

Delivering on Doha: Farm Trade and the Poor

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The Doha Round of trade talks cannot be concluded without breaking the impasse over agriculture. The agricultural sector in rich countries has the highest remaining barriers and is the source of the largest potential gains from further trade liberalization. Many analysts also argue that agriculture is central to achieving the development goals of the Doha Round because reducing agricultural barriers and subsidies would help billions of poor farmers.

But more than that is needed to make the Doha Round truly a “development round.” While reducing agricultural support would help poor cotton farmers in West Africa, among others, manufacturing liberalization—especially reductions in rich-country tariffs on textiles, apparel, footwear, and other labor-intensive light manufactures—is more important for many developing countries. And for the poorest, including in sub-Saharan Africa, market access alone will not be enough.

A successful Doha Round must be based on an overall package that includes significant reductions by rich countries in above-average tariffs on items such as clothing, as well as agricultural liberalization, and also market opening by the more advanced developing countries of their manufacturing and services sectors. The final package must also include increased and effective aid for trade, because the benefits of the round will not be equally distributed. To ensure that the poor can grasp the opportunities created by trade, governments and international donors need to create an environment that connects the poor to the markets via improved transportation links and storage facilities, access to credit and technical assistance, and provision of education and health services. **A credible program of aid for trade** will help developing countries address both adjustment costs associated with trade liberalization—including losses from erosion of preferential access in products such as sugar and bananas, higher food costs, and tariff revenue losses—and supply-side constraints, such as weak quality and safety standards, which could render increased market access moot.

As of summer 2006, agricultural negotiations remained at an impasse, which in turn prevented progress in the negotiations on nonagricultural market access and services. To achieve a breakthrough in the Doha Round, **the United States must improve its offer on domestic agricultural support** by agreeing to

cuts in actual spending and **the European Union must improve its market access offer**, by accepting both larger cuts and fewer sensitive products. Completing the triangle from which a final deal will emerge are leading developing countries **Brazil, India, and other Group of 20 (G-20) members**, which **must contribute serious offers on nonagricultural market access and services**.

Thus far, no one is willing to move first. Given their disappointing experience with the Uruguay Round, it is not surprising that developing countries are holding back to see whether developed countries are serious about reducing agricultural protection before making major offers on nonagricultural market access and services. But it is now time for the major emerging markets to move because they have the most to gain from a successful Doha Round.

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