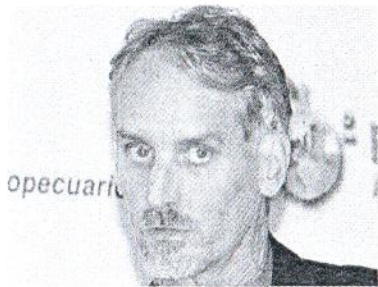




US cynical positions designed to produce deadlock



By TIMOTHY WISE

Yesterday, US Trade Representative Michael Froman delivered his plenary statement to the trade ministers gathered in Nairobi for the World Trade Organisation's tenth ministerial conference. His statement, which calls for the abandonment of the Doha Development Round in favour of negotiations on new issues of more strategic interest to the United States, deserve a response from a countryman.

Mr Froman calls on trade representatives "to move beyond the cynical repetition of positions designed to produce deadlock." Yet this is precisely what Mr Froman has come to Nai-

robi to repeat: US positions designed to produce deadlock.

He decries the lack of progress in the last 15 years of Doha negotiations, yet he fails to acknowledge that the United States has been, and remains, the principal reason for that failure. Since 2008, when negotiations broke down, the US has refused to continue negotiating on the key issues central to the development agenda – reducing agricultural subsidies, allowing developing countries special protection measures for agriculture, eliminating export subsidies and credits, and a host of other issues.

Those issues remain critical to developing countries, and US intransigence in addressing those concerns is the main reason Doha has stagnated. In addition, the US has introduced new issues to create further obstacles to progress, such as its objection to India's ambitious and laudable public stockholding program to provide food security to fully two-thirds of its people.

The draft declaration on agriculture in Nairobi offers no progress on resolving this issue, despite the explic-

it commitment in Bali and later in Geneva to find a permanent solution that can allow India and other countries to pursue such programs.

That is not the only developing country issue left unaddressed. The declaration offers nothing to developing countries to allow them to protect sensitive sectors from unfair or sudden import surges, the Special Safeguard Mechanism. It offers no meaningful cuts in US export credits, which have favored US exporters to Africa with some \$1.25 billion in credits over the last six years.

Perhaps most notably, the declaration makes no mention of the key issue in the Doha Round: reductions in rich country agricultural subsidies and supports. With crop prices low and a new Farm Bill authorizing rising levels of support to US farmers and exporters, this omission is a direct blow to those developing countries which see their farmers and export prospects harmed by underpriced US exports.

Nor does Mr Froman mention cotton subsidies, an issue which the US and the WTO membership commit-

ted to address "expeditiously" ten long years ago in Hong Kong. The issue remains unresolved, and the draft agriculture text fails to offer anything to Africa's C-4 cotton producing countries, which have millions of poor farmers desperately in need of relief.

Instead, the US Farm Bill promises further price suppression. According to a recent study, cotton subsidies could total \$1.5 billion, increasing US exports 29 per cent and suppressing prices by seven per cent. All cotton producers in the rest of the world will suffer an estimated \$3.3 billion in annual losses, with India projected to lose \$800 million per year.

The C-4 countries as a group stand to lose \$80 million a year in reduced income, a huge blow to struggling farmers in low-income countries.

Mr Froman touts the ways US policy has moved forward beyond Doha. He says the United States extended the African Growth and Opportunity Act by a decade, "the longest extension in that program's history." That limited extension of trade preferences to African countries last year pro-

vided a paltry \$264,000 in benefits to the C-4 countries. The projected losses from US cotton dumping are 300 times greater.

The US Trade Representative seems to have conveniently forgotten that the Doha Development Round he wants to sweep aside was a direct response to the fact that global trade rules in the last century failed to drive development and prosperity, at least for many developing countries.

As a US researcher long engaged with the issues of concern to developing countries, I find Mr Froman's approach shameful. Multilateralism demands engagement and compromise, particularly in a "development round" designed to address past inequities. Mr Froman is unfortunately offering nothing more than "the cynical repetition of positions designed to produce deadlock." The latest in a steady stream of U.S. hypocrisy.

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