"At the heart of the WTO Doha Round negotiations lies the sticking point of agriculture. Laura Duggan explains the essential features of the agricultural Market Access Pillar and she highlights the difficulties involved considering that the final agreement will inevitably produce winners and losers.

Introduction

The current round of trade negotiations was born out of the Uruguay Round (1986-1994) Agreement on Agriculture (AoA). Article 20 of this agreement committed member countries to commence a new round of negotiations to carry on the reform in market access in late 1999 (early 2000). These negotiations are presently in their fifth year, albeit under a reformed mandate known as the Doha Declaration, issued in Doha, Qatar in November 2001 and is based on the framework of rules and disciplines established in the Uruguay Round (WTO, 2004). In particular, it continues to structure dialogue around the three clearly identified ‘pillars’ of market access, export subsidies and domestic support (Anderson and Martin, 2005). Of these three “pillars” in negotiations, market access is generally recognised as “technically the most difficult” (WTO, 2004: 14). On one hand, as Jales et al (2005), point out, export subsidies and equivalent measures are only administered by a small number of countries and are predominantly of interest to competitive agricultural exporters. Similarly domestic support is confined to a limited number of developed countries (Jales et al, 2005). On the other hand, improvements in market access affect all countries. Difficulties will inevitably be encountered when attempting to strike a balance between the specific needs of each member country in negotiations and trying to achieve consensus on market access issues (Martin, 2004). It is therefore significant to note that while consensus was reached on some market access issues in the 1 August 2004 Framework Agreement\(^1\) (‘July

\(^1\)“The FA set out a number of agreed principles to guide the negotiations. They were: a high level of ambition in the overall outcome; that highest tariffs would be reduced the most; that a tiered approach would be used; that special treatment would apply to
Package”), no numbers were agreed upon or specified and as Anderson and Martin (2005: 2) conclude, ‘the devil’ will be ‘in the detail’.

The main body of this paper will address the issues in the Market Access Pillar of the Doha Round agricultural negotiations to date and explain the difficulties involved. The second section will look at the issues surrounding tariffs. The third section will then proceed to examine the matter of ‘Sensitive’ products. The fourth section will address the issues surrounding Tariff-Rate-Quotas and their administration while the fifth section will discuss the matter of preservation of the ‘Special Safeguard on Agriculture’ (SSG). Subsequently, the issue of ‘Special and Differential Treatment’ (SDT) will be raised and the sixth and seventh sections will deal with the particularly sticky issue of preference erosion. Finally the eighth section will conclude this paper.

**Tariffs**

**Tariff Cuts**

The IPC\(^2\) Issue Brief (2005a: 5) state that; “Agricultural tariffs\(^3\) remain five times higher than tariffs in industrial goods and account for the bulk of the distortions in agricultural trade”. This is significant in that despite reductions brought about by the Uruguay Round the global average bound agricultural tariff is estimated to be 62 percent (IATRC, 2001). The issue of how these tariffs will be reduced in the Doha Round of agricultural negotiations is “hotly debated” (WTO, 2004: 32). In particular, as Gunasekera *et al* (2005) point out, member countries found it difficult to agree on a ‘formula approach’ to tariff cuts.

Members in negotiations have at their disposal, numerous ways to cut tariffs each with their own corresponding advantages and disadvantages (Josling *et al*, 2001). One approach is ‘request and offer’ where member countries try to strike a compromise between the ‘concessions’ they offer to other countries and those that they receive in return. This technique is unlikely to work for highly protected sectors, however, because as Josling *et al* (2001: 23) “they have nothing to ‘gain’ in export markets”. Similarly, the

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sensitive products; and that SDT would apply to developing countries” (Matthews, 2005a: 4).

\(^2\) The international food and agricultural trade policy council.

\(^3\) “Custom duties on merchandise imports. Levied either on an ad valorem basis (percentage of value) or on a specific basis (e.g. $7 per 100kgs). Tariffs give price advantage to similar locally-produced goods and raise revenues for the government” (Brokhaug and Primo Braga, 2005: 14)
‘zero-for-zero’ approach which has the potential to increase market access for minimally protected commodities, is still unlikely to work in highly protected sectors due to the fact that there is less to gain from other countries “in return for concessions in sensitive products” (Josling et al, 2001: 23).

Another technique to cut tariffs is the use of formulas – either linear or harmonising. A linear approach to tariff cuts such as that used in the Uruguay Round reduces tariffs by the same percentage ‘across-the-board’ regardless of what the starting tariff rate is. Problems were encountered with the Uruguay Round Approach, however, because it allowed for variations on tariff cuts for individual products provided that the target average cut across all products was achieved (WTO, 2004). Consequently, it allowed countries with variable tariffs to take credit for making a generous average-cut in tariffs while not actually making any notable market access improvements (Martin, 2004). As a result, the Uruguay Round approach is often described as “the cut you have when you’re not having a cut” (Martin, 2004: 2). A harmonising formula such as the Swiss Method⁴ makes greater cuts in higher tariffs than lower ones thus targeting the problems of tariff peaks⁵, dispersion and escalation⁶ (Josling et al, 2001).

The difficulty in choosing a tariff cutting formula is exacerbated by the variation in tariff structures between developed (such as the US and the EU) and developing countries (such as Brazil, India and Kenya). As Jales et al (2005: 3) point out developed countries tend to have a curved tariff distribution while developing countries’ tariff structure is normally a straight line or “a set of consecutive straight lines in a ‘staircase’ format”. This phenomenon is captured graphically in Figures 1 and 2 below:

⁴ “The formula is $T_1 = aT_0 / (a ÷ T_0)$, where $T_0$ is the initial tariff, $T_1$ is the new tariff and $a$ is a parameter that determines the depth of the cut” (IATRC, 2001: 24).

⁵ Abnormally high tariffs in comparison to generally lower tariffs. They are usually administered on ‘sensitive products’ (Brokhaug and Primo Braga, 2005).

⁶ Tariff escalation in a phenomenon where tariff magnitudes are on a sliding scale upwards as products are processed, with raw products having lower tariffs than those on processed agricultural products (de Gorter et al, 2003).
Figure 1: Bound Tariff Structures for Selected Developed Countries 2004

Source: Jales et al., 2005

Figure 2.

Source: Jales et al., 2005
Thus, regardless of the tariff cutting method chosen, its impact will differ across countries depending on the nature of their tariff structures and consensus on which method to select is difficult as a result. For example, developed countries reluctant to open up their markets are likely to favour a linear approach where there is flexibility to chose which products will be subject to the greatest tariff cuts. The opposite could be said for developing countries because with the linear approach they will face similar cuts across all products (Martin, 2004).

Furthermore, the issue of tariff reductions is complicated by the need to choose between blended (or cafeteria) formula or a banded (or tiered) formula. The blended formula places products into three different groups subject to different tariff cutting techniques – the first group subject to the Uruguay Round approach, the second subject to the Swiss Formula and the third reduced to zero (Martin, 2004). The downfall of such a formula is that most likely scenario would be that sensitive products (see below) would be assigned to the Uruguay Round group. This would introduce flexibility but “at the cost of virtually abandoning the objective of increasing discipline, and raising great uncertainty amongst members and the extent of their potential gains in market access” (Martin, 2004: 1).

The banded (or tiered) formula allocates products into tiers based on the current bound tariff levels with higher tariffs being subject to greater reductions. Although consensus was reached in the ‘July Package’ to mandate the banded (or tiered) formula, the issue of which formula to use within each tier subsequently needed to be addressed. As Jales et al (2005) argue, the tiered approach has a harmonising effect on tariff levels so the application of the Swiss Formula (which performs a similar function) to cut tariffs in each band would not ‘make sense’.

The choice of tariff reduction formula is crucial to the overall ambition of the Doha Round. Substantial tariff cuts are necessary to rectify the extensive ‘tariff overhang’7 (which table 1 shows is over 100 percent for many countries) and ‘water’8 (shown in table 2) present in many countries’ tariff structures (IPC Issue Brief, 2005b).

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7 Tariff Overhang is the difference between bound and applied tariff rates.
8 Water is the difference between a country’s applied tariff and the level actually needed to thwart trade at world market prices (IPC Issue Brief, 2005b).
### Table 1: Tariff Overhang in selected products in selected Developing countries

<table>
<thead>
<tr>
<th>Bound Tariff Range</th>
<th>Average Water in the Tariff %</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-15 percent</td>
<td>37</td>
</tr>
<tr>
<td>15-30 percent</td>
<td>50</td>
</tr>
<tr>
<td>30-60 percent</td>
<td>48</td>
</tr>
<tr>
<td>60-150 percent</td>
<td>48</td>
</tr>
<tr>
<td>150-300 percent</td>
<td>75</td>
</tr>
<tr>
<td>300 percent +</td>
<td>54</td>
</tr>
</tbody>
</table>

Source: IPC Issue Brief, 2005b: 42

### Table 2: Average ‘water’ in agricultural tariffs

<table>
<thead>
<tr>
<th>Product</th>
<th>Market</th>
<th>Applied Rate</th>
<th>Bound Rate</th>
<th>Tariff Overhang</th>
<th>Equivalent Cut</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Raw Sugar</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td></td>
<td>100%</td>
<td>150%</td>
<td>50%</td>
<td>33%</td>
</tr>
<tr>
<td>Nigeria</td>
<td></td>
<td>10%</td>
<td>150%</td>
<td>140%</td>
<td>93%</td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td>16%</td>
<td>35%</td>
<td>19%</td>
<td>54%</td>
</tr>
<tr>
<td><strong>White Sugar</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td></td>
<td>100%</td>
<td>150%</td>
<td>50%</td>
<td>33%</td>
</tr>
<tr>
<td>Nigeria</td>
<td></td>
<td>10%</td>
<td>150%</td>
<td>140%</td>
<td>93%</td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td>16%</td>
<td>35%</td>
<td>19%</td>
<td>54%</td>
</tr>
<tr>
<td><strong>Ethanol</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td></td>
<td>30%</td>
<td>100%</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td>20%</td>
<td>35%</td>
<td>15%</td>
<td>43%</td>
</tr>
<tr>
<td><strong>Bovine Meat (chilled boneless cuts)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chile</td>
<td></td>
<td>6%</td>
<td>25%</td>
<td>19%</td>
<td>76%</td>
</tr>
<tr>
<td>Mexico</td>
<td></td>
<td>20%</td>
<td>45%</td>
<td>25%</td>
<td>56%</td>
</tr>
<tr>
<td>Philippines</td>
<td></td>
<td>10%</td>
<td>35%</td>
<td>25%</td>
<td>71%</td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td>12%</td>
<td>55%</td>
<td>43%</td>
<td>78%</td>
</tr>
<tr>
<td><strong>Rice (milled)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td></td>
<td>20%</td>
<td>45%</td>
<td>25%</td>
<td>56%</td>
</tr>
<tr>
<td>Nigeria</td>
<td></td>
<td>10%</td>
<td>150%</td>
<td>140%</td>
<td>93%</td>
</tr>
</tbody>
</table>
The issue of tariff reductions is further complicated by the need to determine the number of bands within the banded (or tiered) approach. According to Jales et al (2005: 3) “The more bands used the more “smooth” will be the harmonisation. However, too many bands would add little to the outcome and merely complicate the process of verifying schedules”. Although Members finally agreed in the Ministerial Conference in Hong Kong in December 2005 to have four bands, significant divergence still remains at present around the issue of thresholds within these bands and in relation to the size of actual cuts to be made within the bands (WTO, 2005). This is highlighted in the table below:

Table 3: Post-December 18 2005 divergences in proposals by Members in market access talks.

<table>
<thead>
<tr>
<th>Band</th>
<th>Threshrolds</th>
<th>Range of cuts (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Band 1</td>
<td>0% - 20/30%</td>
<td>20-65</td>
</tr>
<tr>
<td>Band 2</td>
<td>20/30% - 40/60%</td>
<td>30-75</td>
</tr>
<tr>
<td>Band 3</td>
<td>40/60% - 60/90%</td>
<td>35-85</td>
</tr>
<tr>
<td>Band 4</td>
<td>&gt;60/90%</td>
<td>42-90</td>
</tr>
</tbody>
</table>

Source: WTO, 2005:21

The choice of threshold for each band is difficult because they will have a disproportionate effect on different countries due to the variation in tariff structures (as noted previously) (Jales et al, 2005).

**Tariff Caps**

Another difficult issue in the current negotiations on market access is whether to establish a tariff cap and the level of such a cap. Tariff caps are useful to reduce prohibitively high tariffs that act as import bans. However,
it must be set at a level low enough to have an actual impact on trade patterns. Table 4 below illustrates “the total number of tariff lines that would be captured by a cap set either at 50%, 100% or 150%” (Jales et al, 2005: 8).

Table 4: Total tariff lines captured by tariff cap set at 50%/100%/150%

<table>
<thead>
<tr>
<th>Country</th>
<th>Total no. of tariff lines</th>
<th>No. of tariff lines ( \geq 50% )</th>
<th>No. of tariff lines ( \geq 100% )</th>
<th>No. of tariff lines ( \geq 150% )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed Countries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Union</td>
<td>2,200</td>
<td>259</td>
<td>69</td>
<td>16</td>
</tr>
<tr>
<td>Japan</td>
<td>1,806</td>
<td>395</td>
<td>307</td>
<td>272</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2,168</td>
<td>798</td>
<td>498</td>
<td>316</td>
</tr>
<tr>
<td>United States</td>
<td>1,769</td>
<td>84</td>
<td>29</td>
<td>16</td>
</tr>
<tr>
<td>Developing Countries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>959</td>
<td>148</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cameroon</td>
<td>831</td>
<td>831</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>India</td>
<td>690</td>
<td>633</td>
<td>584</td>
<td>243</td>
</tr>
<tr>
<td>Kenya</td>
<td>665</td>
<td>665</td>
<td>665</td>
<td>-</td>
</tr>
<tr>
<td>Mexico</td>
<td>1,080</td>
<td>84</td>
<td>67</td>
<td>48</td>
</tr>
</tbody>
</table>

Source: Jales et al, 2005 : 8

The current state of play in negotiations is that “some members continue to reject completely the concept of a tariff cap" 9. Others have proposed a cap of between 75-100%10” (WTO, 2005: 21).

**Tariff Escalation**

The tiered approach mandated in the July Package despite its harmonising effect is not guaranteed to resolve the issue of tariff escalation. This issue

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9 Such as the G-10 in their October 28 Market Access Paper (see Agra Focus, November 2005).
10 The USA called for at 75% tariff cap while both the EU and G-20 called for a 100% in their October 28 (2005) Market Access proposals (see Agra Focus, November 2005).
must be addressed however because its trade distorting implications and the barriers it poses to “commodity dependent developing countries in their attempt to diversify their export base” (de Gorter et al, 2003: 4).

**Tariff Simplification**

The issue of tariff simplification in the negotiations on market access has proven difficult; in particular, the problematic matter of the conversion of specific tariffs to ad valorem equivalents (AVE). The tiered formula approach mandated by the Framework Agreement requires this conversion in order to assign products into their appropriate tiers for tariff reduction (WTO, 2004).

In straightforward cases of AVE conversion, the ‘unit value’ method is used which bases conversion on import volumes and import values in the WTO Integrated Database (IDB). However, difficulties arise when preferences or tariff quotas are involved, for products such as sugar and various cheeses, in which case there are discrepancies between the IDB import prices and those in the UN commodity trade statistics (ComTrade) which represent world prices (ICTSD, 2005b). In such instances, the WTO and UN databases produce significantly different ad valorem tariff rates (ICTSD, 2005b).

AVE conversion created a divide in market access talks between the EU and G-10\(^\text{11}\) countries and the US, the Cairns group\(^\text{12}\) and the G-20\(^\text{13}\).

“The former groups make use of a large number of specific tariffs and wanted the conversion to be based on the IDB data while the agricultural exporters wanted to see the conversion based more closely on the lower world prices which would lead to higher AVEs and, eventually steeper tariff cuts” (ICTSD, 2005b: 6).

Another difficult issue in relation to tariff simplification is whether to bind tariffs in their specified form in the tariff schedule (as in the Uruguay

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\(^{11}\) G-10 consists of Bulgaria, Iceland, Israel, Japan, Korea, Republic of Liechtenstein, Mauritius, Norway, Switzerland, Chinese Taipei (Brokhaug and Primo Braga, 2005).

\(^{12}\) The Cairns group is comprised of Argentina, Australia, Bolivia, Brazil, Canada, Chile, Columbia, Costa Rica, Fiji, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay (Josling et al, 2001).

\(^{13}\) G-20 (which currently has 19 members) consists of Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Philippines, South Africa, Thailand, Tanzania, Venezuela and Zimbabwe (Brokhaug and Primo Braga, 2005).
Round) or their ad valorem equivalent. Jales et al (2005: 7-8) argue that that countries may have difficulty agreeing to bind tariff levels that can vary due to external factors “beyond the control of the government”

**Sensitive Products**

Members agreed in the ‘July Package’ to allow a number of tariff lines to be designated ‘sensitive’ and consequently, subject to lower tariff reduction commitments. To compensate (for these lower tariff reductions), sensitive products would face tariff quota expansion (Matthews, 2005a). The difficulty facing members at present is in achieving consensus on the allowed number of products that will be designated as sensitive\(^{14}\) and the extent of the required tariff quota expansion. According to Gunasekera et al (2005: 557) these factors “will be critical determinants of the overall market access outcome of the negotiations”.

There is also the issue of the actual extent of the tariff reduction commitments facing sensitive products and whether to link the tariff reduction – tariff quota expansion combination with the main tariff reduction formula or not (Matthews, 2005a).

**Tariff-Rate-Quotas**

1400 Tariff Rate Quotas (RTQ’s)\(^{15}\) have come into effect in since 1995 as a result of the Uruguay Round\(^{16}\) and they cover approximately 20 percent of agricultural tariff lines (Jales et al, 2005). Another difficult issue within the Doha Round of agricultural negotiations is how to reform TRQs in order to achieve market access improvements. This is tricky, because there is no agreed best method to do so (see table 5). Each TRQ varies in terms of its’ trade distorting element(s) (under-quota tariff, quota or over-quota tariff) (Burfisher, 2001). In instances of low-fill rates (about 25 percent of TRQs)

\(^{14}\) At present, proposals on the number of sensitive products extend from as little as 1% to as much as 15% of tariff lines (WTO, 2005).

\(^{15}\) “A TRQ is a two-tiered tariff to which the rate charged depends on the volume imported. A limited volume can be imported at the lower tariff – this is the “quota” part of the TRQ – and imports in excess of the quota volume are charged a higher tariff” (Burfisher, 2001: 12).

\(^{16}\) TRQs are considered to be only a second best option for market access improvements because they are seen to be inefficient and non-transparent. Yet as Jales et al (2005: 11) point out “during the URAA they were necessary to convince some countries to reduce their tariffs on politically sensitive products, and they are likely to remain a fixture of the Doha Development Round Agreement”.

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reducing the in-quota tariff (if that is the binding constraint) would be the appropriate reform policy. However, for TRQs with over-quota imports (approximately 25%) however, the necessary reform would be to reduce the over-quota tariff (Burfisher, 2001).

Table 5: Impact of TRQ reforms on market access and quota rents

<table>
<thead>
<tr>
<th>Policy reform</th>
<th>Binding constraint in TRQ</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Within-quota tariff</td>
<td>Quota</td>
<td>Over-quota tariff</td>
</tr>
<tr>
<td>Lower within-quota tariff</td>
<td>+</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase quota</td>
<td>0</td>
<td>?</td>
<td>-</td>
</tr>
<tr>
<td>Lower over-quota tariff</td>
<td>0</td>
<td>0</td>
<td>+</td>
</tr>
</tbody>
</table>

Notes: (+): increase in market access and reduction in economic rents. (-) opposite result. (0) no effect

Source: Burfisher, 2001: 14

TRQ Administration

Another arduous issue in the Doha Round agricultural negotiations is how to improve the administration of TRQs. Methods used to administer quotas to exporters include ‘licence on demand’, ‘first come, first served’, ‘historical allocation’, allocation through State Trading Enterprises’, ‘lottery’ distribution and ‘auction’ (see Appendix 1) (de Gorter et al, 2003). Many of these methods are inefficient, non-transparent and trade distorting. Yet there is no generally accepted “best method” (WTO, 2004). Some Members argue that auctioning is the most efficient and transparent administration technique. However opponents view the money raised by governments through auctioning as an additional tax that could constitute a violation of tariff commitments in negotiations (WTO, 2004). At present, dialogue surrounds establishing principles such as predictability and transparency to guide administration methods (WTO, 2004).
Special Safeguard for Agriculture (SSG)

The issue that is currently under negotiation in the Doha Round in respect to Special Safeguard for Agriculture (SSG)\(^\text{17}\) (established in the Uruguay Round Agreement on Agriculture) is whether it should, in fact, be eliminated and if so, within what timeframe (WTO, 2002). There has been difficulty reaching consensus on this issue. The SSG could be seen as unfair because only those countries that underwent tarrification\(^\text{18}\) (essentially developed countries) in the Uruguay Round have access to the SSG. Proponents argue that it allows “reluctant importers to tolerate tariff cuts that would otherwise expose domestic producers to low prices or a surge in imports” (Jales et al., 2005: 13). If the SSG is to be maintained, however, then there is then also the matter of whether the existing product coverage should be maintained or altered (WTO, 2002).

Special and Differential Treatment (SDT)

Issues relating to market access for developing countries are addressed under the rubric of “Special and Differential Treatment” (SDT) (Polanski, 2005). According to Paugam et al. (2005: 1) however, there is no “clear and undisputed economic paradigm” to govern this principle in the Doha Round. One major issue facing Members is how to merge a formula approach with SDT. The Uruguay Round committed developing country Members to undertake an average of two-thirds the reductions make by developed countries. According to Matthews (2005a: 5) if the same approach is to be taken in the Doha Round “the question is whether this commitment is built into the formula to be used or into the objective to be achieved”. As noted above (Section 1), the extent of tariff cuts that result is sensitive to particular tariff structures of countries. Developing countries although in receipt of SDT could still end up making more substantial cuts in tariffs than developed countries due to their generally uniform tariff structures.

\(^{17}\) “This allows countries to apply special safeguard duties to counter import surges for products whose border protection was ‘tarrified’ and included in the country schedules… actions are exempt from the obligation to compensate, and from the threat of suspension of equivalent concessions or other obligations” (Josling et al., 2001: 14).

\(^{18}\) “Tarrification meant that countries agreed to replace all existing barriers to imports which restricted market access, including import quotas, variable levies, voluntary export restraints and minimum import price schemes, by a single bound tariff” (Matthews, 2005b: 98).
Special Products
Consensus was reached in the Framework Agreement that “Developing country Members will have the flexibility to designate an appropriate number of products as Special Products, based on criteria of food security, livelihood security and rural development” (Matthews, 2005a: 6). In addition these products would receive more flexible treatment. Difficulties have arisen, however, in deciding which criteria should be used in choosing these products, and whether special products should be exempt from any tariff reduction or quota expansion commitments or merely be treated more leniently than other products. According to Polaski (2005: 7), these issues form “the crux of current negotiations on the defensive interests of developing countries”.

Special Safeguard Mechanism (SSM)
Similarly, consensus was reached by Members in the ‘July Package’ to establish a special safeguard mechanism for developing countries. Difficulties arise, however, in achieving consensus on product eligibility and whether like the existing SSG it should have both a volume trigger and price trigger (Matthews, 2005a).

Preference Erosion
Preference erosion is another sticky issue that has arisen in market access talks. Many developing countries including African, Caribbean and Pacific (ACP) countries and least-developed countries (LDCs) that enjoy preferential access to developed country markets are experiencing a reduction in the value of these preferences as a result of cuts in most-favoured-nation (MFN) tariffs (Matthews, 2005a). These countries are looking to defend positive discrimination or to have reasonable period to adjust and assistance if preferences continue to be eroded. Other Members, including numerous Latin American countries, disagree with the preservation of preferences and believe that the WTO’s key principle of non-discrimination should be upheld (ICTSD, 2005a).

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19 “A specified rapid surge in imports” (Jales et al, 2005: 14)
20 “A fall of the import price below a specified reference price” (Jales et al, 2005: 14)
21 “[…] (GATT Article I) the principle of not discriminating between one’s trading partners” (Brokhaug and Primo Braga, 2005: 14).
Conclusion

Following this analysis it is clear that there are a number of problematic technical issues that are holding up market access negotiations in the Doha Round. These issues have created significant disagreement among Members and progress has lagged behind the achievements with regard to the other two pillars of the talks (ICTSD, 2005b). According to Jales et al (2005: 1) “many gaps have yet to be filled in the market access talks and the way in which these missing pieces are put in place will have a major impact on the success of the talks”. In particular, it likely that progress can only be made when actual numbers (figures for tariff reduction commitments, numbers of products to be designated as ‘sensitive’ or ‘special and so forth) are specified. It is only in articulating ‘the detail’ that the overall level of ambition and success for this round of negotiations can be determined.

On a final note, it is important to emphasise that part of the difficulty in reaching an agreement in the Doha Round stems from the fact that decisions need to be made on all of these issues simultaneously and in a way that ensures all the member countries feel that they have achieved a balance between concessions and gains.

Appendix 1

Modes of TRQ administration

Licence on Demand: Import licences are assigned on the basis of quantities demanded. “Requests are typically reduced pro rata of the total request exceeds the quota volume” (de Gorter et al 2003: 5).

First come, First served: allows imports to be charged at the (lower) in-quota tariff rate until the quota is filled (de Gorter et al 2003).

Historical Allocation: is a method whereby “import licences are allocated to importing firms or country specific export quotas are granted to exporters on the basis of historical shares (de Gorter et al 2003: 5).

State Trading Enterprises: controls the import quota.

Lottery: import quotas are effectively won by firms in a form of lottery of licences.

Auction: is a method where licences are assigned using a “competitive bid system” (de Gorter et al 2003: 6). Auctioning is a relatively efficient mode
of TRQ administration. However, in some cases, efficiency is compromised by certain conditions that are attached to quota allocations such as “a domestic purchase agreements (a condition requiring the purchase of domestic production of the product in order to be eligible), export certificates (a condition that requires an export certificate administered by the exporting country), and past trading performance (which limits eligibility to established importers of the products concerned)” (de Gorter et al 2005:6).

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