of budging from its traditional 'might

²⁵ The Like Minded Group has produced several papers on reform of the procedures in Geneva and at ministerials, e.g. [Preparatory Process in Geneva and Negotiating Procedure at the Ministerial Conferences](#), Communication to the General Council from the Like Minded Group of Countries, April 2002. Ideas on institutional reform are also discussed in [Global Trade at the Service of Human Development](#), the CAFOD position paper prior to the ministerial, available on http://www.cafod.org.uk/policy/CIDSE_CI_Cancún_Paper.pdf

²⁶ See http://www.odi.org.uk/iedg/publications/dev_countries_web.pdf

²⁷ [Making Global Trade Work for People](#), UNDP, 2003

²⁸ [The Global Accountability Report, Power without Accountability?](#) Kovach, Neligan and Burall, One World Trust, 2003

²⁹ Peter Carl, [The Doha Development Agenda After Cancún](#), paper for 3 October 2003 133 Committee meeting

is right' approach to trade negotiations. The collapse was a personal embarrassment for Pascal Lamy, and a political watershed for the role of developing countries in the multilateral trading system, but was it a disaster for development and the achievement of the Millennium Development Goals?

The draft ministerial text of 13 September represented a net loss for developing countries. For only minor gains in disciplining northern subsidies and improving market access for their agricultural goods, and progress on tariff escalation, they were being asked to accept a developmentally suspect investment agreement, potential deindustrialisation, and to open up their markets to dumped northern crops with only vague promises of future talks on measures to defend the livelihoods of the rural poor. In that sense, the collapse can be seen as a positive outcome – no deal was better than a bad deal.

But what happens next is crucial. If the EU and US can show the necessary leadership in working with developing countries to reform the institution and reenergize the negotiations around genuine development goals, dropping their pressure to force new issues onto the agenda and concentrating on curbing northern protectionism, then Cancún could in retrospect come to be seen as a watershed. A middle way would see them agreeing to make the current set of Uruguay Round agreements work better, including addressing the developing countries' implementation concerns, before seeking to move onto further talks. If however, they walk away from the multilateral trading system in favour of the David and Goliath world of bilateral trade negotiations, Cancún could prove the death knell of the development round and a grim day for the world's poor.



CAFOD programme of work on the WTO and international trade issues

CAFOD has concentrated mainly on issues concerned with trade and agriculture since the Seattle ministerial of the World Trade Organisation and, latterly, has done work on the Singapore issues. In addition CAFOD has published a number of papers, some in popular format, on general trade and globalisation issues. These are all available on CAFOD's website: www.cafod.org.uk

CAFOD was present as a registered NGO at the Seattle, Doha and Cancun ministerial meetings of the WTO.

Trade and Agriculture

In 2001, CAFOD and the South Centre in Geneva, drew up a proposal for a Development Box in the Agreement on Agriculture. This built on previous work on a Food Security Box. Shortly before the Doha ministerial a number of developing countries adopted this proposal and formed the "Friends of the Development Box". The Development Box was a proposal for a set of special and differential treatment measures that would enable developing countries to protect the livelihoods of small farmers from impact of cheap imported food, especially cheap dumped import food.

In 2001 CAFOD, in association with CIDSE, the coalition of Catholic development agencies in Brussels, published *Food Security and the WTO* by Sophia Murphy of the Institute for Agriculture and Trade Policy. This document recommended that the Agreement on Agriculture should adopt as its over-riding aim the World Food Summit target of halving world hunger by 2015. The Development Box was also one of the key recommendations of this document.

In September 2002 CAFOD published *Dumping on the Poor*, a critique of the EU's Common Agriculture Policy, using examples from Jamaica and South Africa to demonstrate the impact of dumped imports on small farmers.

Before the WTO ministerial in Cancun, CAFOD worked with CIDSE, to commission and edit a paper on SPs (Special or Strategic Products) and SSMs (Special Safeguard Measures) by a top Geneva agriculture expert (Luisa Bernal of the South Centre). This was distributed to delegates and others in Cancun.

CAFOD also responded to a request for help with press work from the Alliance for SPs/SSM, a group of 33 developing countries. We were instrumental in helping them organize a highly successful press conference half way through the ministerial. Developing countries have since passed on their thanks via the South Centre.

The Development Box Special & Differential measures (namely special products, and special safeguard mechanism for developing countries) were included in the draft ministerial text prior to Cancun and remained on the table at the time of the collapse of the meeting.

Singapore Issues

CAFOD lobbied energetically on the Singapore Issues before the Cancun ministerial, contributing to the influential '*Six arguments against investment in the WTO*' paper, credited by special advisers and civil servants in the UK with shifting government policy on investment.

Duncan Green, CAFOD's policy analyst on trade, collaborated with Ha-Joon Chang on a paper for the South Centre in Geneva entitled '*The Northern WTO Agenda on Investment: Do as we say, not as we did*', which was well received by delegates, and published in translation in Germany, Mexico and France before to the ministerial.

Written Papers

September 2001: Joint CIDSE paper written on Food Security and the WTO (which included demand for Development Box)

October 2001: Initial Development Box paper written in conjunction with Shishir Priyadarshi of the South Centre

November 2001: 'Development Box made easy' short paper published

January 2002: Joint short briefing published with IATP, Action Aid and Oxfam International

February 2002 - Development Box list-serve and website set up (by IATP)

April 2002: Paper in 'Bridges' (journal of the International Centre for Trade and Sustainable Development, Geneva)

September 2002: *Dumping on the Poor – The Common Agricultural Policy, the WTO and International Development*

March 2003: 'Development and Agriculture in the WTO: A Comparison between the Development Box, the EU's Food Security Box and the Harbinson Draft Modalities', with Action Aid

August 2003: 'The WTO Agriculture Negotiations and Developing Countries', with CIDSE and Caritas Internationalis