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REPORT OF THE EXPERTS' ROUNDTABLE

THE DOHA RIDDLE:
EU AS PARTNER OR RIVAL OF DEVELOPING COUNTRIES?

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Elephants? Mice? Lambs? Giraffes with or without fragile legs?

Listening to current discussions about the ongoing Doha Development Round at the World Trade Organization (WTO) reminds one on a Sunday visit at a zoo. The use of animal pictures is popular. Some describe the old big economic powers like the US and the EU plus the new emerging powers such as Brazil, China and India as elephants whereas the rest of the WTO membership is described by being mice. Mice are usually not able to do any serious harm to elephants. Some use the picture of lambs to depict the situation of extremely poor countries. They are served on the table for the big ones to help themselves. The picture of giraffes is instead gentler; emphasizing the need of lower developed countries for help and time to

become economically grown up - a giraffe with strong legs. But the pictures cannot save the negotiators from the predicament they are in.

The provocative question "EU as partner or rival of developing countries?" the expert round table was titled and jointly organized by the two offices of the Friedrich-Ebert-Stiftung, Brussels and Geneva, has been answered by a clear "yo"; expressing both yes and no at the same time.

Yes, the European Union is a partner for developing countries, allowing duty-free quota-free access to all least developed countries (LDCs) under the initiative "Everything but arms".

Yes, the EU moved ahead in terms of reforming its agriculture sector. Whereby, it cannot be called a fundamental structural change; especially if you think of the success in moving quite a reasonable size from the amber to the green box.

“Boxes” describe in WTO language different forms of subsidies. In agriculture, subsidies of the “green box” are described as not being distortive to trade and without price support by governments. The “green box” subsidies are explicitly allowed. The “amber box” contains all trade distorting measures not being in one of the other boxes, and are not allowed.

(http://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm).

Yes, it was not the EU having hindered the July 2008 mini-ministerial in Geneva. This meeting of senior officials from about 30 WTO member states collapsed due to serious political divide between major developed countries, especially the US, and the emerging powers. But the EU afterwards sided with the US in a push to re-open already agreed sub-packages for negotiation.

Yes, the structure of EU development policy has changed since the Maastricht treaty and the European Consensus of 2006, but EU’s trade policy continues its more isolated approach, barely being linked in a coherent way to other macro-economic and development policies.

And one should not forget to mention the remaining differences on the Economic Partnership Agreements between the EU and especially African countries. None of them has so far signed such an agreement due to heavy critiques on the content; especially on reciprocity.

Europe developed tight economic relations to its former colonies in the African, Caribbean and Pacific (ACP) region early on. Today’s European Union provides preferential market access for ACP countries. Preferential market access is not per se prohibited by the set of rules in the world trade regime. But the current agreement between EU and ACP countries is not compatible with Article XXIV of the WTO framework. Therefore, the Doha declaration demands a revision of the agreement in order to reach compatibility.

Although the EU is not the major stumbling stone in the Doha Development Round, it does not follow that it is an active contributor to a solution. While the European Union continues to be the strongest trading block worldwide, and a real global leader in terms of exporting merchandise and commercial services, it fails – according to voices from Geneva - to function as political leader in the Doha negotiations.

The big players continue their tactic negotiation games à la “if you ask for more, you have to offer something in return”. In this respect, the United States and the new emerging powers - specifically China, and to a lower extent India and Brazil - attract considerable attention. Their commitments, ambitions and inertia are seen as the most important linchpins in the negotiations. A breakthrough is not yet in reach. “Easter 2011” as the unofficial deadline for all negotiation groups to deliver substantive draft texts approaches fast. Without such texts by this time it is most unlikely to conclude the Doha round within 2011.

The European Union indeed plays a remarkably passive role. This has been illustrated by the Bhagwati-Sutherland interim report, a High Level Trade Experts Group report on the state of affairs regarding the Doha Development Agenda, published in January 2011. The report was initiated by three European countries, two of them members of the European Union. It was not initiated by the EU itself.

EU negotiators simply shrug their shoulders when they were addressed with the experts’ question why the package for LDCs could not be delinked from the negotiations. It is well known that these currently 48 poorest countries in the world would belong to the clear winners of the Doha round. The current “package” for

the most vulnerable economies includes 97 per cent duty-free quota-free market access to developed countries. Unfortunately, the remaining three per cent cover the most sensitive products of LDCs. As a group of nations which has a share of global trade less than one percent, they would barely harm any of the others; including the EU. The EU apparently does not want to change the “rules of the game” in order to avoid coming to the fore.

This passive attitude nourishes the suspicion of a deliberate tactical strategy of the EU. While hard-nosed negotiators like the US are in the spotlight the EU remains a spectator in this match, simultaneously being heavily involved in other negotiations; those of the bilateral free trade agreements. An indicator is given by the EU’s trade strategy:

“The EU (...) has a strategic interest in developing international rules to ensure that European firms do not suffer in third countries

from unfair subsidisation of local companies or anti-competitive practice”. It continues: “A multilateral set of rules adopted in the WTO framework would be the best outcome. However, many key issues can also be addressed through bilateral agreements”.

(COM(2010)612: Trade, Growth and World Affairs – Trade policy as a core component of the EU’s 2020 strategy, p.13)

The suspicion runs like this: Why should the EU put more engagement in the round when elephants such as the US and China might alone be successful in reaching consensus? And if not, the EU has already opted for plan B.

History of international relations brought many states to realize the advantages of multilateral treaties in comparison to single state-by-state agreements. One of these advantages is simply the lower costs. Sometimes, states should be reminded on lessons learnt. Unfortunately we have to admit that states are neither elephants, mice, lambs nor giraffes.

On the author

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