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Where is Canada in Global Farm Talks?

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1.0 Introduction

For two decades agriculture has been the lynchpin of every meeting of the world's trade ministers. The Hong Kong ministerial conference of the World Trade Organization (WTO) in December 2005 was no different. Once again, a multilateral trade round is blocked by failure to agree on reform of farm trade. But the current round differs from earlier rounds: a number of new political coalitions have formed, unformed and reformed, and the role of Canada seems obscure.

In the 1960s and 1970s the Europeans and Americans skirmished over agriculture within the GATT while other countries stood on the sidelines, hoping that the transatlantic bargain would be beneficial. In the 1980s, smaller exporters, including Canada, banded together in the Cairns Group of "fair traders in agriculture" to demand a place at the table in the Uruguay Round. In a harbinger of things to come, the 1988 meeting of trade ministers in Montreal ended prematurely when a group of Latin American countries walked out to protest slow progress on agriculture. Once a transatlantic understanding was reached in the early 1990s, the eventual multilateral deal was brokered first among the four leading players in farm trade: Australia, the EC, Japan, and the USA (their meetings sometimes included Canada in a so-called Quint).

Press reports still include transatlantic recriminations about whether the EU or the USA is doing enough to make a new trade deal possible, and the Cairns Group still issues hortatory statements, but the original Quad (USA, EU, Japan and Canada) that dominated the Uruguay Round has not met at ministerial level since 1999, and press stories now also refer to the differences between such new entities, described in Annex A, as the G-20, the G-33, the G-10, the G-11, the G-90, the ACP Group, and the African Group. Efforts to craft a compromise take place as always in bilateral EU-USA meetings, but also in new cross-coalition groups such as the G-4, the FIPs, the G-4 plus Japan, the FIPs Plus, and, especially in early 2006, the G-6. Our goal in this policy brief is to try to make sense of this changed negotiating process and what it means both for the outcome of the Doha Round, and for Canada.

2.0 Why all these groups and informal meetings?

The WTO is a place to talk, and representatives of Members, both diplomats based in Geneva and officials from capitals, including ministers, do the talking. They talk at the Ministerial Conference every two years and in the Council for Trade in Services. They talk in regular committees that meet two or three times a year, in the negotiating groups that meet every 4-6 weeks, and in the Dispute Settlement Body. They talk in hundreds of formal on-the-record meetings every year, and they talk in many hundreds more informal meetings. In any organization of 150+ members, but especially in the WTO where the negotiating agenda is very broad and members vary greatly in terms of the expertise and material resources they devote to negotiations, plenary discussions are an inefficient means of negotiation. Small group meetings, an example of the traditional "expanding-and-contracting-concentric-circles" approach, are an attempt to find a middle ground between negotiating efficiency and effectiveness. Some of these off-the-record meetings are held in the WTO building (e.g. so-called Room F and Green Room meetings), but others are held in the offices of delegations, or in mini-ministerials in Member countries. The norms governing all this talk have been the subject of considerable reflection since the third Ministerial Conference in Seattle in 1999, which clearly failed in part for institutional design reasons. Too many Members did not know what was happening, did not feel a part of the process, and did not see their issues being addressed.

The WTO process has evolved considerably since Seattle. Members now better understand the so-called “Green Room” process that involves 30 or so Members in searching for compromises in the overall negotiations. The Green Room is a large group for a negotiation, but all key players plus all groups are represented, ensuring that it is transparent, legitimate and effective. Members in the Green Room need to be sure that they hear all views, and their discussions have to be faithfully reported to all interested members in what some negotiators refer to as a transmission belt. One obvious benefit from all the new coalitions therefore is that Members can work together to share information, develop positions and proposals, and decide who should be in the Green Room. The result is a process that is more effective and transparent, if still imperfect.

The proliferation of small groups in the agriculture negotiations is also due to change in what is negotiated and how the negotiations are conducted. First, the growing number of Members, each of whom can block consensus, created the need for the leading Members to meet in small groups to manage the process. Second, the WTO unlike the GATT is a “Single Undertaking”, which means Members can accept the entire package, or nothing. Members have gradually understood the implication that all aspects of the system are connected: in the Doha Round, Members are highly conscious of the interaction between negotiations on goods, agriculture, services, and rules. In this inherently multilateral process it is easier for small states to work together in coalitions than to work alone. Third, the most significant change might be in the modalities for the negotiations. Multilateral modalities such as formula approaches to tariff rate reductions or new rules for domestic support provide more opportunities to block consensus than bilateral modalities such as “request and offer”. But these modalities also require a high level of engagement and negotiating resources because the agreed formulae or rules usually require domestic regulatory changes by Members and, once agreed by all, apply to all. Voice matters, because all want to participate, and Exit is difficult for any country.

The small groups relevant to the Agriculture negotiations come in many varieties (see Annex A). Some of the developing country coalitions are based on **common characteristics**, such as **regional** groups. By working together, these countries can share technical expertise, they can aggregate such market power as they possess, and they can use their collective moral authority to insist on recognition of their concerns. Other coalitions are organized on an **issue-specific** basis, such as the Cairns Group. Such coalitions can pursue either an **offensive** or **defensive** agenda, meaning that they seek improvements in their market access position abroad, or seek to minimize the disruptions for their own farmers. Such groups are essentially homegenous, but some groups are heterogenous, because they **cross coalitions**. Finally, one type of closely related small group meeting plays an essentially **managerial** role in attempting to build packages that cross the various negotiating areas of the round, including trade in goods and services as well as agriculture.

The group process has been evolving since the creation of the WTO, especially since Seattle, and new patterns of coalition activity were in evidence at the Doha ministerial, but the 2003 Cancún ministerial was a shock because it seemed to mark a clear break from the conventional pattern. Just before the meeting, the EU and the USA made a joint proposal on agriculture that was loudly rejected by a seemingly new coalition of developing countries, the G-20. The rejection appeared to be the cause of the collapse of the ministerial, bringing the Doha negotiations to a standstill. Less noticed was the emergence at that meeting of other new developing country coalitions. At Doha, the African Group, the ACP Group and the LDC Group had been active. In Cancún, those three started acting together as the G-90, in part to block discussion of the so-called "Singapore issues", while new groups were active on agriculture, notably the G-33 and the G-10. Since Cancún, the old certainties about the structure and players in agriculture negotiations have been undermined.

The effort to restart the Doha round after the breakdown in Cancún required negotiations on agriculture within a 'non-group' (because not like-minded) of 'Five Interested Parties' (Australia, Brazil, EU, India, USA). Having played an essential role in reaching agreement on the new negotiating framework in July 2004, the FIPs did not meet for more than six months. Negotiators waited for a new Commission to take office in Europe, and for changes in personnel in USTR after the Presidential election. The new ministers, Peter Mandelson and Rob Portman, did not begin to pick up the pace until March 2005, and the limited usefulness of FIPs meetings was quickly apparent. The EU was especially sensitive to the concerns expressed by Members excluded from the FIPS, perhaps because it wished to dilute the group. Since then, the FIPs have met on occasion, but in recent months these meetings have been accompanied by meetings of an expanded group (labeled FIPs Plus) that notably included Canada and members of the G-10 of food importers. Other groups have also met more frequently and there have been meetings of a so-called "new Quad" or G-4 of the EU, USA, Brazil and India, and then of a G-6 that adds Japan and Australia. At the same time as these small cross-coalition groups proliferated, mini-ministerials continued, and capital-based "senior officials" began to meet again.

3.0 Where is Canada?

Many observers have noticed Canada's absence from the most prominent small groups, such as the G-6. Why has this happened, and has Canada lost important influence? It should first be stressed that while the eclipse of the original Quad is new, Canada's role has not changed since the end of the Uruguay Round when Australia, not Canada, was engaged in the final bargaining on agriculture. Factors to consider in understanding this reality include the country's credibility, relative power, and contribution to legitimation of the changed WTO process.

The lack of clarity in Canada's agriculture position in its awkward balance between export-oriented and supply managed sectors has affected the country's place in trade negotiations since early in the Uruguay Round. Nevertheless, over the past couple of years, and probably until the end of this round, ministers and officials might be just as happy to fly below the radar during a minority parliament, given the intense scrutiny they face from Canadian farm organizations both at home and at international meetings. Bizarre resolutions in the House of Commons that call for increased market access abroad while offering none in Canada do not help Canadian credibility, but also do not further diminish Canada's role.

Although not a member of the G-6, Canada is still a participant in the key negotiation forum, the Green Room and the mini-ministerials. It is included in the FIPs Plus and plays a leading role in informal meetings of senior officials. If material power determined the relative hierarchy, this absence from the G-6 would be anomalous. Canada is still one of the leading traders as measured by trade flows, and it is more significant than Brazil and India. Both the EU and the USA have double the weight of Canada in world agricultural trade, but Canada's trade is significantly larger than any of the other members of the G-6. So why is Canada excluded while apparently less powerful Members, Australia, Brazil and India, play leading roles? The answer is part structural power and part institutional design. The rationale for Australia and Brazil's membership in the G-6 becomes clearer when the share of agriculture in a country's exports is considered—a combination of the salience of the issue for them and their relative share in world markets. India does not figure among the major exporters, and agriculture, while a major share of its workforce, is not a major share of its exports, but Indian participation increases the legitimacy of the process in the eyes of other developing countries in the G-33 concerned about the ability of their small farmers to withstand global competition. Now that the WTO is a Single Undertaking, the institutional power of the leading developing countries matters as much or more as shares of world trade.

Canada may be absent from the smallest cross-coalition groups because they must include the principal antagonists, if a consensus is to be found. Brazil and India have made themselves part of the problem, this time, and so they have to be part of the solution. Canada, it seems to us, is not a large problem for most WTO Members, not least because of the preponderance of the USA in its trade. It would follow that Canada is not needed in the smallest groups. Canada does have to be kept closely associated with the process, however, because as one of the largest traders Canada will have to make a contribution to the outcome—negotiators need to feel that the pain of farm trade reform is shared equally.

Can Canada without its old role in the Quad still influence the outcome on agriculture? We accept the assessment of officials, who argue that Canada is still widely respected, not least because of an ability to bring practical ideas to the table. Officials observe that many aspects of the Hong Kong text, notably the language on state trading and the sections on a safe box for food aid, modalities for sensitive products, and tiers for domestic support, began as Canadian ideas, and reflect Canadian objectives.

4.0 Conclusion: The significance of the process

The complex pattern of meetings is directed to a simple goal, finding a consensus on a deal to reform global farm trade as part of a Single Undertaking package for the WTO Doha round as a whole. But that goal is anything but simple, because the deal must accommodate the interests of large commercial farmers in Europe and Brazil with those of small rice farmers in the Philippines and dairy farmers in eastern Canada. The current process has emerged as a means to help everybody learn about the issues and the technical complexities of the possible solutions. At its periphery it includes consultations on the issues with farm organizations. At its core are discussions among a small group of Members on the elements of a compromise. In Hong Kong, delegations were happy with the so-called “bottom up” process (inputs coming directly from members rather than from above), but the challenge in 2006 is moving to a “text-based” process. Will the Members in the small groups, like the Green Room, be able to explain to those they represent the basis for the text that emerges, and will it be seen to be a legitimate compromise?

The agriculture process evolved to accommodate a changing configuration of power, more complex issues, and new modalities. With 150+ Members, the WTO will always face the institutional design task of providing a forum for all Members to understand the intentions of all other Members (transparency), and to learn about complex new issues (new consensual knowledge for the public and officials), a forum where all Members have a voice (legitimation). The challenge is squaring the circle of the formal equality of members, and their practical inequality in capacity to participate in negotiations or contribute to the outcome. The evolving process for farm trade negotiations may provide a model. If agriculture is able to contribute to a successful Doha outcome, this new process, however complex and cumbersome, will have proved its worth.

Annex A: Glossary of WTO Groups Relevant to Agriculture

Name (date formed)	**Description**	**Membership**
ACP	**REGIONAL** Group of 77 African, Caribbean and Pacific countries (56 WTO members) with preferential trading relations with the EU	Angola, Antigua and Barbuda, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Congo, Cote d'Ivoire, Cuba, Democratic Republic of the Congo, Djibouti, Dominica, Dominican Republic, Fiji, Gabon, The Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Guyana, Haiti, Jamaica, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Papua New Guinea, Rwanda, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Senegal, Sierra Leone, Solomon Islands, South Africa, Suriname, Swaziland, Tanzania, Togo, Trinidad and Tobago, Uganda, Zambia, Zimbabwe
African Group	**REGIONAL** Holds joint positions in many negotiating issues.	All African Union countries who are also WTO members, currently 41 countries.
Cairns Group (1986)	**OFFENSIVE** Group of agricultural exporting nations lobbying for agricultural trade liberalization.	Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay.
C-4 (2003)	**OFFENSIVE** "Cotton Four" group of countries with specific interest in cotton	Benin, Burkina Faso, Chad, Mali.
FIPs (2004)	**CROSS-COALITION** Five interested parties	Australia, Brazil, EU, India, USA
FIPs plus (2005)	**CROSS-COALITION** FIPs plus friends	FIPs plus Argentina, Canada, China, Japan, New Zealand, Switzerland.
G-4 (2005)	**CROSS-COALITION**	FIPs less Australia
G-4 plus Japan (2005)	**CROSS-COALITION**	G-4 plus Japan
G-6 (2005)	**CROSS-COALITION**	FIPs plus Japan
G-10 (2003)	**DEFENSIVE** Importers. Multi-functionality of agriculture and need for high levels of domestic support and protection	Chinese Taipei, Rep of Korea, Iceland, Israel, Japan, Liechtenstein, Mauritius, Norway and Switzerland.
G-11 (2005)	**OFFENSIVE** Full liberalization in tropical products	Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Panama, Peru, Nicaragua, and Venezuela.
G-20 (2003)	**OFFENSIVE** Elimination of export subsidies and domestic support and liberalization of market access in agriculture	Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Philippines, South Africa, Thailand, Tanzania, Uruguay, Venezuela, Zimbabwe.

G-33 (2003)	**DEFENSIVE** Developing country importers. Differentiated treatment of developing countries on basis of food security, sustainable livelihoods and rural development needs - Special Products and Special Safeguard Mechanisms (SP/SSM)	Antigua and Barbuda, Barbados, Belize, Benin, Botswana, China, Congo, Côte d'Ivoire, Cuba, DAntigua and Barbuda, Barbados, Belize, Benin, Botswana, China, Congo, Côte d'Ivoire, Cuba, Dominican Republic, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Rep. Korea, Mauritius, Madagascar, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia, and Zimbabwe.
G-90 (2003)	**REGIONAL** Coalition of African, ACP and least-developed countries (currently 64 members of the WTO)	African Group, ACP and LDCs
Mini-ministerial	**MANAGERIAL** Regular participants at mini-ministerials in 2005. (For an analysis of the principles of selection, see Wolfe, 2004.)	Argentina, Australia, Bangladesh, Benin, Brazil, Canada, Chile, China, Costa Rica, Egypt, EU, Hong Kong (China), India, Indonesia, Jamaica, Japan, Kenya, Korea, Malaysia, Mexico, New Zealand, Nigeria, Norway, Pakistan, Rwanda, Singapore, South Africa, Switzerland, Thailand, USA and Zambia.
LDCs	**REGIONAL** Least developed countries according to the UN definition (currently 32 members)	Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Democratic Republic of the Congo, Djibouti, Gambia, Guinea, Guinea Bissau, Haiti, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Senegal, Sierra Leone, Solomon Islands, Tanzania, Togo, Uganda, and Zambia.
Quint (1989)	**OFFENSIVE**	Australia, Canada, EU, Japan, and USA.
RAMs	**DEFENSIVE** Recently acceded members	Albania, Croatia, Georgia, Jordan, Moldova and Oman.
Senior officials	**MANAGERIAL** Regular participants at meetings of senior officials in 2005.	Australia, Brazil, Canada, China, Egypt, Hong Kong (China), India, Japan, Kenya, Malaysia, South Africa, USA, and Zambia.
Senior officials	**MANAGERIAL** New group in 2006	G-6 (Australia, Brazil, EU, India, Japan, USA) plus Canada, Egypt, Malaysia and Norway
SVEs (2003)	**DEFENSIVE** Small and vulnerable economies	Antigua and Barbuda, Barbados, Belize, Bolivia, Cuba, Dominica, Dominican Republic, El Salvador, Fiji, Grenada, Guatemala, Guyana, Honduras, Jamaica, Mauritius, Mongolia, Nicaragua, Paraguay, Papua New Guinea, Solomon Islands, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago.