



CANADIAN AGRI-FOOD TRADE ALLIANCE

CAFTA TRADE POLICY UPDATE

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Following is the latest edition of the Canadian Agri-Food Trade Alliance (CAFTA) Trade Policy Update. You are receiving this update either because you expressed an interest in receiving updates on WTO and other trade negotiations, or because your name was suggested to CAFTA. Should you wish to discontinue receiving the Trade Policy Update, simply send an email to office@cafta.org requesting that your contact information be removed from the distribution list.

The Canadian Agri-Food Trade Alliance represents producers, processors and exporters of agriculture and agri-food products. Accounting for over 80% of Canada's agriculture and food exports, and more than 50% of farm cash receipts, CAFTA's members are united in their dependence on trade, and in their need for a liberalized international trading environment.

Doha Round Presses Forward

As an organization, CAFTA is committed to the multi-lateral trading system; CAFTA's members see the work of WTO as the "equalizer" that can help to "level the playing field" for all WTO member nations.

Over the last 3 – 4 months progress in the Doha Round of negotiations has been described as "lurching forward". While it is clear there is still much work to be done, considerable progress has been made since the spring.

What is also clear is that the negotiating process is very complex and is subject to any number of influences. There is considerable ebb and flow on a day to day basis, contributing to what some might call a "fluid process".

On any given day, a Google search for "WTO agriculture" will find a number of articles and commentary reporting on the negotiations. Some articles suggest that an agreement is within reach – others argue that the likelihood of an agreement is slim.

CAFTA's perspective, based on work in Canada and in Geneva, is that an agreement is attainable.

This optimism is not influenced solely by CAFTA's commitment to liberalizing trade; it is reinforced by the impact of a number of positive developments that demonstrate the level of commitment of member nations.

The willingness of United States to accept the levels of overall domestic support - as specified in the July modalities text - represents a significant step forward. The U.S. announcement was followed by equally strong statements by the European Union and representatives of India and Brazil.

More recently, comments by Prime Minister Harper, the President of Brazil, the Prime Minister of India and U.S. President Bush have signaled that the "political will" needed to reach an agreement may also be in place.

While these are positive developments, conventional wisdom would suggest that the window of opportunity to reach an agreement is fairly narrow. Most WTO observers agree that success in the round depends on reaching an agreement – at least in principle - by the end of December or January of 2008.

The next several weeks mark another critical step in the Doha Round of negotiations; CAFTA will continue to monitor developments and will be reporting back through future editions of the Trade Policy Update.

WTO Public Forum Attracts Record Numbers

Over 1,700 registered delegates – a record number – took part in the 2007 WTO Public Forum in Geneva. The theme for the forum – “How Can the WTO Help Harness Globalization” – was central to a two day agenda of plenary and breakout sessions.

The Public Forum opened with a high powered plenary session, including remarks from WTO Director-General Lamy, Finnish President Halonen and Liberian Foreign Minister King-Akerle. While their presentations helped set the stage for the event perhaps the most powerful commentary came from Professor Kishore Mahbubani of the National University of Singapore.

Professor Mahbubani described his personal journey – from growing up in a one bedroom house through to his time as Singapore’s Ambassador to the United Nations. His retelling of his own “remarkable journey” describes, in real terms, the benefits of liberalized trade.

His comments, extracted below, helped to bring focus to the discussions and emphasized the importance of the Doha Round to the developing world.

“The world faces many daunting global challenges. Let me mention a few. Will the West accommodate or resist the rise of Asia? The answer to this question will determine the course of the 21st century¹. Will we come together to handle global warming? Or an outbreak of bird flu? Will terrorism become a sunrise or sunset industry? Finally, will we eradicate global poverty?”

Let me begin with some good news. The challenge of global poverty is one global problem we can solve. Indeed the goal of reducing global poverty by half by 2015 is one of the few UN Millennium Development Goals (MDGs) that we will successfully meet. We will probably reduce the number of people living on less than a dollar a day from 1.25 billion to just over 600 million.² This would be a spectacular achievement and enhance significantly human happiness all round the world. If it happens, I believe that the WTO can claim much of the credit for this happy outcome.

Let me also begin with a personal account to explain my optimism. When I was born in 1948,

Singapore was a typical developing country. My family was also poor. The six of us lived in a one-bedroom house paying US\$6 a month in rent. On my first day in school in Grade 1, the school principal weighed me. He decided that I was malnourished. Hence, in the first few months of school, I had to go to his office at every recess with a few other children. Each of us had to ladle milk from a bucket in his office and drink it.

From these unpromising beginnings, I went on to become Singapore’s Ambassador to the UN, living in a luxurious 6-bedroom apartment worth US\$3 million in Manhattan. By my standards, I have had a remarkable journey. Each day, I become more confident that millions more can enjoy similar remarkable journeys.

Just look at what China and India have accomplished in the past few decades. In 30 years, the number of poor people in China has gone down from 600 million to 200 million. To quote Joseph Stiglitz, former Chief economist at the World Bank, “Never before has the world seen such sustained growth; never before has there been so much poverty reduction.”³ India started its economic liberalisation later. Hence, the number in India has gone down from 323 million to 260 million.⁴ The success of China and India, the world’s two most populous countries, in reducing global poverty explains why we will meet the UN Millennium Development Goals by 2015.

Why are China and India succeeding? The older I get, the more I realise that big truths can be very simple. The simple reason why China and India are succeeding is because they have bought and are implementing the essential WTO vision that both they and the world will be better off by opening and liberalising their economies, especially in the field of trade. Indeed the world as a whole is better off because global trade has exploded from 7 percent of the world GDP in 1940 to 30 percent in 2005,⁵ and total global exports have ballooned from US\$58 billion in 1948 to US\$9 trillion in 2004.⁶

The full text of Professor Mahbubani’s presentation is available on the WTO website at http://www.wto.org/english/forums_e/public_forum2007_e/plenary_session_mahbubani_e.pdf.

CAFTA sponsored and hosted a panel session, “Building and Expanding Opportunities for Agriculture” as part of the main program; the program included formal presentations and a moderated discussion.

The session focused on the opportunities, issues and challenges associated with expanding trade in agriculture. The panelists were also asked to comment on the role agricultural trade can and should play in influencing broader economic agendas.

Agriculture stakeholders from North America, South America, Europe and Africa were in attendance and engaged the panelists in a lively discussion.

The panelists – including CAFTA President Alanna Koch and Shiferaw Adilu of Alberta Agriculture and Food – used their time to emphasize the economic benefit, and societal empowerment, resulting from expanded agricultural trade.

Comments from the audience enriched the discussion with a range of opinions shared, and debated, during an hour long question and answer session.

Copies of the presentations, and an audio recording of the session, can be accessed at http://www.wto.org/english/forums_e/public_forum2007_e/session7_e.htm

Revised Modalities Text Scheduled for Release in November

As reported in the September edition of Trade Update, WTO member countries resumed negotiations in early September and have continued to seek convergence on the key outstanding issues.

CAFTA has maintained a presence in Geneva throughout September and into October – continuing to press the concerns of Canadian agriculture and agri-food exporters.

Member countries gathered on October 29th, after a one week break, for another week of intense negotiations. Discussions during the week have focused primarily on market access questions, a key consideration for Canadian exporters.

Ambassador Crawford Falconer has indicated his intention to produce a revised text, incorporating a refined set of modalities, in mid to late November.

CAFTA will be reporting on the contents of the text – and providing commentary – in a future issue of Trade Update.

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