

WTO MINI-MINISTERIAL AT MOMBASA

Divergence in the shadow of palm trees and lions

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Despite the official satisfaction expressed at end of the meeting, several of the 33 WTO members which attended the latest in the series of Mini-Ministerial meetings in Mombasa, from 2- 4 March, left privately worried about the chances of WTO making real progress on the issues at stake in time for the Hong-Kong Ministerial Conference of the WTO. The ministers also left behind them scores of members of grass-root organisations still facing charges following their arrest when their attempt to manifest their concerns were disrupted by Kenyan police.

At the official press conference closing the meeting, the members stated that they had made progress in providing the necessary political impetus and leadership for the negotiations to move forward. But the meeting revealed that there are major technical hurdles ahead on the road towards the next WTO Ministerial in Hong Kong and a successful conclusion of the Doha Round.

The Kenya hosts of the meeting managed to invite a few more developing countries, particularly African, than is usual at these meetings. The hope that this very meeting would emphasize development aspects was widely expressed. EU stressed that the fact that it was hosted by an African nation would focus the discussions on development.

According to the Chairman's summary, the meeting succeeded in identifying key elements that need political guidance in order to expedite the negotiating process in a technical manner, aimed at achieving the objectives of the Doha Work Programme.

However, when asked privately, several delegations expressed less enthusiasm over the outcomes and some even expressed disappointment despite the fact that they had arrived at the meeting with very low expectations. Some attributed this to the fact that this meeting came very soon after Davos and that there had not been time enough to follow up some of those suggestions in Geneva.

A minister from an LDC country said that these ministerial meetings are about giving political guidance and that they probably achieved as much as they could in this regard. "For Least Developed Countries", he said, "the LDC meeting in May will be more important and that is where we will define our positions".

The issues on the agenda were NAMA, services, agriculture, trade facilitation, development issues and rules negotiations.

The ministers spent the first day of the meeting by themselves in Kenya's main national park, Masai Mara, where they, except for a working dinner, also enjoyed apparently successful game drives. On the second day the ministers joined the rest of their delegations at a beach hotel outside the coastal town of Mombasa and the sessions there were kicked off with discussions on NAMA.

On NAMA, the ministers agreed that attention should now be focused on elements of a non-linear formula incorporating necessary flexibilities, and committed themselves to expeditiously submit written proposals on such elements, with a view to agreeing on the formula before June. In response to the US proposal for two different coefficients, the EU proposed a formula approach, that they called a 'customized country approach', which aimed at taken into account countries' different levels of development. However, delegations remained unclear of what exactly this approach entailed.

The talks then moved on to services, where according to the Chairman's summary, ministers were concerned about the slow progress in the negotiations and urged members who have not yet submitted their initial requests/offers to do so. They reaffirmed the deadline for improved offers by May and committed themselves to ensure a critical mass of high quality offers both in numbers and sectoral coverage.

During the services talks, Brazil clashed with the EU in a heated exchange of words, accusing the EU of not being ready to give anything on agriculture, while at the same time asking developing countries for high ambitions in services and NAMA. The EU Trade Commissioner was 'shocked' to hear this. The room was so tense that the host, the Kenyan Trade Minister, at this point decided to break the meeting, and take the ministers along with one of their delegates out for a working dinner on a local sailing boat.

Earlier in the day, the "Five Interested Parties", FIPs (i.e. EU, US, Australia, Brazil and India) had met in a side meeting and, according to initial reports, could not agree on some of the key issues currently on the table in agriculture. The main stumbling bloc in the agriculture negotiations at the moment is the conversion of specific tariffs into ad valorem equivalents, AVEs, for use in an eventual formula for tariff reductions. The ministers agreed to instruct their officials to conclude the AVE methodology by the end of the March negotiating session on agriculture and submit initial calculations by the April session. They also recognized the need for a verification process. Furthermore, the ministers emphasized the need to focus work on the tariff reduction formula, including the bands and thresholds.

On cotton, the ministers agreed on the need for coordinated efforts on both the trade and the development aspects within the cotton sub-committee. They stressed the need for development related assistance to cotton producers in the short term, while continuing to work on trade related issues on a long term basis.

The views on what was actually achieved in agriculture differed among delegations. Some were of the view that agreeing on the deadlines in relation to AVE conversion was an important achievement and that this was made possible because the FIPs in the end agreed to put some of their differences aside and focus on the methodology for the tariff conversions.

Other delegations expressed frustration that so little was achieved on agriculture. "Did we have to come here and spend three days in order to set these deadlines?" a developing country delegate asked.

The EU Commissioner on Agriculture promised to put the EU figures in relation to the conversion on the table by the end of next week.

The Commissioner also stated that EU would not agree to unravel the Blue and the Green Boxes. Excessive requests to review the criteria for these boxes could block progress in the talks, she said.

The Mombasa meeting coincided with the WTO ruling on the cotton dispute between Brazil and the US, which reaffirmed the earlier ruling that US cotton subsidies are breaking global trade rules. Brazil and other developing countries present in Mombasa welcomed the ruling. "This ruling will have a significant impact on the negotiations", said Brazil's Trade Minister Amorim. "Earlier we could say that subsidies are immoral -- the ruling now makes it clear that they are illegal."

The ministers noted that more work will need to be undertaken on trade facilitation in terms of submission of proposals and commitments to the provision of enhanced and targeted technical assistance by July.

On development issues, the ministers emphasized the need to complete outstanding issues on Special and Differential Treatment and Implementation, deepen the principle of less than full reciprocity in all negotiations and affirm policy space provisions for developing countries in embracing new obligations.

European Trade Commissioner Mandelson in his press conference stressed that solving the outstanding issues on SDT means adopting the package of proposals that was prepared for Cancun with as few changes as possible. The EU also emphasized their view that market opening results in NAMA, services and agriculture, in and of themselves, have a strong development impact.

The Mombasa meeting also discussed so called new initiatives. One of these was an extended EBA in some form, although the views differed on what exactly this meant. The EU Trade Commissioner Mandelson urged all industrialized countries to make a firm commitment before or at the Hong Kong Ministerial to provide duty and quota free market access to all LDCs. Participants mentioned that there had also been discussions around urging more advanced developing countries to provide duty free market access to LDCs. Mandelson also stated his willingness to consider waiver requests from developing countries, provided they are well motivated. [* Countries attending the mini-ministerial were: the EU, US, Australia, Canada, Japan, Norway, Switzerland, Hong Kong, South Korea, Brazil, Argentina, Mexico, Costa Rica, India, China, Indonesia, South Africa, Egypt, Morocco, Tanzania, Zambia, Rwanda, Senegal, Benin, Malaysia, Thailand, Singapore, Pakistan, Bangladesh, Guyana, Jamaica, Jordan, Oman]