

DOHA ROUND BRIEFING SERIES

Hong Kong Update

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WTO Members agreed in late November that their positions on key issues remained too far apart for the original goals of Hong Kong Ministerial Conference to be met. When this edition of the Doha Round Briefings went to press, attention was turning to ways to ensure that momentum would not be lost post-Hong Kong, and an 'ambitious' outcome could still be reached either by the end of 2006 or early in 2007.

Hopes were raised in mid-October, when key WTO Members and groupings tabled their first concrete offers on agriculture. Although their ambitions diverged quite widely, there seemed to be enough common ground for convergence to emerge eventually on the extent of domestic subsidy reductions and the phase-out of export support. Reflecting a long-standing stalemate in Geneva, however, the gap between Members' positions on market access showed no signs of narrowing. The European Union and the United States came in for stern criticism in this area, the former for its lack of ambition and the latter for proposing too steep cuts for all WTO Members.

The majority of WTO membership also rejected the EU's revised agriculture proposal three weeks later due to the considerable concessions it demanded from trading partners in exchange for slightly more generous tariff cuts. Developing countries in particular were incensed about the EU linking its offer to very significant reductions in their industrial tariffs, as well as mandatory market opening commitments in nearly a hundred services sectors. Many Members also objected to the large number of 'sensitive' agricultural products the EU proposed to carve out of full tariff cuts. If this is indeed the 'bottom line' European officials have insisted it is, the agriculture talks are likely to falter.

Such an outcome would inevitably mean a parallel lowering of ambition everywhere. Although the Chair of the non-agricultural market access (NAMA) group has repeatedly warned that time is running out on settling the numerous issues that must be clarified before final negotiating modalities can be agreed, several WTO Members remain unwilling to enter into real negotiations until the scope of the likely agriculture deal is much clearer. Given the number of unresolved issues, even an eleventh hour compromise on agriculture in Hong Kong would in all likelihood be too late for a deal to emerge in NAMA. The same holds for services and development issues, the other two central elements of the Doha Round's 'grand bargain'.

While much has been made of the development and poverty reduction dimension of these negotiations, a mediocre - or worse - outcome in agriculture would severely affect that potential. Should Hong Kong fail *altogether*, the possibility of advances in other areas could also be lost, including access to affordable medicines, less distorted trade in cotton, and strengthening anti-dumping disciplines. The Doha Round also represents an unprecedented opportunity to craft rules on fisheries subsidies and to clarify the relationship between WTO disciplines and those of multilateral environmental agreements.

The thirteen issue briefs collected in this volume provide a comprehensive review of the current state of play of negotiations and other discussions taking place under the Doha umbrella. It will be complemented by an overview of the latest developments in early December, as well as daily ICTSD reporting during the Hong Kong Ministerial Conference.



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