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THE AGRICULTURE OF THE AMERICAS IN THE CONTEXT OF THE DOHA DEVELOPMENT AGENDA

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Curriculum

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Presentation

As the specialized agency for agriculture of the Inter-American system, IICA has considered the subject of the world trade in agricultural products and the related negotiations in the international arena as a priority and a matter for continuous follow-up.

It is no coincidence, then, that with the inclusion of agriculture in the multilateral trade negotiations, commencing with the Uruguay Round of GATT, our Institute has adapted its cooperation activities to respond to the new realities generated by these negotiations for the continent's agricultural sector.

Since the early nineties, IICA has made a growing contribution to the strengthening of the professional and institutional capacities of its member countries, to enable them to participate in the negotiations on agriculture, and to meet the challenges and take advantage of the opportunities offered by the agreements signed. With the Institute's technical cooperation, analytical documents and information networks on the negotiations and agreements have been generated; regional consultation and coordination mechanisms have been developed; several thousand public officials and private sector specialists from all over the continent have received information and training; and, offices specialized in trade policy and agricultural negotiations have been created and consolidated in many of the region's Ministries of Agriculture.

With the launch of a new round of multilateral trade negotiations in Doha, Qatar, in November of 2001, in the context of the World Trade Organization (WTO), and known as the Doha Development Agenda, this issue has taken on a new dimension and priority for IICA, consistent with our commitment to the development of agriculture and of the continent's rural populations. Based on an understanding that trade should serve the development and well-being of our nations, especially of our rural sectors, our concern is that these negotiations should adequately reflect the objectives and interests of the countries of the region.

Consequently, under this administration IICA has intensified its cooperation efforts on the issues covered by the agricultural negotiations and on sanitary and phytosanitary measures, through a series of activities in the hemispheric, regional and national spheres, many of these in alliance with other international organizations, such as the WTO itself, IDB/INTAL, ECLAC, ALADI, SIECA, CARICOM and FAO, to mention just a few, uniting efforts in this endeavor to support our countries.

We have also made this topic an important part of the institutional discussion. Indeed, the current status of and outlook for the agricultural negotiations at the WTO was one of the central themes of the Annual Strategic Planning Meeting, held with all the Representatives of IICA in San Jose, Costa Rica, in October 2005. We invited Dr. Carlos Pérez del Castillo, a distinguished international authority on agricultural negotiations, to be the keynote speaker at this event and to explore this subject.

On that occasion, he offered an in-depth analysis of the status of the WTO negotiations with regard to the three main pillars of the negotiation -Export Competition; Domestic Support and Market Access- and Special and Differential Treatment in favor of Developing Countries, while also attempting to envisage the possible outcomes of this important negotiating process for IICA's member countries.

Given the implications that the results of December's WTO Ministerial Conference, in Hong Kong, will have for our region's agriculture and rural population, we considered it important to entrust Dr. Pérez del Castillo with the preparation of a document summarizing the main aspects of his presentation and the thoughts shared on that occasion.

In the following pages we are pleased to present the results of that work, as a contribution by IICA to the analysis of and the search for international agreements that will enable us to advance towards a better future for those who live from the land.

Chelston W.D. Brathwaite

IICA General Director

Introduction

This document was prepared during the last week of October and the first week of November 2005, just five weeks prior to the World Trade Organization (WTO) Ministerial Conference in Hong Kong, when serious doubts persisted over its concrete results. Clearly, it will be impossible to achieve the goals originally set by the governments for the Conference, namely: establishing specific modalities on the issues of agriculture and industrial products; improved offers on services; significant advances on rules and on cotton; and solutions to development issues, particularly special and differential treatment and implementation.

At this point, it is difficult to predict the final contents of the Ministerial Declaration that will be adopted at the Conference. My personal opinion is that the lessons of Cancun have been learnt and that wisdom will surely prevail. No government wishes to repeat a failure, which would have serious repercussions for the future of the negotiations and for the credibility of the multilateral trading system and of the WTO itself. My feeling is that a formula will surely be found so that the results may be internationally perceived as a step forward – perhaps insufficient – but in the right direction. A declaration that reflects the progress made to date in different fields, that reaffirms the commitments already agreed upon - or those that might be obtained in the period up to and during the Conference itself- and is complemented with policy guidelines, directives, and certainly new deadlines, to resolve the pending problems. Finally, it must also include a reaffirmation of the political commitment to conclude the Round at the end of 2006.

For the past several months I have publicly stated that the important thing is not what may happen in Hong Kong, which is only a stage in the negotiation process, but rather what we can expect at the end of the Round. Therefore, I am not unduly concerned or discouraged about what might happen or not happen in this Sixth Ministerial Conference. It is important to emphasize this point, because it is clearly reflected in the contents of this work, which does not stop in Hong Kong, but looks ahead to the future.

Here, we will discuss only the status of and outlook for the agricultural negotiations, although we are conscious of their links with other areas of the negotiation. When we consider the possible results for agriculture at the end of the Round, we are very much aware of the "single undertaking" commitment that characterizes these negotiations.

Having followed the negotiation process very closely since its inception, particularly in my capacity as Chairman of the WTO General Council during the period February 2003-February 2004, I am cautiously optimistic about the possibility of achieving a satisfactory outcome by the end of 2006, or beginning of 2007. This, of course, would require all the parties to maintain their level of ambition and finally decide to grapple with an element that has been lacking until now: the genuine search for common ground and convergence of positions, without which no result is possible. Obviously, it will be necessary to translate statements of good intent into concrete actions at the negotiating table. It will also demand courage, leadership and the political will to achieve results that reflect the interests of all.

Many of the possible outcomes that I mention in this document are not the result of proposals or positions that we have heard in recent weeks from some important WTO Members, both from developed and developing countries. An objective assessment of these, will confirm that they were already reflected in previous documents published by this author a long time ago. For example, in the document I presented to the Fifth Ministerial

Conference of Cancun (Job (03)/150/Rev.1), as Chairman of the General Council, I proposed setting Blue Box limits in two phases, finally capping this support at around 2.5% of the value of each country's total agricultural production; a 50% reduction in de minimis domestic support, the elimination of the safeguard clause for developed countries and the elimination of all types of export subsidies. After the failure of Cancun, in the document (Job (03) 226) submitted as Chairman to the WTO General Council Meeting in December 2003, I suggested the convenience of envisaging in these negotiations, a second phase of reduction commitments by governments, towards eliminating the Amber Box. Likewise, I suggested a way to approach the cotton negotiation. This set of possible outcomes suggested for the current agricultural negotiations, were also the subject of public statements and publications prior to this work. (In this regard see the author's contribution to the book: Solution of Inter-Governmental Disputes, published by the Inter-American Development Bank (IDB), in 2004, with the title: Agricultural Protectionism and the Multilateral Negotiations in the WTO).

The vision presented here of the possible outcomes of this negotiation stems from the intense process of consultations and "confessional" dialogues, which as Chairman of the General Council, I held with all Members, at the highest level, before and after the Ministerial Conference of Cancun. It is therefore based on a realistic appraisal of the scope and possible limits of the negotiation.

Although the situation has evolved since then, in terms of concrete proposals formulated by some Members in relation to certain issues, in my view, there have been no major changes regarding what we considered at that time, as possible outcomes of the negotiation.

I. Background

Until the launch of the Uruguay Round, in 1986, agriculture had been practically sidelined from the trade liberalization processes set in motion by GATT, since its creation in 1947, through seven Rounds of Multilateral Trade Negotiations. During those four decades, very significant tariff reductions were introduced for manufactured goods and industrial and high technology products in the world economy and rules and disciplines governing their international trade were established. However, during this same period we also witnessed a resurgence of protectionism in agriculture in the industrialized countries and the introduction of a sophisticated arsenal of barriers and distortions of various kinds, that profoundly affected production and international trade in that sector.

With the adoption of the Agreement on Agriculture, the Uruguay Round took the first positive step towards integrating this sector more fully into the multilateral trading system. The result was a first level of access to what had been, until then, highly protected markets. The Agreement defined and classified the different types of domestic support for agricultural production, limits were established, and certain reductions within specific deadlines were agreed upon. It also established limits and certain reductions in relation to export subsidies.

Nevertheless, the results of the Uruguay Round fell very far short of the expectations of countries that were efficient agricultural producers. At the end of the implementation period for these results, in the year 2000, the average tariff protection for agricultural products was still six times higher than for industrial products. Ad valorem, tariff peaks of 200% and 300% were commonplace and, in the case of rice, tariffs of nearly 1000 % were recorded. In addition, access for products with a higher level of processing continued to be hindered by harmful tariff escalation.

Total support to agricultural production in the OECD[2] countries, also remained at impressive levels. In the year 2000, this figure was estimated at 360 billion US dollars -in other words-, at 1 billion US dollars per day.

That figure has been reduced slightly in recent years, the estimate for 2004 being 345 billion US dollars. Official support represents, on average, 30% of producers' income in the OECD countries, ranging from 20% in the United States to 34% in the European Union, 60% in Japan and Korea and 70% in Iceland, Norway and Switzerland.

To understand the significance and scale of this figure, we should recall that it represents 74% of the total value of exports of goods from all the Latin American and Caribbean countries (or 127%, if we exclude Mexico). It is nine times higher than the total flows of Direct Foreign Investment that entered the region in 2004, and six times greater than the total sum of Official Development Assistance that all developing countries receive annually. We are therefore talking about very important figures, that have seriously affected and distorted the production and trade of countries that are efficient agricultural producers at world level.

By the end of the Uruguay Round, this unsatisfactory situation, led to an agreement, as a part of the overall negotiating package, that agriculture – together with services – would be subject to new negotiations, beginning in January 2000, in what was termed "mandated negotiations".

These negotiations resumed at the WTO in February 2000. However, it soon became clear that it would be very difficult to undertake an ambitious process of liberalization and reform in the agricultural sector outside the framework of a new Round of Multilateral Trade Negotiations, with broader coverage and scope than the mandated negotiations, which would cover the interests of all the parties. This was especially true of the developed countries with protectionist agricultural policies that, for political reasons, needed to obtain certain gains in priority sectors of interest to them, in order to be able to grant concessions on agricultural issues. Thus, the WTO Members finally agreed to work together towards the launch of a new Round, an objective achieved in Doha, Qatar in November 2001, with the adoption of the Ministerial Declaration known as the Doha Development Agenda.

II. The Doha mandate on agriculture

In the Ministerial Declaration adopted in Doha, Member governments agreed to pursue comprehensive negotiations on agriculture aimed at achieving: "substantial improvements in market access; reductions of all forms of export subsidies, with a view to phasing them out; and substantial reductions in trade-distorting domestic support". Furthermore, they also agreed that "special and differential treatment for developing countries shall be an integral part of all elements of the negotiations", and that "non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture". The Declaration stipulated that the modalities for reform would be established no later than 31 March 2003, and that the negotiations would conclude no later than 1 January 2005.

Overall, the results of this agreement on agricultural issues may be viewed as positive and satisfactory. The Doha Mandate is both comprehensive and ambitious, and gives a clear

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direction on the fundamental reforms to be followed in this sector. It also provides a good foundation for correcting, reducing or eliminating the numerous restrictions and distortions in world agricultural markets.

This document does not attempt to offer a detailed account of developments in the agricultural negotiations from the launch of the Round to the present date. However, in this brief summary of the situation we should note that, immediately after the Doha Conference, major difficulties surfaced that made progress very difficult. In the first place, the European Union's (EU) current reform of its Common Agricultural Policy prevented this block from submitting a concrete proposal on agricultural negotiations at the multilateral level, until late in 2003. Secondly, the Farm Bill adopted by the United States Congress at the beginning of 2002, with its protectionist principles that were diametrically opposed to the Doha Mandate of trade liberalization, dealt another hard blow to these negotiations. The failure to meet all the deadlines agreed to give priority to the interests of developing countries on the question of special and differential treatment and implementation, did not contribute to a scenario conducive to trade liberalization. The developed countries' insistence on putting agriculture -sidelined from serious GATT/WTO negotiations for more than fifty years- on an equal footing with new topics for negotiation of interest to them, such as investment, competition, government procurement and trade facilitation, did not help this task either.

As a result, we experienced the inevitable failure of the Cancun Conference in September of 2003. After an intense consultation process, the negotiations were re-launched, culminating in the July 2004 Framework Agreement, which revitalized the process. However, this progress was short-lived. A series of problems, both technical and political, surfaced once again and, together with a lack of leadership by the main trading partners, led to the stalling of the negotiations and considerably delayed the agreed deadlines. It was not until the beginning of October 2005, just a few weeks prior to the Hong Kong Conference, when we began to perceive clear signals, in the form of concrete proposals, that the levels of ambition consistent with the Doha mandate still persist -at least among some important Members- to move the agricultural negotiations forward. In the Introduction of this document, I have already referred to the possible outcomes of the Sixth Ministerial Conference in Hong Kong, in the coming month of December.

Having established the general framework that has characterized the negotiations as a whole so far, I will now discuss the agricultural negotiations in greater depth.

III. Current situation and outlook for the agricultural negotiations

The three fundamental pillars of the agricultural negotiations are: export competition; domestic support and market access. As mentioned previously, special and differential treatment in favor of developing countries will be an integral part of these negotiations.

Below we offer an analysis of the current status of the negotiation on each of these three pillars and some views on the prospects and possible outcomes.

A. Export competition

For the purposes of the negotiation, this pillar includes four issues that must be addressed: export subsidies; export credits; food aid; and state trading enterprises (STDs), together with special and differential treatment in favor of developing countries.

1. Subvenciones a la exportación

Export subsidies are generally cited as the agricultural policy measures with the greatest trade-distorting effects. Their use, mostly by a small number of developed countries, reduces and destabilizes international market prices, displaces efficient producers from their traditional markets, depresses the incomes of efficient producer countries that rely on these commodities for their growth and development and has a negative impact on investment and the modernization of agriculture in those countries. Finally, these measures discourage domestic production in many developing countries that are now food importers, but have a clear potential as agricultural producers.

Only 25 of the WTO's 144 current Members maintain agricultural export subsidies on their Commitments Lists. Since the early 1990s, the use of export subsidies has gradually declined, though the effectiveness of this reduction has been relative. This is partly due to the extremely high baseline on which they are calculated and to the reorientation of these subsidies towards other types of trade-distorting support in the main protectionist countries. In 2002, according to notifications received at the WTO, the subsidy level was estimated at around US$ 6 billion. The downward trend continued in the following years and it is currently estimated at around US 2.3 billion. This mechanism is used mainly by the EU (more than 90% of the total), Norway and Switzerland, among others, and most subsidies are concentrated in a few product categories (sugar, milk products, meats and grains). According to estimates by ABARE (Australia), eliminating export subsidies would make it possible to increase global agricultural income by around US 3.4 billion dollars annually.

There is no reason to continue applying export subsidies in the agricultural sector and their elimination will be a very important step towards reducing current levels of protection, with their market-distorting effects. GATT prohibited export subsidies for industrial products more than forty years ago. Price and quality are the only fair means of export competition and the promotion of exports through subsidized prices or payment conditions is an unfair trading practice. Doing away with such practices would help to bring agriculture into line with the rules and disciplines already applied to other tradable goods in the WTO, thereby ending more than 50 years of discrimination in the treatment of agriculture. The fact that subsidies have been reduced in recent years, provides sufficient arguments to agree upon their complete elimination, within a brief period, in the course of the current negotiations.

Nevertheless -and with good reason- a group of countries led by the European Union considers that this issue is very closely linked with the treatment that should be given to other types of export competition with distorting effects similar to export subsidies, which are examined below. There should be a very close parallelism in the commitments adopted on all forms of export subsidies.

2. Export Credits, Guarantees and Insurance Programs

Under this heading we include officially –supported export credit operations, export credit guarantees and export insurance programs for agricultural products. The current negotiations do not seek to eliminate export credits in international agricultural trade. The aim is to eliminate any hidden subsidy elements, since their use, like export subsidies, constitutes unfair competition.

Several countries, particularly industrialized ones, use this mechanism to boost the competitiveness of their agricultural exports. Although no official information is available at the WTO on total levels of exports that benefit from this type of subsidy, it is estimated that between US$ 6 and US$ 8 billion worth of agricultural exports benefit from this form of official support. The United States is the main country to engage in these practices (more than 50% of the total). It is estimated that export credits amounted to some 3.2 billion dollars in 2001. The latest figure available for the EU at the OECD shows that in 1998, export credits were of the order of 1.15 billion dollars.

The purpose of the new disciplines to be incorporated into the Agreement would be to ensure that export credits reflect market practices, thereby avoiding any type of subsidy. These might include terms and conditions such as a maximum period of 180 days for the reimbursement of export credits (both capital and interest); certain percentages of cash payments; interest rates that reflect internationally recognized indicative lists, adjusted for the risk of each operation; etc.

3. Food Aid

The current WTO negotiations do not set out to redefine the concept of food aid or to incorporate measures that might compromise the provision of such assistance in cases of emergency or humanitarian need. Rather, it is a matter of differentiating genuine aid from the use of this instrument to offload surpluses or to develop new markets. This is a common practice that has displaced traditional suppliers from many of their markets, resulting in unfair competition

Food Aid accounts for a small percentage of world agricultural trade, but may have a very negative impact on certain products (powdered milk, grains). The United States is the main provider of this type of assistance, contributing 63% of the total.

The goal of the negotiations on this issue would be to agree on rules and disciplines to prevent food aid from being used as a means to circumvent export subsidy commitments. Among the proposals submitted are the following: that food assistance should only take the form of grants; that aid must not be "tied" to other commercial transactions; and that aid should be granted based on requests by the relevant international organizations. There have also been calls for aid to be provided through cash donations only. To this end, the transparency and notification system regarding food aid must be strengthened within the WTO. Any support that does not comply with the agreed disciplines should be considered as an export subsidy and treated accordingly.

4. State Trading Enterprises (STEs)

The inclusion of State Trading Enterprises (STEs) – both exporters and importers – under the heading of export competition stems from the fact that, given the monopolistic status or the exclusive rights and privileges granted to these enterprises, their operations can distort trade. Since the aim of these negotiations is to eliminate all forms of subsidies, it is essential to agree on specific disciplines and notification systems to guarantee that STEs are not used to circumvent export subsidy commitments. The negotiations do not seek to suppress STEs, but rather to create a more propitious climate that encourages private competition and ensure that their operations adapt to market practices.

Canada, Australia, and New Zealand are the main countries that use STEs.

5. Special and Differential Treatment in favor of Developing Countries

In recent years there have been very few cases of developing countries subsidizing their agricultural exports. These countries have other development priorities in their budgets and do not have sufficient resources to compete with the treasuries of the industrialized nations. Export subsidies are unfair, harmful and detrimental both to developed and developing countries, and should therefore be eliminated, wherever they appear. In the context of preferential treatment, a developing country that justifies its use, could be granted a somewhat longer period than industrialized countries to eliminate subsidies.

Possible Outcomes of the Negotiations in Relation to Export Competition

We are convinced that in this Round it is feasible and viable to definitively eliminate all forms of export competition mentioned previously. Achieving this objective is imperative for the conclusion of the Round.

The question is, in how many years can this elimination be achieved? We believe it is reasonable to agree on a period of five years. There are products in which these measures could be eliminated immediately, whereas other more politically sensitive products may require rather longer periods.

We consider that several recent studies by the World Bank, UNCTAD and other organizations have minimized the importance of eliminating export subsidies, suggesting that this trade liberalization would not bring greater benefits to developing countries and would not impact the growth of trade. These outcomes are surely the result of amalgamating all developing countries, net exporters and importers, under the same roof. We are convinced that the elimination of subsidies will have important results for many countries that are efficient producers of certain products (milk products, meats, rice and grains).

B. Domestic Support

The disciplines that regulate domestic support, agreed upon in the Uruguay Round, distinguish between forms of domestic support with production and trade-distorting effects (Amber Box and Blue Box) and those that supposedly have zero or minimal distorting effects (Green Box). The Amber Box, quantified in the Total Aggregate Measurement of Support (AMS), was the only one in which reductions (20% in 5 years) were agreed during that Round. The Blue Box, which covers supports provided in the context of production limiting programs was not included in the commitments to reduce domestic support. The Green Box was also exempted from reductions.

As previously indicated, the reductions agreed in the Uruguay Round were very modest. The OECD has confirmed that support to farmers in industrialized countries is currently approaching the high levels that prevailed prior to the conclusion of the Uruguay Round.

That support, provided mainly by some rich developed countries, encourages inefficient production that competes unfairly with that of other efficient producers, particularly developing countries, and seriously distorts world agricultural trade.

As mentioned earlier, the purpose of this Round is to significantly reduce domestic supports that distort agricultural production or trade. Let us analyze the prospects in the different Boxes.

1. Amber Box

These measures undoubtedly cause the greatest distortion to world agricultural trade, since their provision is directly linked to production and/or support to domestic prices that are well above international levels.

Table 1 shows the Bound levels as well as the notified expenditures in that Box.

Table 1
Amber Box: Bound levels in WTO and expeditures notified in the last year
(US$ billions of dolars)

	Bounded	Notified
EU	72	51
USA	19	17
Japan	37	7.6
Norway	1.3	1.2
Suitzerland	2.5	2.2

Source: prepared by the autor with WTO data

The Doha Round seeks to achieve significant reductions in this Box through a tiered formula, whereby Members with the highest levels of support make the greatest efforts towards reduction, in order to achieve a harmonized result among the different countries that protect their agriculture.

The European Union is the main user of this Box, and must therefore implement greater levels of reduction.

2. *De minimis*

Under the "de minimis" concept, countries may provide support to specific products, for a value not exceeding 5% of the total value of the production of that product (or 10% for developing countries). Domestic supports that are not for specific products may also be granted, for a value not exceeding 5% of total agricultural production (10% for developing countries).

Table 2 shows the bound and notified levels in relation to this type of domestic support.

The objective of this Round would be to achieve significant reductions in these supports in developed countries. Developing countries should be exempt from reductions. It should be emphasized that in recent years, very few developing countries have exceeded the levels of support permitted through "de minimis", which suggests that this type of support should, in principle, be sufficient to address the rural sector needs of their respective countries. It is important to emphasize this point, since it should encourage developing countries to assume more proactive positions than at present regarding the elimination or substantive reduction of other types of trade-distorting domestic support, practiced by industrialized countries.

It should be pointed out that the USA is the main user of this type of domestic support.

Table 2
De minimis
(US$ billions of dollars)

	Total Value Agricultural Production	Notified Support Expeditures[a]	Bounded WTO*
EU	257	0.3	25.6
USA	185	7.4	18.4
Japan	84	2.4	8.4
Norway	1.9	n/d	0.2
Suitzwerland	4.9	n/d	0.4

Source: prepared by the autor with WTO data.

* *Includes 5% specific products and 5% non-specific products.*

[a] *Referred to non specific products support*

3. Blue Box

This covers governmental supports provided in the context of programs to limit production (area cultivated or heads of livestock). This type of domestic support was exempt from reductions in the Uruguay Round. Its application showed that the restrictions contemplated did not necessarily have an impact on the reduction of production levels. In practice, this type of support, like the Amber Box, has distorted the production and trade of efficient producer countries.

This Round would seek to cap this type of support. There have been proposals to set a maximum limit of 5% of the average value of the total agricultural production of the country that applies it. There are also current proposals (coinciding with those originally presented by the author) to reduce this limit to 2.5%.

It is interesting to note that the USA has not used this type of support in the past and that capping it would enable it to displace part of its current supports from other boxes to the Blue Box.

Similarly, it should be noted that the July Framework Agreement opens up the possibility of extending the scope of this type of measure to supports not necessarily linked to production limits, which increases the complexity of the negotiation on this Box.

Table 3
Blue Box
(US$ billion of dollars)

	Total Value Agricultural Production	Notified Support Expeditures	5% Límit Agr Prod.	2.5% Límit Agr Prod.
EU	257	22	12.8	6.4
USA	185	0	9.2	4.6
Japan	84	0.8	4.2	2.1
Norway	1.,9	0.8	0.1	0.04
Suitzerland	4.9	n/d	0.2	0.1

Source: prepared by the autor with WTO data.

4. Green Box

This box contains domestic support measures that supposedly have no or minimal distorting effects on production or trade. This box was exempted from reductions in the Uruguay Round.

The Green Box includes government services programs such as research, inspection, pest control, marketing, infrastructure, and stock accumulation for food security. It also covers -and this is where critics challenge its supposed non-distortion- direct payments to producers and income supports in certain circumstances; structural readjustment assistance, and environmental and rural-development provisions.

In the Doha Round, it is expected that the criteria for this box will be reexamined with a view to ensuring that its impact has zero or minimal effects on international trade.

It should be noted that the United States is the main user of this box.

Table 4
Green box
(US$ billions of dollars)

	Notified Expeditures within Green Box
EU	18.2
USA	49.8
Japan	23.0
Norway	0.5
Suitzerland	2.2

Source: prepared by the autor witn WTO data.

5. *Special and Differential Treatment in favor of Developing Countries*

The negotiations acknowledge the importance of incorporating concrete provisions on the issue of special and differential treatment in favor of developing countries, in particular the least developed countries (LDCs) and those that are net food importers. These provisions should enable the aforementioned countries to address their legitimate needs, including agricultural and rural development, food security, subsistence agriculture and small-scale agriculture to promote national food production.

The least-developed countries would be exempt from reductions in relation to domestic support.

It is also considered important that special and differential treatment should envisage smaller reductions and longer implementation periods for developing countries than the ones agreed for developed countries. De minimis support would not be subject to reductions and would remain at current levels for developing countries.

Possible Outcomes of the Negotiations in relation to Domestic Support

We consider that at this point in time, the situation is not as clear regarding possible results as in the case of export subsidies. However, we venture to predict that this Round will yield significant reductions in the area of domestic trade-distorting support, although they will surely not meet the expectations that prevailed at the beginning of the negotiations.

We consider it entirely feasible to achieve initial reductions in the Amber Box in the order of 70% for the European Union, and 60% for the United States. The viability of this reduction over a five-year period is based on the fact that it starts off from higher bound levels at the WTO for this type of support than those applied at present, and that the aforementioned reductions can easily be accommodated within the domestic reforms that have already been agreed upon domestically. It cannot be ruled out that the level of ambition regarding this item may increase somewhat in the course of the negotiations.

But, in our opinion, what is important in these multilateral negotiations is an awareness that whatever is agreed or not agreed upon in this Round will affect world agricultural production and trade for the next 15 years. Hence we support, as we indicated already in December 2003 (see JOB (03) 226), raising the levels of ambition of these negotiations. We are aware, but not concerned, that this position will require longer periods for implementing the commitments made. Consequently, we believe it is legitimate to propose in these negotiations the above mentioned percentages of reduction for the Amber Box with a first implementation phase of the results over a five year period. However, our comprehensive proposal is to negotiate the continuation of the aforementioned reforms, with additional reductions in the Amber Box, leading to their total elimination in a second additional phase of five years (in short, the elimination of the Amber Box in 10 years).

With respect to de minimis support, our original suggestion (of September 2003) was a 50% reduction for developed countries, and maintaining the current obligations of developing countries without modifications. It is duly noted that the situation has evolved in recent weeks. The European Union's recent proposals suggest reducing the aforementioned support by 80% for developed countries. We consider it rational to support the aforementioned proposals, although doubts remain regarding the level of acceptance among other developed trade partners that use them.

With respect to the Blue Box, my position at the Cancun Conference as Chairman of the General Council was in favor of a reduction in two stages. The first would come down to 5% of the total value of agricultural production in the first five years of implementation of the commitments, followed by another reduction to 2.5% of the value of agricultural production over the following five years. I note with satisfaction that many countries at present share this point of view.

Possible Outcomes of the Negotiations in relation to Domestic Support

From a pragmatic point of view, we consider our original position viable. The countries that use the Blue Box and whose supports are at present higher than the intended limits (the European Union, Norway) should make a commitment to lower their supports to 5% of the value of agricultural production over 5 years, followed by an additional reduction to 2.5% of the value of production in the following five years. For example, in the case of the European Union, this would mean moving from current levels of support in the order of 22 billion dollars to 12.8 billion in the first five years, and to 6.4 billion in ten years.

This procedure should not necessarily apply to all countries. It is not a question, in these negotiations, of providing opportunities for increasing protectionism. The United States, which at present does not use this box, should be content to commit itself to a cap of 2.5% of its total agricultural production. The same should apply to other countries whose supports, through this box, do not reach that limit at present.

As to the Green Box, I think that the priority in this round of negotiations should be guaranteeing the commitment of all parties to make a serious effort to determine objectively the criteria needed to ensure that the measures adopted within this box will have no or minimal effects on worldwide agricultural production or trade. Those measures that do not conform to this criterion would be put into other boxes and subject to the corresponding reductions.

If we should obtain these results in the domestic support pillar, we would be ensuring that the Overall Trade Distorting Support, which in this Round covers the Amber, Blue, and de minimis boxes, will decrease by very significant percentages with respect to the levels bounded at present in the WTO. (In the most optimistic scenario, these supports would decrease from 96 billion dollars in the European Union to 19.2 billion; in the most pessimistic scenario, to only 40.8 billion dollars. For the United States, the equivalent figures would go from 29 billion dollars to 13.4 billion or 21.4 billion respectively).

It would be utopian to think that the current negotiations are going to put an end to all types of government support for agricultural production in developed countries. For a variety of reasons, more social and political than economic, these will remain, by the end of the Round, at high levels, although the kind of support (directed more at supporting income than prices) will generate fewer distortions in international trade.

The following table provides an approximation of what the possible results of these negotiations might be on the issue of domestic support.

Table 5
Possible Results in Reductions in Domestic Support
(*Amber, Blue & De minimis Boxes Considered*)
(US$ billions)

Member	Possible Results				Real Notified Expenses	Bound Levels Uruguay Round
	De minimis spepcific+non-spepcific	Blue Box	Amber Box	Total Bound Levels end of Doha Round		
EU	12.8*	6.4[1]	21.6[2]	40.8	73.3	96.0
	12.8*	6.4[1]	0[3]	19.2	73.3	96.0
USA	9.2*	4.6[1]	7.6[a]	21.4	24.4	29.0
	9.2*	4.6[1]	0[3]	13.8	24.4	29.0
JAPAN	4.2*	2.1[1]	14.8[a]	21.1	n.d.[#]	41.3
	4.2*	2.1[1]	0[3]	6.3	n.d.	41.3
NORWAY	0.1*	0.04[1]	0.5[a]	0.6	1.2	1.4
	0.1*	0.04[1]	0[3]	0.1	1.2	1.4
SUITZERLAND	0.2*	0.1[1]	1.0	1.3	2.2	2.5
	0.2*	0.1[1]	0	0.3	2.2	2.5

Source: Prepared by the author based on WTO data.

[a] *Reduction of 50%*
[1]) *Reduction to 2.5% of the total value of agricultural production*
[2]) *Reduction of 70% in 5 years*
[3]) *Elimination of the Amber Box in 10 years*
[a]) *Reduction of 60% in 5 years*
[*]) *n.a. – no available*

To the possible bound levels of support as a result of the Doha Round, it would be necessary to add the amount of Green Box support in order to have a more exact idea of what will continue to be the level of support for agriculture by industrialized countries. Given the reductions that will be made in the other boxes, it is likely that Green Box supports could increase with respect to current levels.

C. Market Access

According to all the studies that have been carried out on the current agricultural negotiations, in particular those by the United Nations, the OECD, the World Bank, and several non-governmental organizations, this is the area in which trade liberalization would provide the greatest benefits to all parties, both in developed and developing countries, and would have the greatest impact on production and trade. However, it is the pillar of the negotiations that has generated the greatest difficulties, and the one that remains most behind schedule with respect to the other two pillars considered previously.

The central objective of the negotiations in this area is to achieve substantial improvements in market access for agricultural products. To that effect, the development of possible modalities in this area implies steering the negotiations towards at least five fundamental issues: a formula for tariff reductions; tariff rate quotas and their administration; Sensitive products and Special Products; Special and Differentiated Treatment in Favor of Developing Countries, and special safeguard provisions. The issue of preference erosion should be duly considered in the aforementioned negotiations.

1. The tariff reduction formula

With respect to the reduction of customs duties, a series of difficulties and conflicting issues have been overcome in the course of the negotiations. In the first place, it was agreed that negotiations would be based on bound tariffs, and not on those currently applied by Members. Similarly, an understanding was reached that the base for these negotiations would be ad valorem customs duties, and formulas were found for the conversion of specific tariffs to ad valorem tariffs.

Advances have also been made with respect to a formula for tariff reduction. The possibility was considered, but finally discarded, of applying formulas such as those used in the Uruguay Round, the Swiss formula, or the Hybrid formula that emerged from Cancun (known as the Derbez Text). The negotiators have finally accepted the notion of a tiered formula with several bands and thresholds that reflect different categories of tariff levels. The bands with the higher customs duties should be subject to greater reductions.

Considerable progress has also been made in relation to the concept of setting maximum tariff caps for agricultural products, in these negotiations, although significant divergences remain as to their size.

It is not clear yet if this procedure will be able to adequately address the problem of tariff escalation. Nor has there been a decision on the possibility of complementing tariff reductions through the tiered formula, with some other mechanism, such as sectoral initiatives of the 0x0 type.

In principle, positions appear to be converging toward the definition of four bands. The most conflictive points remain the establishment of thresholds for the definition of the bands and the type of tariff reduction that will be applicable to each one of these.

Table 6

Main proposals for tariff reduction

USA				G20				EU			
Developed Countries		Developing Countries		Developed Countries		Developing Countries		Developed Countries		Developing Countries	
Ad Valorem Thresholds	Reduction	*Ad Valorem* Thresholds	Reduction	*Ad Valorem* Thresholds	Reduction	*Ad Valorem* Thresholds	Reduction	*Ad Valorem* Thresholds	Reduction	*Ad Valorem* Thresholds	Reduction
O– 20 %	55- 65%	a	b	<20	45	<30	25	0≤30	35% (20-45%)	0≤30	25 (10-40%)
20– 40%	65- 75%	b	c	20- 50	55	30- 80	30	>30≤60	45%	>30≤80	30
40– 60%	75- 85%	c	d	50- 75	65	80- 130	35	>60≤90	50%	>80≤130	35
> 60%	85- 90%	d	e	>75	75	>130	40	>90	60%	>130	40
	75%*	X%*		100%*		150%*		100%*		150%*	

Source: Prepared by the author based on the most recent proposals by Members - October 2005
** Maximum tariff cap*

As we can see, the United States is the country that has embraced the most ambitious position, with reductions of as much as 90% in the fourth band and a maximum cap of 75% for agricultural tariffs in developed countries.

The European Union submitted a much less ambitious proposal, which in reality proposes a median reduction of 46%. The Group of 20 has presented a proposal that is in an intermediate position between the two major trading partners. The Group of 10 has stated that it requires greater flexibility in the formula and does not support the incorporation of a maximum tariff cap.

To assess the prospects for market access, it is not enough to examine the proposed formulas for tariff reduction. These must necessarily be considered in the light of the positions that these same countries have adopted with respect to two other intimately related themes: the treatment that will be granted to sensitive products and to tariff rate quotas.

2. Sensitive products

The Framework Agreement, agreed in July 2004, stipulates that Members (both developed and developing) may designate an appropriate number of tariff lines, to be negotiated, that will be treated as sensitive, taking into account the existing commitments regarding the aforementioned products.

The ambiguity and lack of precision of this text has lent itself to various interpretations, which have adversely affected the negotiation process.

The European Union has indicated that it will rate 160 products, that is 8% of the total of its agricultural tariff lines (2200 lines in all), as sensitive products. Similarly, it proposes that these may be subject to a deviation from a minimum of one-third to a maximum of two- thirds, of the tariff reduction agreed in the general formula, for the band into which the product in question may fall.

The position of the United States, like that of the G20 and the Cairns Group, is that a small number– no more than 1% of tariff lines – should be agreed on as sensitive products. They propose that these products may be subject to lower tariff reductions than those agreed upon in the general formula, but that this should be duly compensated through expansions in the tariff rate quotas. The G20 has suggested that developing countries should have the right to propose 50% more sensitive products than developed countries (1.5% of tariff lines).

The G10 considers that Members should have total discretion in the designation of their sensitive products. Similarly, it suggests that they should have the right to raise the number of these products above the number finally agreed upon by the parties, insofar as there is willingness to offer a compensation, such as additional increases in the tariff rate quotas or more ambitious reductions of customs duties than those agreed upon in the general formula for other products.

In a recent study, the World Bank has drawn attention to the negative effects for market access that might be caused by the treatment of sensitive products, indicating that if this concept were extended to 2% of the tariff lines, 75% of the potential benefits of a liberalization of world agricultural trade might be lost.

3. Tariff Rate Quotas

The ideal situation on the issue of market access would be to arrive at a regime of low, exclusively tariff protection, with the progressive elimination of tariff rate quotas.

However, given the enormous difficulties of opening markets via tariff reductions, it becomes indispensable to complement the aforementioned reductions with significant increases in the quotas, in order to fulfill the Doha mandate and gain real market access.

In line with the above, the Cairns Group, the G20 and the United States have proposed increases in the tariff rate quotas of between 6% and 10% of the current consumption of the product in the importing country. It is worth recalling that in the Uruguay Round a minimum access of 5% of domestic consumption had been agreed upon.

The proposal by the European Union for determining tariff rate quotas is based on import levels and not domestic consumption. This has the effect of considerably reducing the scale of any expansion in the aforementioned quotas. At the same time, it means that the market access obtained for sensitive products -which are the ones that will be subject to lower tariff reductions- through the tariff rate quotas, will be lower than that obtained for other products. This proposal also allows those countries with the most restrictive commercial regimes to grant less access than those with more liberal regimens.

The determination of tariff rate quotas through domestic consumption was selected as the key indicator in the Uruguay Round because it is the most coherent, is not discriminatory and is the one that allows for an equitable contribution by all Members. We consider that this indicator must continue to be the basis for determining the expansion of tariff rate quotas in this Round of negotiations. We cannot see any objective reason for replacing it with any other basis for calculation. Furthermore, it is the only indicator that will enable us to fulfill the Doha mandate for “substantial improvements in market access”.

In these negotiations it will be also necessary to introduce rules and disciplines to ensure greater transparency and effectiveness in the use of tariff rate quotas. Quota administration should be aimed at facilitating market access and not at restricting it, as has been the experience in many cases. Similarly, we must guarantee that all suppliers can compete in similar conditions.

4. Special Products

The Framework Agreement of July 2004 resolved that developing countries would have the flexibility to designate an appropriate number of products as Special Products, based on the criteria of food security, security of the means of subsistence and rural development needs. A coalition of developing countries known as the Group of 33 (G33) is the one that has adopted the most militant position on this matter. In their proposal, these countries suggest that they should have total discretion as to the number of products in this category and that they should be exempt from commitments regarding tariff reductions or the creation or expansion of tariff rate quotas.

An appreciable number of Members, both developed and developing countries, while recognizing that these products must be accorded a more flexible treatment, have introduced a series of requirements or criteria that should be taken into account in the course of the negotiations. First, they have emphasized the need to limit this treatment to a very small number of products. Secondly, they have proposed that these should be concentrated on agricultural subsistence products, not commercial products. Thirdly, they have indicated that such products should not be exempted from tariff reductions, although these may be lower than the ones applied to sensitive products. Fourth, they have proposed that in designating the aforementioned products, particular attention should be paid to the existing trade among developing countries, so as not to harm or limit this South-South trade. Fifth, they have indicated that this category of products should be of a provisional and not a permanent character.

The criteria for establishing this category of products, together with the treatment they will receive, are still to be defined within the framework of the negotiations.

5. Special safeguard

The Special Safeguard, established in Article 5 of the Agreement on Agriculture, was introduced as a temporary measure linked to those countries that had joined the process of "tarification" during the Uruguay Round. It enabled those countries to limit the imports of specific products through the imposition of additional customs duties in the event of an increase in imports, or a fall in prices, without the need to prove damages. Once the period to implement the commitments agreed upon during the aforementioned Round came to an end, these measures would be eliminated

In the course of the negotiations, a large majority of the Membership has defended the elimination of this safeguard for developed countries and has advocated the maintenance of a special safeguard mechanism for developing countries, under conditions that should be determined in the course of these negotiations.

In its last proposal, the European Union advocated the need to preserve special safeguards for the following products: beef and poultry products; butter; fruits and vegetables, and sugar.

It has also stated that the protection granted to wines and spirits in Article 23 of the Agreement on Trade Related Intellectual Property Rights should extend to all agricultural products. They consider that this proposal should be an integral part of the negotiation on market access in these agricultural negotiations. This proposal has been rejected by a significant number of Members, considering that the issue of geographic indications is not part of the mandate of the negotiations on Agriculture.

6. Erosion preferences

Ever since the beginning of the Round, a considerable number of developing countries (the Group of 90, composed of countries in Africa, the Caribbean and the Pacific) that benefit from tariff preferences in specific markets, have advocated the maintenance of these preferential margins in the methodology that is to be agreed on for tariff reduction.

Any process of trade liberalization, whether undertaken within the WTO or through bilateral, regional, hemispheric or preferential agreements of a diverse nature, automatically entails an erosion of preferences. This could cause negative effects in the countries that benefit from them.

In order to attenuate this concern and the costs of adjustment that these countries face, we must look for pragmatic solutions in these negotiations. To that effect, the starting point is to recognize that the WTO -one of whose central objective is the liberalization of trade- can undoubtedly contribute to the search for possible solutions. However, a broader response to this problem will also require the participation and support of other international organizations with competence in this area (see below, section on V)

What the WTO could offer within the framework of these negotiations is some kind of compensation for the losses that some products would incur as a result of preference erosion (generally products that are not competitive internationally), through better conditions of market access for other agricultural products (or eventually industrial goods or services) of special interest to these same countries, where they have comparative advantages or the potential to develop them.

Clearly, this is not applicable in many instances, in particular to those small economies dependent for their revenues on one or two export products only. In these cases, another type of possible solution within a broader framework will have to be considered, as has already been indicated.

7. Last developed countries (LDCs)

On the subject of market access, the LDCs will be exempt from tariff reduction commitments within the framework of these negotiations.

However, efforts must be made to effectively integrate these countries into the multilateral trading system. In that regard, all developed countries and those developing countries able to do so, should assume commitments to grant tariff and quota free access to products originating in the LDCs.

8. Special differential treatment in favor of developing countries

With respect to this pillar of market access, in considering different aspects of the modalities that are being negotiated, this paper has already mentioned some of the components of special and differential treatment in favor of developing countries. These include different formulas for tariff reduction, longer terms for the implementation of the agreed provisions, and smaller reductions than those of developed countries.

In improving the opportunities and terms of access for agricultural products of special interest to developing countries, the goal must be the most complete liberalization of the trade in tropical agricultural products. Similarly, special importance must be given to products that allow for the diversification of production, in order to abandon the crops from which illegal drugs are produced.

Similarly, the recognition of special products, the flexibility in the treatment given to them, and the maintenance of a special safeguard for developing countries may also be considered an integral part of this differential treatment.

Exemptions from commitments in this pillar for the LDCs and the eventual duty-free access to the markets of developed countries for the products originating in the least developed countries must also be a part of this package. The possible solutions found to mitigate the negative effects of the erosion of preferences for the ACP countries could also be incorporated.

Finally, it should be emphasized that it has been agreed that the market access negotiations should pay attention to the particular concerns of Members that have recently joined the WTO, through differential treatment.

Possible Outcomes of the Negotiations in relation on the Market Access Pillar

This is surely the pillar where it is hardest to foresee, at this stage of the negotiations, what the definitive final outcome will be. This will depend, in the end, on the size of the reductions and the flexibility and exceptions to the general rule that are agreed upon.

In our opinion, the July 2004 Framework Agreement introduced too much flexibility in this pillar of the negotiations, and this has affected the level of ambition.

Bearing in mind the scale of the defensive interests that are at stake in these negotiations on the subject of market access (the European Union, the Group of 10, the Group of 90, the Group of 33 and some Members of the G20), we believe that the tariff reduction formula that will be agreed upon will probably be closer to that proposed by the G20, or somewhere between the positions of the G20 and of the European Union, than the more ambitious one of the United States.

As a counterweight, I think that for these negotiations to fulfill the Doha mandate in this pillar, it will be necessary to modify the most rigid positions with respect to sensitive products and tariff rate quotas to make these more flexible. This will certainly result in a final agreement that drastically limits the number of tariff lines for the denomination of sensitive products and contemplates important increases in tariff rate quotas.

For the most sensitive products, it is very likely that the improvement in market access will finally take place through greater increases in tariff rate quotas, rather that through tariff reductions.

It should be reiterated that these conclusions merely reflect the author's point of view, based on his direct experience and vision of these negotiations, and do not prejudice anyone¨s position. However, what is clear, regardless of the final outcome, is that the market access pillar is the one that will require the greatest efforts and concessions by all parties in order to reach a final agreement.

IV. Negotiations on cotton

The negotiations on cotton have focused on trade-related and development-related issues.

As to the trade aspects, and in particular all forms of export subsidies, the domestic supports that distort trade and market access are being addressed within the Agriculture negotiations, and everything that we have indicated in general terms regarding these three pillars also applies to cotton. The June 2004 Agreement determined that these aspects should be treated ambitiously, expeditiously and specifically, and to that effect a Sub-Committee on Cotton was established. It should be emphasized that to date no concrete advances have been made in this matter. Similarly, although there is general recognition of the importance of moving forward on the aspects of the Cotton Initiative that have to do with development, and a series of activities have been carried out in this regard, so far there have been no achievements worthy of mention.

V. Some preliminary reflections on the subject of the coherence between International Organizations and the negotiations within the WTO

In recent years, the WTO, the IMF and the World Bank have made efforts to move toward greater coherence in the formulation of economic policy worldwide. Similarly, the Bretton Woods

Institutions have indicated their willingness to work with the WTO to resolve problems that some developing countries that are WTO Members might encounter when adapting to a more liberal trade environment, such as the erosion of trade preferences, the loss of income from tariffs, or others.

In the last twelve months, I have been publicly advocating the need to take this concept of coherence to a more operational and effective stage that may help us to solve a series of problems that require a coordinated response and joint actions by several international and regional organizations, taking advantage of their obvious complementarities.

I have suggested that the future Agreement on Agriculture that emerges from the current negotiations could serve as an experimental platform to develop this new concept. If successful, this experience could then be extended to other spheres of the negotiation.

It should be emphasized that the Director General of IICA assigns special importance to the role that the Institute, as a development agency, can play in promoting the above mentioned concept of coherence, and he has considered it important and timely that his organization participate actively in the development and launch of this new approach to institutional cooperation, as one of the Institute's programs.

With this perspective, I have considered it pertinent to present in this section a preliminary outline of the central objective and of some elements and criteria that could be incorporated into a proposal in that direction.

In the course of the agricultural negotiations, several developing countries, many of them belonging to the less developed nations, have repeatedly stated that obtaining better market access conditions in these negotiations would only provide them with marginal benefits, since they do not have the capacity to take advantage of these new opportunities. By way of example, they have explained that their real agricultural problems stem from their export supply constraints; their lack of international competitiveness; their transport problems and costs related to their condition as landlocked countries; their dependence on only one or a few exportable products, their extreme vulnerability to natural phenomena and, finally, their dependence on preferences in their main markets, which could be eroded in any process of trade liberalization.

As I have mentioned previously, the WTO does not have the competences or the capacity to resolve these problems. However, these issues are very much present and have a direct impact on the positions adopted by the countries in the negotiation process.

Organizations such as FAO, UNCTAD, CTI, IICA, the World Bank, the IMF and others certainly do have the mandates, human and financial resources, and technical capacity to support these countries in the search for solutions to those problems. But the assistance that they offer in this regard takes place within a framework and objectives different to those pursued in international trade negotiations. The priorities may be different, the results are not binding and finally, in some cases, that assistance may be subject to conditionalities that greatly exceed the original objective sought and that may have additional costs for these countries.

What is proposed in this new operating concept of "coherence" is simply that, within the framework of the Agreement on Agriculture that is being negotiated in the WTO, agreements may not only be reached regarding commitments, obligations, provisions and measures to be implemented by the WTO, but may also be extended to other international organizations that have the competences and capacity to implement them.

If the intention of these negotiations is to take full account of the particular needs, problems and conditions of the developing countries, so that they may develop a competitive agriculture and increasingly participate in international trade, we must respond to the diverse and complex problems that confront them in this field. To that effect and under a single internationally negotiated Agriculture Agreement, with clear objectives and guidelines, participation would be granted to other international cooperation agencies aside from the WTO in the implementation of the commitments agreed.

These organizations would be responsible for, and would safeguard, the implementation of the actions and measures that had been agreed upon within the framework of the negotiations. The results of these actions would be periodically reported to the WTO, which would maintain a role of coordination and monitoring and would ensure their compatibility with the commitments assumed in the Agreement.

During the implementation period for the commitments adopted in the Round, and as part of the regular activities of the WTO's Committee on Agriculture, periodic exercises to evaluate the results should be undertaken, in which those organizations entrusted with supporting the fulfillment of particular agreements would play a key role and participate decisively.

I wish to make it clear that I'm are fully aware of the difficulties and of the technical, administrative and, above all, bureaucratic complexities that a proposal of this nature entails. I have more than thirty years of multilateral experience, and have encountered reluctance among organizations to share or cede competencies to others, in areas that they consider to be within their mandate or in which they have acquired a sovereign right. I believe that these attitudes are obsolete and are not in tune with the enormous challenges of globalization. It is generally the same Governments that form part of and finance the organizations mentioned above. Coordinating their efforts would be essential to finding concrete solutions to the problems they face.

I'm convinced that, however difficult and complex these problems may appear a priori, they may be easily overcome if Governments have the political will to resolve them.

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