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DOHA AS A TWO LEVEL GAME: RECOMMENDATIONS FOR REACHING A
MULTILATERAL AGREEMENT

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Abstract

The World Trade Organization's (WTO) longstanding Doha Round has continued to be under discussion for over ten years. Negotiations between the developing coalitions and developed countries began during the September 2003 Cancun Ministerial Conference. Since the Doha talks began, the number of such agreements has doubled to over two hundred worldwide, as of 2011.¹ As a result of stalled ten year negotiations, political will and support for a strong multilateral deal has eroded. The United States and the European Union have aggressively pursued the majority of regional and bilateral trade agreements. These agreements exclude the vast majority of developing nations. A multilateral deal would have a greater contribution to global economic growth, especially in regards to developing nations, than any existing regional agreement.

The Doha Round trade talks is the longest continuous trade negotiation in WTO history. Among the twenty one subjects of the Doha agreement is the Agreement on Agriculture. The agriculture industry accounts for significant financial gains to developing nation's economies. Representatives of developing nations have persistently worked towards an agreement because ultimately the cost of no agreement would be high and have greater consequences than a stalemate.² The WTO is one of the most recognized international institutions throughout the world. Its members represent the disparate parts of the international community and bring them together under a common goal: A multilateral agriculture framework that benefits all members. The Doha Round is focused on the international trade of agriculture, an industry that every country relies on to supply food to its people and contributes to the economy. The fact that there is yet to be a multilateral agriculture agreement demonstrates the complexity of the issues and how crucial agriculture is to national and international economies.

The only way to move forward is to operate under a new formula that addresses problems within market access, special treatment, the "single-undertaking" and the Singapore Issues. In this study, I examine the negotiation dynamics between three developing country coalitions, the Cotton-4, the G-33 and the G-90, and two developed countries, the United States and the European Union in the four issue-areas mentioned above. My hypothesis states that if and only if the three developing country coalitions and the two developed countries offer specific adjustments to the WTO agenda will there be a successful outcome to the negotiations. Putnam's theory of ratification and two-level games is applied to identify these specific concessions that maximize win-sets.

Twelve years later, the Doha agreement is still on the table. The differences in interest have been vast and negotiations have been long. So why, even after the many years of disagreement that's led to an inability to collaborate interests between developed and developing nations, should Doha continue to be negotiated? At the 2008 address to the General Council in Geneva, former WTO Director-General Lamy stated "looking at what is on the table now, members believe that the Doha round is still worth fighting for."³

¹ Schwab, 112

² Clapp, Jennifer. Gulati, Ashok. Orden, David. Schwab, Susan.

³ Report to the WTO General Council, July 31, 2008.

Glossary of Terms

ACP – Africa, the Caribbean and the Pacific

AGOA - Africa Growth and Opportunity Act

AoA – Agreement on Agriculture

C-4 – Coalition Group of Exporting Cotton Nations in the WTO

CCG – Country Commercial Guide

COA – Committee on Agriculture in the WTO

Cotton USA – The National Cotton Council of America

DDR – Doha Declaration Round

DDA - Doha Declaration Agenda

EPAs - Economic Partnership Agreements

FTA- Free Trade Agreement

GATT – General Agreement on Tariffs and Trade

G-33 – The Group of 33 members in the WTO

G-90 – The Group of 90 members in the WTO

LDC – Least Developed Countries

NAMA – Non-Agriculture Market Access

RTA- Regional Trade Agreement

SP - Strategic Products

SSG - Special Safeguard

SSM - Special Safeguard Mechanisms

S&D – Special and Differential Treatment

USTR – United States Trade Representative

WACIP - West Africa Cotton Improvement Program

WTO – World Trade Organization

Chapter 1: Introduction

The focus of this study is the negotiating dynamic of the World Trade Organization's (WTO) failed Doha Round. In this thesis, I will examine the negotiations between developing country coalitions that formed during Doha and the developed nations which generally had an opposing agenda. I will review the formal and informal negotiations starting with the September 2003 Cancun Ministerial up to the discussion surrounding the ministerial that took place at the end of 2012. The Cancun Ministerial was the fifth WTO Ministerial and the second to discuss the Doha agenda.⁴ Cancun is historically known for abruptly ending in failure when the developing countries walked out in protest at developed countries' resistance to trade negotiations in agriculture.⁵

The Doha agreement resulted from the Doha, Qatar Ministerial Meeting in 2001 and established the parameters of the Doha Round. The issues touched upon in the agreement had initially been discussed at the Seattle Ministerial Summit in 1999 but those discussions failed.⁶ The Doha agreement addressed fifteen trade-related issues. It remains a topic of negotiations, particularly focusing on agriculture. Problems with the current agreement were soon introduced by developing nations which argued that their interests were not equally represented in the agreement. The uneven impacts of opening market access, mostly affecting developing nations, had not been dealt with by the agreement. Since then, there has been little progress made in determining what feasible concessions can be made to maximize each side's "win-sets."

⁴ Sungjoon Cho. "A Bridge Too Far: The Fall of the Fifth WTO Ministerial Conference in Cancun and the Future of Trade Constitution." *Journal of International Economic Law* 7.2 (2004): 219-244.

⁵ The three that have taken place since Cancun are the Hong Kong Ministerial in 2005, the Geneva Ministerial in 2009 and the Geneva Ministerial in 2011. In addition, informal meetings have taken place in between the formal ministerial meetings. The eighth ministerial will occur in the December 2012 Ministerial. These are discussed in detail within Chapter 3.

⁶ Schwab, 4

In order for any negotiations to be successful, the negotiating parties must arrive at an arrangement that allows both international and domestic needs to be met.⁷ My hypothesis is that only if the coalitions of the developing nations as well as United States and the European Union individually offer specific adjustments to the WTO agenda will there be a successful outcome to the negotiations. Without concessions from both sides, an ultimate agreement is not possible. The purpose of investigating the hypothesis is to ultimately determine what concessions each side can offer. I will explore this by first analyzing the negotiations to date between developing nations and developed nations on the assumption that level I (international) and level II (domestic) negotiators have been unable to satisfy domestic constituents and thus further concessions are needed before an agreement can be reached. I will use Robert D. Putnam's model of the two-level game to suggest a successful formula for international agriculture negotiations.

The concept of win-sets will be used as a means of identifying possible concessions. An examination of win-sets and their varying sizes will be significant to supporting the hypothesis and offering recommended concessions. According to Putnam, a win-set is defined as the set of all possible Level I agreements that would allow for a win, or the approval of the necessary majority of domestic constituents. This set of possible agreements permits negotiators to gain the majority needed to reach an agreement at Level II. The concept is not original to Putnam, but his definition is the most applicable for this analysis.⁸ Win-sets can deliver either maximum or minimum gains. The hypothesis aims to depict outcomes that deliver maximum win-sets for each side's domestic and international participants. It also suggests that the current state of negotiations offer minimum or no win-sets which have led to the lack of agreement.

⁷ Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games" *International Organization*. MIT Press Vol. 42, No. 3 (Summer, 1988), 427-460

⁸ Ibid

This topic was selected for three reasons: the duration of negotiations - it is the longest continuous trade negotiation in WTO history; the implications that follow failed trade talks for the WTO; and the significance of the agriculture industry to the economies of developing nations. The next Ministerial Meeting for Doha will occur in December 2012. Not only is this issue very timely, but time is also running out to reach an agreement. Many who have studied the evolution of Doha believe that developing nations will be worse off if the agreement fails.⁹

My hypothesis accepts the complexity of interactions between the domestic and international levels. It recognizes the obstacles to international cooperation and the inclination that states have to first serve their own interests. International organizations are meant to facilitate cooperation. Forming coalitions has become the preferred and most effective strategy of developing nations hoping to have their interests implemented in multilateral agreements. The collaboration among developing coalition groups has forced a change in the negotiating dynamic.¹⁰

Before an international treaty can be agreed upon, all participants' interests must be equally represented. Theorists would argue that representation is a fixed unavoidable matter of power.¹¹ As a multilateral institution, the WTO has an obligation to pursue equal representation of all nations. The lack of progress has allowed WTO negotiations to be bypassed in favor of a host of pending bilateral trade negotiations – an unfavorable result for an institution whose sole function is to facilitate global trade agreements. If the WTO is unable to efficiently handle negotiations, this reflects poorly on the international organization's ability to enhance

⁹ Jennifer Clapp. Ashok Gulati, David Orden, Susan Schwab, Support this claim in their work on the Doha Round.

¹⁰ Jennifer Clapp. Developing Countries and the WTO Agriculture Negotiations (March 2006). CIGI Working Paper No. 6.

¹¹ Andrew Moravcsik. "Taking Preferences Seriously: A Liberal Theory of International Politics." *International Organizations*. 51[4] 1997: 524-527.

cooperation.

Negotiations can be especially problematic in the multilateral sphere, given that all nations need to first gain support at the domestic level. Promoting a multilateral agenda can be complicated when national interest and policies appear to oppose this agenda. Multilateralism in international trade refers to trade organized on the basis of certain principles of state conduct, and above all, non-discrimination. It refers to the coordination of relations among three or more states in accordance with certain shared principles.¹² Early into Doha, developing nations had very little bargaining power when acting alone. Nations recognized that acting together on common interest issues could increase their bargaining power. Thus, coalition building among developing nations began as a strategy to increase their win-sets in the negotiations.

Coalitions have proven to offer developing nations a stronger voice in negotiations.¹³ Though this increases their bargaining leverage, coalitions still need to offer concessions to reach ratification. Similarly, developed nations seeking agreement with developing nations need to do so as well. Furthermore, both developed and developing nations have to work within the context of domestic as well as international positions. Robert Putnam's two-level dynamic is thus an appropriate framework to use in the search for success in multilateral negotiations.¹⁴

Over the years, many have watched and waited to see whether an agreement will be reached. In this thesis I examine the positions of the developing country coalitions (the Cotton-4, the G-33, and the G-90) as well as the United States and the European Union.

The Cotton-4 is the coalition that formed as a result of the dispute over market access for West African nations' profitable cotton industry. The cotton dispute emerged in 2003 as a major

¹² John Gerard Ruggie. "Multilateralism: The Anatomy of an Institution" (New York: Cambridge University Press, 1993)

¹³ Clapp, 22.

¹⁴ Putnam, 461.

issue for developing countries. It became part of the agenda for the Cancun Ministerial. Negative effects of cotton subsidies were most profound in areas of West Africa, including Chad, Benin, Mali, and Burkina Faso. Together, these countries comprise the C-4 group of cotton-exporting nations. In this area of the world, cotton is their specialization. At that time, profits from cotton made up five to ten percent of their Gross Domestic Product (GDP) and more than sixty percent of their exports.¹⁵ Cotton subsidies have become a prominent issue because of the negative impact on development. The initiative therefore called attention to the impact of foreign cotton subsidies on West African cotton farmers, and proposed that cotton be considered a special product for developing countries. In addition, the C-4 demanded that all developed nation cotton subsidies be phased-out and ultimately eliminated. During the “phase-out” period, the initiative proposed that all four nations be financially reimbursed.¹⁶ Such demands would prove very difficult for developed nations to ratify.

The cotton initiative was unprecedented in two ways: first, it was the first emanating from a group of least developed countries;¹⁷ second, it was the first time that the WTO dealt with a financial compensation issue rather than the typical remedy of authorizing countermeasures.¹⁸ The cotton dispute continued into the eighth Ministerial Meeting of Doha.

Although there are many other countries with unsubsidized cotton sectors, the impacts are less severe. However, additional disputes in cotton have occurred between Brazil and the United States. Brazil brought a case against the U.S. to the Dispute Settlement Mechanism (DSM) of the WTO seeking to legally obligate the U.S. to reduce cotton subsidies that had a

¹⁵ Sheila Page. “Doing Doha for Development: A Development Perspective” 4-5

¹⁶ ICTSD, ‘Cotton: African exporters seek subsidy freeze’, *Bridges Weekly Trade News Digest*, Vol. 15, No. 39, 16 November 2011, 3

¹⁷ *Ibid.* 567

¹⁸ John Baffes. ‘Cotton Subsidies, The WTO, and the ‘Cotton Problem’ *The World Bank*. Policy Research Working Paper 5663. May 2011

negative impact on the Brazilian cotton sector. The case was ultimately ruled in Brazil's favor in April 2010. In addition to imposing legal obligations, the rulings of the case have affected the United States position on C-4 cotton negotiations and their willingness to offer concessions.

The G-33 coalition was formed on the issue of Strategic Products (SP) and the Special Safeguard Mechanisms (SSM) and was originally known as the Alliance on SP and SSM or the Friends of the SP and SSM.¹⁹ Strategic, or otherwise called Special Products, are defined by the G-33 as products important for food security, farmers' livelihoods and rural development, that should be subjected to special and differential treatment that allows for no or low tariff reductions.²⁰ The basic principle of Special and Differential (S&D) is the differential treatment, or "non-reciprocity," of developing nations in terms of formula cuts and tariff reductions. Under S&D, developing countries are not obligated to as great a level of tariff reductions, if any, as the developed countries are.²¹

The group was led by the Philippines and Indonesia and aimed to protect some of their specialty products, somewhat similarly to the cotton initiative. The G-33 had sixteen members at the time of foundation. Its evolved to thirty-three members by September of 2003 and taken the name of G-33. The group now has forty-six members.²²

The Special Safeguard Mechanism is applied under the Market Access pillar of the agreement. Its purpose is to protect against sudden fluctuations in world prices or import surges from non-tariff barriers. Import restrictions and countervailing duties are a right, and in some form a necessity for survival, as the Philippines has proposed.²³ The coalition was formed to

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

²² Amrita Narlikar. Diana Tussie. "The G20 at the Cancun Ministerial: Developing Countries and Their Evolving Coalitions in the WTO" Oxford, UK. 2004. 947-966

²³ Shiva Vandana, *The Future of Food: Countering Globalisation and Recolonisation of Indian Agriculture*. Futures 36 (2004) 715-732, 2004.

bargain for the use of non-tariff barriers as a protectionist method to limit imports from developed nations.

Many of the coalition's members still have large rural populations composed of small and resource-poor farmers with limited access to infrastructure and few employment alternatives. Rice production in the Philippines, for example, provides employment and income for an estimated two million farmers, twenty percent of the agricultural work force.²⁴ As a result, import prices became distorted to match locally-produced rice prices.²⁵ This caused many domestic mechanisms that protected rice farmers from cheap rice imports to be reduced or eliminated. It became cheaper to source rice from one single transnational commodity trader abroad instead of the many small-scale rice producers.²⁶ Rice is one of the products that the coalition proposed should be protected as a Special Product. Intra-coalition support between G-33 and G-90 has furthered the promotion of SP and SSM in the negotiations.

The G-90 is by far the largest of the three coalitions. It is the largest coalition involved in the agreement. Three previously established developing country coalitions came together in the midst of Cancun. Initially, the goal of the G-90 was to prevent the adoption of The Singapore Issues (see below) into the Doha Declaration. Over the years, its demands have developed into three main points: the Singapore Issues, the "single-undertaking" agenda and special and differential treatment.

The Singapore Issues were formed in response to the Uruguay Round and only one year after the WTO had been established. They are known as the Singapore Issues as they were introduced at the Singapore Ministerial in 1996. The Singapore issues have evolved to

²⁴ Bello, Walden. Kwa Aileen. Guide to the Agreement on Agriculture: Technicalities and Trade Tricks Explained, Focus on the Global South, 1998.<www.focusweb.org/publications/1998/AOA.pdf>

²⁵ ICTSD, Special Products and the Special Safeguard Mechanism: Strategic Options for Developing Countries Agricultural Trade and Sustainable Development Series Issue Paper 6

²⁶ Ibid.

encompass four aspects: they are investment, competition policy, government procurement and trade facilitation.²⁷ The first three are non-trade issues which have led to disagreement as to whether or not non-trade issues should be allowed to be negotiated as subjects of treaties in the WTO, a trade-specific organization. Evidently, the fourth issue is related to trade, and the debate here has been on whether there should be binding multilateral rules in the WTO on this issue. By the time of the Doha Ministerial, members were still at odds on whether or not negotiations on the Singapore Issues should take place at this time.²⁸ Developed countries at Doha supported the inclusion of the Singapore Issues. The developing countries contested that the priority of Doha was to correct the imbalances caused by the implementations of the Uruguay Round. They believed the Singapore Issues should be negotiated outside of Doha, and possibly, of the WTO.

Though they agreed to the trade facilitation issue, the G-90 prevented the inclusion of the first three Singapore issues into the negotiations. The African, Caribbean and the Pacific (ACP), Least Developed Countries (LDC) and African Group aligned (along with some non-WTO members) and collectively came to be the G-90.²⁹ The G-90 campaigned against a variety of issues both related to agriculture and the declaration itself. Although the addition of The Singapore Issues was the catalyst that brought the G-90 together, the group also collaborated in favor of the C-4 and G-33's cause for the special and differential treatment of developing countries.³⁰ The final issue of concern for the G-90 was the single-understanding discipline that the Doha Declaration Round, or DDR, employed. The single-understanding refers to the manner in

²⁷ Martin Khor, The "Singapore Issues" in the WTO: Evolution and Implications for Developing Countries. *Third World Network*, Trade and Development Series. Volume 33, 4

²⁸ Martin Khor, 6

²⁹ Ibid.

³⁰ Ibid.

which a treaty is applied, that is in its entirety. The single-undertaking is elaborated under the agreement in Chapter 3.

The positions of the three developing country coalitions and the opposing participants, the United States and the European Union, will be examined in detail in Chapter 3 as well. But first, the research design with supporting literature is presented at length in the next chapter.

I will identify the current bargaining strategies of each player and the possible areas of concessions that can be made by each side. Concessions will make agreement more likely. This analysis is meant to offer a deeper understanding of successful negotiation formulas in complex multilateral settings. If the Doha agenda and Agreement on Agriculture continue to be impeded and outnumbered by regional agreements, developing nations will be the ones most adversely affected.

Chapter 2: Research Design and Literature

Research Design

My hypothesis is that only if the coalitions of the developed nations and developing nations both offer specific concessions (which I will detail) to the Doha agenda will there be a successful outcome to the negotiations. I attempt to support my hypothesis by examining the behavior of the three global south coalitions, the Cotton-4, the G-33 and the G-90, as well as the United States and the European Union in the negotiations. The coalitions' demands which I will look at are in regard to market access, special and differential treatment the single-undertaking and the Singapore Issues. I will examine the five Ministerial Conferences where negotiations have taken place from 2003 to 2012.

I will use Robert D. Putnam's two-level game approach as an overarching framework. I plan to assess the possible win-sets that can bring about domestic as well as international agreement on all sides. In doing so, I can identify areas of possible concessions and ultimately offer a solution for a positive outcome. The coalitions of developing nations within the Doha negotiations and their bargaining strategies will be assessed followed by the position of the United States and the European Union. Then, I will identify concessions that both sides will need to offer in order to satisfy domestic interests necessary for ratification and in turn necessary to reach agreement at the international level.

International relations scholars employ "levels of analysis" as a way to approach a problem. In some cases, scholars examine only the interaction of states at the international level. Others look at the roles of interest and political groups at the domestic level. These two levels of analysis provide insight as to how decisions are shaped. Within each level, decision-making may be complex. Multilateral agreements make decision-making even more tangled.

A comprehensive understanding of the Doha negotiations necessitates an examination of both these levels.

Literature

Realism and liberalism maintain one common theoretical assumption that underlies my hypothesis. Both perspectives assume that states are rational and act in their self-interest. The concepts examined are concerned with cooperation and question if states are capable of doing so. Finally, both realism and liberalism address gains, or a maximization of utility and how states make decisions in regards to absolute or relative gains.

Relative gains and absolute gains refer to the way in which individual actors will evaluate decision-making in trade agreements and achieve gains within the international community.³¹ The distinct difference between the two is the recipient of the gains. Absolute gains consider the total effect of the decision while relative gains primary concern is the individual gains.³² For example, a nation might choose the overall win internationally (absolute) or may arrange an agreement in a manner that benefits them more than another country for the sake of achieving higher gains relative to others (relative.) The realist position is that relative gains are most significant in trade agreements. The liberal position is that absolute gains are the most significant.

³¹ Paul R. Viotti and Mark Kauppi, *International Relations Theory*. New York: Longman, 2012. Vol 5. 240-369, 276

³² Ibid.

Realism, Liberalism, and Game Theory

Realism is skeptical of the ability of institutions to foster cooperation. In a realist world, all nations are distrustful and their main priority is to maintain or increase their relative power.³³ In other words, states would not normally cooperate because this would be against their self-interest and goal of power maximization.³⁴ Neorealist Joseph Grieco argues against the importance of institutions. Since states always seek a relative advantage, cooperation is only used to ensure relative gains. Grieco addresses the liberal concept of cheating. Although he agrees that there is an incentive to cooperate to prevent cheating, he finds that these incentives do not address the fact that states are going to act to their relative advantage. Grieco believes that institutional environments encourage opposition instead of cooperation.³⁵

Liberalism offers a contrasting perspective on trade as a facilitator of cooperation. Unlike realism, liberalists believe that cooperation and collaboration can occur under anarchy.³⁶ Liberalist Richard Cobden examines the influence free trade has on peace and cooperation. According to Cobden, an expansion in free trade would expand contact, communication and relationships among nations. This perspective proposes that economic interdependence would positively alter international peace. Further support for liberal trade theories' effects on peace comes from Jon Stuart Mill and Schumpeter. Schumpeter promotes commercial interest in protecting and expanding capital. Peace, he believes, is served by the spread of capitalism.

³³ Hans Morgenthau, E.H. Carr, and George Kennan are among the classic realists who rely on these basic principles.

³⁴ Paul R. Viotti and Mark Kauppi, 263

³⁵ Joseph Greico, "Anarchy and the Limits of Cooperation." *International Organization* 42(3), 1988.

³⁶ Paul R. Viotti, and Mark Kauppi, 243

Game theory is concerned with how collaboration among competitive states can be achieved by means of either relative or absolute gains. This theory begins by accepting anarchy. Characteristics of anarchy include a lack of trust, the need for self-help, and the centrality of the national interest. State competition results in zero-sum games, where a state gains all or loses all, or non-zero sum games, where all states can gain or lose in different degrees.³⁷ Jean-Jacques Rousseau's interpretation of relative and absolute gains is played out in his example of a stag hunt. The stag hunt offers the choices that states are faced with in regard to cooperation. States may collaborate in hunting the stag, or out of distrust, states will defect from the group and attempt to capture the hare. The latter would serve self-interest at the expense of the group. This story is meant to reveal that self-interest precludes collaboration. Collaborative efforts in the Doha negotiations have so far been precluded and the current outcome resembles Rousseau's portrayal of the stag hunt.³⁸

Subsidy reform is a great example of the stag hunt in Doha negotiations. Assuming that reducing subsidies to benefit developing nations will deliver massive long term economic benefits for all, the outcome would be equivalent to the communal stag. Individual countries, however, may well see the comparative advantage to be gained from maintaining current policies on subsidies and take this as their hare.

There are several variations to game theory. The deadlock that has occurred in the negotiations can be further explained by the idea of zero-sum games. Zero-sum games are often played within international organizations. Zero-sum games also occur regularly in domestic negotiations. When two parties are most concerned with relative gains, their relations can be

³⁷ Ibid., 78-80

³⁸ Ibid. 245

modeled as a zero-sum game. Realist scholars believe that states' focus on relative gains will have an inhibitive effect on international cooperation.³⁹

The Doha Round's fate has been uncertain. States that committed to making changes in the Doha Round in the past have not done so. States are revealing themselves to be capable of going against their commitments. Realism helps explain this uncertainty.

Liberalism

Liberal trade theory makes the assumption that free trade results in gains for all nations. Free trade is the opening of global market access by reducing barriers to entry. The free trade framework is primarily favored by developed nations capable of competing globally. The General Agreement on Tariffs and Trade (GATT) was initially promoted by the U.S.; other developed countries quickly followed. Developing countries have been at the forefront of the free trade agenda and continually press other nations to transition into a liberal free trade system.

By liberalizing the economies of developing countries, these countries would stand to gain increased profits which are inaccessible under protectionist barriers. Developed nations see lucrative opportunities in removing barriers to trade, such as duties and tariffs. Agricultural products, for instance, are generally the main revenue producer of developing countries and the principal industry being debated in the Doha agreement. Developing nations may seek to protect their primary markets rather than allow increased competition by opening markets to foreign nations. The principles of free liberal trade conflict with protectionism making it difficult to establish a trading system that has uniform outcomes for all.

³⁹ Robert Gilpin. *The Challenge of Global Capitalism* "Chapter 7: Age of the Multinational," (Princeton, NJ: Princeton University Press, 2000) 163-192. Greico, J. and Waltz, Kenneth are also among those who believe relative gains can constrain international cooperation.

The WTO is considered a liberal international trade organization which is founded on market-oriented principles rather than authoritative. The basic characteristics of liberal trade are that barriers to trade, such as tariffs, should be reduced and eventually eliminated. Liberalization of trade is considered an agenda of developed nations.

Market-oriented regimes tend to focus on economic growth. Developed nations have been adamant in their interest to pursue liberalization, or the opening of markets and reduction of barriers. Developing countries are less inclined to accept liberalization of their markets because it does not result in economic gains.

Two-level Games: The Domestic and International Level

Robert Putnam's two-level game analysis can be used to understand trade negotiations and the ways in which the two levels interact. In simplest terms, the two-level games approach is an attempt to explain why some negotiations reach an agreement and why others fail. Through two-level theory Putnam attempts to provide a formula for a successful agreement in a complex environment. Bargaining strategies, degree of bargaining power, and possible win-sets are also explained under Putnam's two-level game approach.

Putnam identifies a theory of ratification that is important to understanding the two-level games. Ratification can only occur after a treaty has been agreed upon. Simply agreeing to the terms or even becoming a signatory of a treaty does not solidify obligation by law. Ratification is significant because of its legality. The first requirement to ratification is agreement. Once agreed upon, a state establishes its consent to be bound by a treaty and bound to the other contracting parties.

Ratification is the final step taken to authorize an agreement. The contracting parties have the chance to weigh and consider their options under the proposed agreement, but once it is ratified it becomes law. Once a country ratifies an international agreement, the treaty becomes national law. A country that is apprehensive about ratifying an international treaty is probably concerned about altering their national law.

Failed ratification is explained by voluntary defection and involuntary defection. Voluntary defection is the backing out by a rational actor or actors resulting in no agreement. Involuntary defection refers to the behavior of a negotiator who is unable to deliver on a promise in the absence of ratification. Acknowledging this limitation, negotiators will typically only commit to promises they are able to deliver on. This is what one would call “deliverability”. The smaller the win- set the greater the risk of involuntary defection. However, a small domestic win- set can be a bargaining advantage.

The two-level game operates between the domestic level and international level. The first level is the international negotiation. The second level contains such participants as political groups and domestic legislations which can influence agreement.

At the first level, national governments will seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments.⁴⁰ The chief negotiators are the main actors in the level I negotiations. Typically, chief negotiators are trade representatives or Ambassadors to their national governments. The chief negotiator has a great deal of influence on negotiations and acts as a liaison between international, or level I, and domestic, or level II negotiators.

At the second level, political groups and domestic legislation often influence the domestic level negotiators. Reaching a level II agreement is difficult in a multilateral

⁴⁰ Ibid.

negotiation. It is crucial to first reach a level II agreement; without it, the level I agreement cannot happen. Domestic groups put pressure on government to adopt favored policies. Domestic politics are going to influence the acceptability of an agreement.⁴¹ Interest groups often pressure constituents and governments to adopt their policies.

National political leaders appear in both games. Chief negotiators represent both levels. The chief negotiator is the only formal link between Level I and Level II. A move that generates a positive response on the international level may not receive the same response on the domestic level. According to Putnam, a negotiator seeks an agreement that will be positively received by his domestic constituents.⁴² A chief negotiator understands that all international agreements require the approval of the domestic constituents. Gaining domestic approval should be the priority of chief negotiators who wish to move forward with any international agreement.

Analytically, there are two stages to the negotiation process: First, bargaining occurs between the negotiators and is meant to lead to a tentative agreement. This is called the Level I negotiation. The second stage remains separate from the international negotiators. Each group of constituents will meet and discuss the possibility of ratification. This is referred to as Level II negotiation.⁴³

Ratification at Level II may require a formal voting process that complies with domestic procedures, such as an electoral majority common to democracies. Different political systems vary widely in terms of their ratification requirements. Putnam uses the two-thirds majority needed for the U.S. Senate to ratify a treaty as an example of a complex level II voting process. When an extensive procedure for approval is required, ratification becomes increasingly difficult.

⁴¹ Ibid.

⁴² Ibid.

⁴³ Putnam, 440-442

Win-sets are the set of all possible Level I agreements that would allow for a win, or a favorable outcome needed to gain constituents approval. A win-set includes every conceivable arrangement that may lead to an agreement. Win-sets can be essential to creating an agreement that satisfies both levels because a win-set can alter the bargaining power of the level I and level II negotiators.

Win-sets

A win-set is the area in which the interests or concerns of the two negotiating parties intersect. Win-sets can be measured by their maximum or minimum gains at level I and II. In two-level games, the size of the win-set is important because the relative size of the respective Level II win-sets will affect the distribution of the joint gains from international bargaining. The larger the win-set is, the greater the chances are that an agreement will be ratified. In contrast, a smaller win-set is likely to produce the opposite results.⁴⁴

In larger win-sets, the areas where interests intersect are greater and in turn the possibility of reaching an agreement is greater. Therefore, larger win-sets will produce maximum gains for each country from an agreement. On the other hand, smaller win-sets produce minimum outcomes. Smaller win-sets have a greater chance of failure because there are fewer areas of intersected interests. Examining win-set sizes in the Doha negotiations can help to determine why ratification has yet to occur. In addition, understanding the determinants of win-set size will aid in revealing possible concessions. Putnam's theory identifies three determinants of win-set size: the level II preferences and coalitions, the level II political institutions and the strategy of the level I negotiators.

The first determinant of win-set size is level II preferences and coalitions. In order to

⁴⁴ Ibid, 440-459

demonstrate the interactive nature of the two levels of negotiations, one must accept that Level II actors influence the decisions of Level I negotiators. To reiterate, domestic politics influence decision-making in a profound way.

In the case of Doha, there is a high cost of no-agreement for developing nations and a low cost for the developed.⁴⁵ The proposals brought forward by developing coalitions require developed countries to make extreme concessions and exceptions. In addition, many developed nations, such as the U.S. and the EU have bilateral agreements that serve their interests in lieu of Doha.

The second determinant of the size of a win-set depends on the Level II political institutions. These institutions include the country's ratification procedures that can influence the size of their win-set. The greater the autonomy of the central decision-makers from their Level II constituents the larger the win-set. The larger the win-set is, the greater the likelihood negotiations have to achieve an international agreement. The stronger the state is in terms of autonomy from domestic pressure, the weaker its relevant bargaining position internationally.

The U.S. separation of powers imposes a tighter constraint on the American win-sets than is true in many other countries. This increases the U.S. chief negotiator's bargaining power, but decreases the possibilities for cooperative agreements to be approved by Level II.

The U.S Farm Bill is the primary national agricultural policy. It is approved by Congress every five years. The farm bill was first launched in 1973 and deals with such topics as commodity pricing, trade, and domestic agriculture subsidies.⁴⁶ Many of the domestic subsidies

⁴⁵ Putnam, 443

⁴⁶ Ibid.

within the bill expire in 2013.⁴⁷ The domestic subsidy programs mandated by the farm bills complicate the negotiations for Doha as the chief negotiators will be inundated with domestic incentives.

For the European Union, all methodologies relating to agriculture trade are determined under the Common Agriculture Policy, or CAP.⁴⁸ The EU CAP came into effect in 1962 under the European Commission. The CAP comprises all agriculture policy of the EU including import tariffs and price support mechanisms for subsidies.⁴⁹ The policy gives direct aid to farmers, rather than using subsidies, which allows for less distortion.⁵⁰ In regard to the Doha agenda, the EU claims to aim the CAP at reducing distortions in the world market made by its export subsidies as well as reducing import duties on foreign produce.⁵¹ The EU has its own agenda for eliminating EU agriculture subsidies by 2013. Reforms in the CAP began a decade prior to Doha. The objective of the CAP reform is to increase the price competitiveness of agriculture exports and food products.⁵² The reform process reduces or eliminates the need for export refunds, which are WTO-constrained.⁵³ However, the reform is believed to have a negative impact on developing countries, mainly African nations, which disrupt markets.⁵⁴

Modification of the CAP requires a unanimous vote by each of the member states represented by the Council of Ministers.⁵⁵ Any international agriculture requirement that alters the terms of CAP will face difficulty in obtaining a unanimous vote. It is no coincidence that the EU has had difficulty offering strong concessions during Doha negotiations. This particular

⁴⁷ Ibid.

⁴⁸ Putnam, 445-446

⁴⁹ European Commission, "The Common Agriculture Policy: A Partnership Between Europe and Farmers" Luxembourg: *Publications Office of the European Union*, 2012

⁵⁰ EU, Not just Farming http://europa.eu/pol/agr/index_en.htm

⁵¹ Ibid.

⁵² Fautrel, 5

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ Ibid.

Level II institution appears to decrease win-set sizes for the G-33.⁵⁶

The final determinant of win-set size is the strategy of level I negotiators. All negotiators have an unequivocal interest in maximizing the win-set of the other side.⁵⁷ Larger win-sets render concluding an agreement more likely. However, the larger a level I win-set is, the weaker the level I negotiator's bargaining position.⁵⁸

According to Putnam, an experienced negotiator should be able to maximize the cost-effectiveness of the concessions that he must make to ensure international cooperation.⁵⁹ In turn, the negotiator must maximize his own needs by targeting his initiatives in accordance with the Level II internationally and domestically.⁶⁰ Level I negotiators will actively work together to get the final deal ratified. Each Level I negotiator operates in the common interest of ratification and each will often attempt to reinforce the other's standing with their respective constituents.

Negotiators must assess the length each side will go to expand win-sets that encourage ratification, or in other words encourage concessions. Methods such as side-payments are useful in persuading constituents to offer concessions. Side-payments are a familiar tactic in theory as well as in practical politics meant to influence targeted parties into offering concessions.⁶¹ An across-the board trade concession is less effective than a concession that tips the balance with a swing voter. Concessions on a specific product of interest to a congressman in support of agribusiness, for instance, would be an even less effective concession, as it would not alter the two-level balance that leads to an agreement.

Achieving maximum win-sets requires some politically difficult moves on the part of

⁵⁶ FAO, WTO Agreement on Agriculture: *The implementation Experience: Developing Country Case Studies* (Rome:FAO, 2003).

⁵⁷ Putnam, 450

⁵⁸ Ibid

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Putnam, 455

each player. Without such difficult plays, an agreement cannot be reached. Once the chief negotiators are identified for each of the five parties, I will identify all the possibilities available, if any, to achieving win-set that would lead to maximum gains.

Possibilities within Win-sets

Under the concept of linkage, a member of the level II will not change their preferences and ratify an agreement outside of their interests. Instead, an international agreement creates a new policy option that domestic constituents were not able to ratify through domestic control only.⁶² A negotiator will use the international pressures to pursue policies and/or reforms that would not be possible in only the domestic form. Putnam defines synergistic linkages as the type of issue linkage at the international level that alters the feasible outcomes at the domestic level. Policy shifts might occur when international pressures, or international groups and members, combine with domestic pressures.

According to Putnam, collaboration on the multilateral agriculture agenda has generated domestic conflict in which government bureaucracies and private interest groups assume prominent roles.⁶³ The current agenda is unable to satisfy the domestic economic interests. Establishment of an international agreement requires concessions that will satisfy chief negotiators' domestic constituencies. According to Putnam, a more adequate account of the domestic determinants of foreign policy and international relations must stress politics. Domestic politics comprise the combination of parties, social classes, economic and non-economic interest groups, legislators, and even public opinion and elections, not simply executive and institutional

⁶² Putnam, "Double Edged Diplomacy: International Bargaining and Domestic Politics," 432

⁶³ Ibid.

arrangements.⁶⁴ As Putnam notes, the groups with power will influence the Level II win-set to alter the outcomes in favor of their interests, thus affecting any change of ratification.

Bargaining

Bargaining refers to the manner in which an agreement is negotiated. A negotiator's bargaining abilities can vary quite a bit between level I and level II. Certain factors can alter bargaining power or bargaining strategies of negotiators. Any tentative agreement must be approved by each negotiator's respective parties. Chief negotiators may be the party leaders of multimember coalitions, heads of government representing nations, or finance ministers. The main goal of the chief negotiator is to achieve an agreement that will be attractive to his constituents.

Interest Groups

Putnam's theory recognizes that domestic interest groups are able to exert substantial influence on level II win-sets. Political interest coalitions can alter outcomes in favor of their own interests and ultimately affect ratification.⁶⁵ Level I negotiators need the level II voters support, and therefore recognize the importance of appealing to domestic interest groups.

U.S. agribusinesses have a very low cost of no-agreement causing their win-sets to be too small to negotiate on agreeable terms and a chance of a high cost agreement. According to the two-level game theory, the Level I negotiator in this scenario would not be able to reach an

⁶⁴ Peter Evans, Harold Jacobson, and Robert Putnam, *Double-Edged Diplomacy: International Bargaining and Domestic Politics*. University of California Press (Berkeley) 1993, 156

⁶⁵ Putnam, 434

agreement with the Level II negotiators in the G-33 because of their inability to be flexible.

Agribusiness has had very influential lobbying power in the past. The policies of the U.S. and the EU will often reflect the interests of influential lobby groups. Lobbying by U.S cotton interest organizations have profoundly impacted the exporting agenda of U.S. cotton and limited the chief negotiators' position to offer concessions to the C-4. In addition, U.S. and EU exporters continue to pursue the initial three Singapore Issues despite the pushback from the G-90.

The European Union must appeal to the agriculture groups and farmers that are supported within the Common Agriculture Policy. Many of these groups are part of or support large agribusiness corporations that have a strong influence on domestic-level opinions and decision-making. As we have seen, the principles of the CAP have conflicted with the proposed principles of the Doha agreement and ultimately could compromise ratification on the domestic level. Domestic constituents are more likely to accept international agriculture principles that do not conflict with the function of CAP.

Side Payments

Side payments are evoked as a secondary step in a negotiation as an attempt towards furthering agreement. Side payments are generally used as a last attempt in creating concessions when all other options have been tried. A side payment can reshape win-sets so that existing actors can be presented with incentives to act differently than they have in negotiations thus far.⁶⁶ According to Andrew Moravcsik, any attempt to reshape win-sets by manipulating domestic actors will be most effective when their interests are uncertain or weak, interests are balanced, and their power is marginal.

⁶⁶ Peter Evans, Harold Jacobson, and Robert Putnam, 196

Side-payments can appear as financial compensation or as concessions on other issues. Putnam's two-level game approach emphasizes that the value of the side-payment is calculated in terms of its marginal contribution to the likelihood of ratification, rather than in terms of its overall value to the recipient nation. The real value is not total national costs and benefits, but their influence relative to existing domestic coalitions.

Bargaining power is often unequal between chief negotiators. If it appears that there are minimum or no win-sets available between the Cotton-4 and the U.S, the G-33 and the U.S. and the EU, or the G-90 and the U.S. and the EU, side payments may become a more effective solution for reshaping win-sets.

Fast-Track Mechanisms

In addition to the determinants of win-set size, Putnam's theory accounts for influence from organizational processes in the formation of win-sets. In the past, the President of the United States has enabled fast-track mechanisms for trade agreements that can accelerate the process of ratification. Fast-tracking eliminates some otherwise necessary and tedious steps in the ratification process under Congress.⁶⁷ A fast-track system will be implemented when an administration seeks to gain approval for an agreement. A fast-track vote can be an opportunity for interest groups to demonstrate their influence over an agreement. In contrast, it can also be perceived as a threat. For these reasons, gaining the approval of interest groups could encourage or prevent a fast track vote.⁶⁸

⁶⁷ Schwab, 106

⁶⁸ Ibid.

In 2003, the Bush administration attempted to use its trade promotion authority, or TPA, to allow the Doha agreements to be approved more quickly. At this time, the original deadline to end Doha talks was 2005. The TPA was to expire in June 2007. Under this fast-track authority, the executive branch would commit to extensive consultations with Congress and all other relevant U.S. constituencies during trade negotiations.⁶⁹ In exchange, congress would agree to procedures that allow a bill to move more quickly through the ratification process. In other words, any potentially deal-killing amendments would be banned and timely votes would be mandated.⁷⁰ The TPA was to be put in place during the Cancun talks. The unexpected emergence of the coalitions caused the TPA to be forgotten and unused.

If the Bush administration was able to gain the consent of Congress to implement a fast-track before Cancun, there is no reason that the Obama administration should not be able to do the same now. Recognizing the significance of relative gains, the only way that the United States and Congress will promote a fast-track mechanism is if win-sets are created that offer some form of concession in exchange for fast-tracking the agreement. Fast tracking is a plausible option for achieving ratification. Similar fast-track authority was granted under the Clinton administration regarding the ratification of the NAFTA agreement.⁷¹

In Chapter 3, I proceed by introducing the history and main principles of the agreement. The coalitions and the U.S. and EU disagree on the main principles of Doha. In the forthcoming chapters, I will identify all members of each of the Cotton-4, G-33 and G-90 coalitions as well. The intent in examining the agreement and establish each party's position is to begin to consider the possibilities that identifying win-sets could lead to an agreement.

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ William P Avery, "Domestic interests in NAFTA Bargaining." *Political Science Quarterly* 113.2 (1998): 281-305.

Chapter 3: Background on Doha talks on Agriculture

Significant attempts at negotiation by the three developing country coalitions were made in Hong Kong in 2005 and Geneva in 2009. Just as in to the Cancun Ministerial of 2003, negotiations collapsed at Geneva in 2009. The 2012 meeting in Geneva was the last formal ministerial meeting for The Doha Declaration Agenda (DDA).

History

For nearly fifty years leading to the establishment of the World Trade Organization (WTO), the international trading system came under the General Agreement on Tariffs and Trade, or the GATT.⁷² The GATT was the ruling agreement for trade within the UN system from 1948 to 1994. It provided the rules for much of world trade during eight rounds of negotiations. Included were the preliminary market access commitments for the purpose of settling tariff quotas. However, the GATT was provisional. Though it was in place for the first forty-seven years, ultimately a permanent agreement and organization were required.⁷³

The WTO was realized during the final GATT round, the Uruguay Round, in 1994. It was officially established at Marrakesh, Morocco in 1995.⁷⁴ The Uruguay Round dealt with fifteen subjects, one of which was agriculture. At this time, an agreement was created for agriculture trade. The Uruguay Round agreement included the original commitments on market access, domestic support and export competition, and export subsidies. It took the form of what is now the Agreement on Agriculture (AoA.)

⁷² WTO, The GATT Years: From Havana to Marrakesh
http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm

⁷³ Ibid.

⁷⁴ Ibid.

The main goal of the AoA was to increase fairness in agriculture and reduce distortion. Commitments were agreed on regarding market access, domestic support and export subsidies for all members. Deadlines for reaching these commitments were negotiated as well. The AoA commitments were imposed to minimize the distortion in competitiveness and world commodity prices. Commitments varied for each member nation and thus had disparate effects. From 1996 to 2001, reductions in domestic and export subsidies were to be implemented. These were launched in 2000, as obligated by the agreement.

In practice, the agreement altered very little.⁷⁵ The agreement allowed countries to continue to subsidize exports and use import quotas that had negative effects on developing countries. The agreement had allowed developing nations, which collectively make up the majority of WTO members, to reduce trade barriers to a lesser extent than developed countries. Over the decade following the Uruguay Round, subsidies have increased trade distortion in agricultural trade.⁷⁶ These distortions have impacted developing nations more severely than developed countries. Developed nations did not incur major disadvantages from the AoA. It was the developing nations that were burdened by the negative impacts of the GATT negotiations on agriculture and believed their needs were not represented in the treaty.

Negotiation Procedures

In the negotiations, members are categorized as either developed or developing. This is based on each country's relative economic status. The categories are a reflection of their global economic standing. Over two-thirds of developing countries are given special treatment, at times

⁷⁵ Jennifer Clapp, "WTO Agriculture Negotiations: Implications for the Global South" *Third World Quarterly*, Vol. 27, No. 4. 563-577. 2006

⁷⁶ *Ibid.*

rendering their obligations less severe than the developed countries. Market access is one of the principles of disagreements for the majority of developed and developing countries.

The Trade Negotiations Committee (TNC) facilitates all WTO negotiation talks. Subsidiaries of the Trade Negotiations Committee include special sessions, or specially created negotiating groups.⁷⁷ With the emergence of new developing country coalitions at Cancun, the General Council decided that all issues specific to negotiating groups would be handled within the TNC. DDA negotiation talks also take place in the special sessions, including in the Committee on Agriculture.⁷⁸ Meetings can be formal or informal and many drafts can and have been submitted before approaching ministerial meetings. Each coalition invested great effort into negotiations and organized together in preparation sessions and briefing sessions leading up to and during Ministerial Meetings.

There have been many meetings, both formal and informal, since the failed Cancun Ministerial. Several informal negotiations, such as mini-meetings, have also taken place. The Cancun Ministerial was the fifth meeting and the first to follow Doha in 2001. The July 2004 Package, otherwise known as the Derbez Draft, was put together after the collapse at Cancun.⁷⁹ Mexican Foreign Minister Luis Derbez put together a draft that encompassed the interests of the coalitions including changes in market access.⁸⁰ The plan was the first attempt to recover the Doha agenda and continue moving towards ratification. Though it addressed the concerns posed by developing coalitions, it was criticized by developing nations as not being substantial enough. Once again, the DDA made little progress towards ratification and thus talks carried into the next ministerial conference.

⁷⁷ http://www.wto.org/english/tratop_e/dda_e/work_organ_e.htm

⁷⁸ WTO, Doha Declaration Agenda, http://www.wto.org/english/tratop_e/dda_e/dda_e.htm

⁷⁹ Tim Rice, Duncan Green, Marita Wiggerthale, and Tobias Reichert, "Post-Cancun Reflections on Agriculture: Joint NGO Submission to the European Commission" *Action Aid*. October 2003 1-6

⁸⁰ *Ibid*.

The sixth ministerial took place in Hong Kong, China from December 13th to 18th in 2005.⁸¹ Hong Kong was just a few weeks shy of the original deadline members had committed to in the Doha agreement. By the time January 1st 2005 came, minimal progress had been made towards eliminating subsidies, and the original deadline was missed.⁸²

Between 2006 and 2007, members brought forward draft modalities meant to set schedules for commitments on agriculture. Intensive negotiations continued concerning the three pillars and their disciplines over the next two years but produced little change. Another draft was presented the following year: the July 2008 Package. The special safeguard mechanism was highly supported by developing country members and highly contested by the developed country members. Ultimately, SSM was a major deterrent in finalizing a mutually supported draft at the Geneva Ministerial.⁸³

The seventh session of the WTO Ministerial Conference took place from November 30th to December 2nd, 2009 in Geneva, Switzerland.⁸⁴ This conference ended in a stalemate. The disparate views on agriculture led to collapse once again. A considerable degree of effort and time has been dedicated to concluding the Doha agreement. A second collapse suggests that the agendas among level I and level II negotiators are going to require significant adjustment if the two sides are able to reach an agreement after more than a decade. The eighth round occurred in Geneva in 2011. Issues continued to circle around market access, SM, and developing country representation.⁸⁵ It seems many countries have lost the political will to complete Doha at this point.

⁸¹ WT/MIN(05)/DEC 22 December 2005, DOHA WORK PROGRAMME

⁸² WT/MIN(09)/2 21 October 2009, Ministerial Conference

⁸³ Ibid.

⁸⁴ WTO, Geneva Ministerial http://www.wto.org/english/thewto_e/minist_e/min09_e/min09_e.htm

⁸⁵ Ibid.

As noted earlier, the most recent ministerial was the ninth Ministerial conference of December 2012. Though many member nations, including the United States, showed vigor in seeing Doha through until a decision is reached, a final decision was once again extended.

At ministerial conferences, the central decision-makers can affect the developments of win-sets and possible concessions. The chief negotiators play the most dynamic role in two-level negotiations. Assessment of the central decision-makers within the three coalition groups and the opposing parties and their bargaining positions will be necessary to support the hypothesis.

Developing Country Coalitions

Coalitions are defined as groups of two or more members that agree to combine their resources in pursuit of a collective purpose.⁸⁶ The objective of such groupings in the multilateral trading system is to achieve a shared advantage against a common opponent or to attain a mutually beneficial goal. There are two main types of coalitions in negotiations: issue-based and bloc-type.⁸⁷ Issue-based coalitions form based on ideational or identity-related factors. This type of coalition handles specific threats and typically dissolves once the issue is addressed.⁸⁸ Bloc-type coalitions are known to have high-demands in negotiations and operate across multiple issues.⁸⁹ The main characteristic of a bloc-type coalition is the use of a collective strategy to promote demands for negotiations. Historically, they have been typical of developing countries.⁹⁰

The Cotton 4, the G-33, and the G-90 implement concepts from both issue-based and bloc-type coalitions. At their inception, the countries that comprised the Cotton 4, the G33, and

⁸⁶ Narlikar, Tussie, 957

⁸⁷ Ibid.

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ First to emerge in the WTO were the ACP, LDC and SVC.

the G-90 were all developing nations. Since then, countries such as China, India and Turkey have joined and these are no longer considered developing.⁹¹ The presence and size of the coalitions have increased and they have continued to be a force throughout DDA negotiations.

All the members of the three developing country coalitions are listed below in Table 2. Coalition members often overlap, as evident in the diagram. The larger the coalition is, the greater the possibility that members will belong to multiple coalitions. Coalitions have often acted in solidarity to support the initiative of all Doha's developing coalitions.⁹²

Table 2

Cotton-4	Benin, Burkina Faso, Chad, Mali,
G-33	Antigua and Barbuda, Barbados, Belize, Benin, Botswana, China, Congo, Cote d'Ivoire, Cuba, Dominican Republic, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, 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, Zimbabwe (now 46 members)
G-90	Angola, Antigua and Barbuda, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Côte d'Ivoire, Cameroon, Cape Verde, Central African Republic, Chad, Congo, Cuba, Democratic Republic of the Congo, Djibouti, Dominica, Dominican Republic, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea-Bissau, Guyana, Haiti, Jamaica, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Papua New Guinea, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Senegal, Sierra Leone, Solomon Islands, South Africa, Suriname, Swaziland, Tanzania, Togo, Tonga, Trinidad and Tobago, Uganda, Vanuatu, Zambia, Zimbabwe + African Group + LDCs (now 67members, 60 from ACP, 41 from the African Group with overlapping members, and 33 from LDC with overlapping members.)

⁹¹ Page, 14-20

⁹² During Hong Kong and Cancun coalitions historically came together on developing issues. Later, the coalitions struggled to maintain solidarity across the board in 2011.

Frustrations among developing countries reached a breaking point on August 13, 2003 in response to a draft proposed by the United States and European Union. At the request of WTO members during the Mini-Ministerial meeting held in Montreal, the two members began to put together a framework for the agriculture negotiations. This was an attempt to facilitate the negotiation process in preparation for the upcoming Ministerial Conference.⁹³ Developing countries across the board reacted. In response, the developing nations joined to increase strategic bargaining and the three developing coalitions were formed.

The coalitions have improved the voice of developing countries within the DDA. However, it can be said that the coalitions' demands have contributed to the impeded completion of an agreement. A concluded agreement ultimately serves the coalitions' needs better than no agreement. Adjustments need to be made to all three coalitions' proposals that will allow a final agreement to be reached. The positions of each coalition relate to the terms of the Agreement on Agriculture itself. A brief summary of the agreement must be given before any assessment of the three coalitions' and U.S. and E.U. positions can be assessed.

The Agreement

Under the original Agreement on Agriculture, WTO members agreed to establish modalities and principles regarding agriculture. These set the parameters for the Doha round. Broadly, the objective is to reduce distortions in agricultural trade caused by high tariffs and other barriers, export subsidies, and forms of domestic support.⁹⁴ The main issues in negotiations are how to implement the necessary changes; how to reduce distortions, how to cut tariffs, and how to handle the elimination of subsidies. The framework is based on three pillars:

⁹³ World Trade Organization, JOB(03)/157 (restricted), 13 August 2003.

⁹⁴ K. von Moltke. Negotiating Subsidy Reduction in the World Trade Organisation, IISD September 2003

Market Access, Domestic Support and Export Competition.⁹⁵ The majority of the issues stalling the agreement stem from the specifics of the three disciplines. The Market Access pillar aims to reduce obstructive tariffs. For developing nations, market access measures can protect against extreme market conditions including flooding of imports. Also facing debate is the “single-undertaking” approach concerning a final negotiation package.

The Special or Strategic Products and Special Safeguard Mechanism are applied under the market access pillar of the agreement as well. Strategic products referred to in the original modalities text of February 2003 called the Harbison Draft were later termed special products. In the July 2004 draft, Article 6 of the AoA deemed special products as a means for developing countries to self-designate a limited or “appropriate amount” of tariff lines guided by indicators based on the criteria of food security, livelihood security and rural development.

Within the agreement are three color-coded boxes used to categorize agriculture subsidies. Subsidies are considered domestic support and are arranged under the green box, blue box, and amber box according to the level of impact each has had on world trade. The boxes are meant to correct and prevent any potential distortions to international trading.⁹⁶ The idea behind color coding the boxes was to mimic the message of a traffic light; green being safe to continue on, blue to slow down, and amber to stop. Green box subsidies were the top box and were colored as such because they have been permitted to remain in use. All subsidies categorized within the amber box have reportedly had damaging effects on global market prices and should be stalled or reduced. The blue box is similar to the amber box, but with conditions to reduce distortion. Certain exemptions exist for subsidies belonging to developing countries and are

⁹⁵ WTO, Doha Explained <http://www.wto.org/english/tratop_e/dda_e/dohaexplained_e.htm>

⁹⁶ von Moltke. 7.

labeled the S&D box within the blue box. Further distinctions between the three boxes are listed below in Table 1.

Table 1

<p>The Amber Box</p>	<ul style="list-style-type: none"> • Defined in Article 6 of the Agriculture Agreement, which states, “investment subsidies which are generally available to agriculture in developing country Members and agricultural input subsidies generally available to low-income or resource-poor producers in developing country Members shall be exempt from domestic support reduction commitments”⁹⁷ • Includes domestic subsidies related to production quantities • Includes reduction commitments: 5% of agricultural production for developed countries, 10% for developing countries allowed. 	<ul style="list-style-type: none"> • <u>Negotiations:</u> • How much further these subsidies should be reduced, • Whether limits should be set for specific products rather than continuing with current method of single aggregate limits
<p>The Blue Box</p>	<ul style="list-style-type: none"> • Defined in Paragraph 5 of Article 6 of the Agriculture Agreement, which states, “Direct payments under production-limiting programs shall not be subject to the commitment to reduce domestic support if such payments are made on 85 per cent or less of the base level of production or livestock payments are made on a fixed number.”⁹⁸ • Does not limit spending on agriculture subsidies 	<ul style="list-style-type: none"> • <u>Negotiations:</u> • Developing countries seek to move all blue box subsidies to the amber box • Developed nations seek to maintain the current blue box

⁹⁷ WTO, Agreement on Agriculture. Part IV: Article 6 “Domestic Support Commitments”, Paragraph 2.

⁹⁸WTO, Agreement on Agriculture. Part IV: Article 6 “Domestic Support Commitments”, Paragraph 5.

	<ul style="list-style-type: none"> • No set rules on the size of cuts that should be made 	
The Green Box	<ul style="list-style-type: none"> • Defined in Annex 2 of the Agriculture Agreement “Domestic support measures...shall meet the fundamental requirement that they have no, or at most minimal, trade-distorting effects or effects on production.”⁹⁹ • Only contains non-distorting subsidies • Includes direct payments to producers, and government financial support for income insurance and income safety-net programs. • No reductions or caps required 	<ul style="list-style-type: none"> • <u>Negotiations:</u> • EU and U.S. plan to shift most subsidies to green box. • Developing nations are suspicious of "box-shifting" by the major subsidizing countries. Subsidies could be claimed as green-box so that they do not seem to be distorting.

WTO, *Agriculture Negotiations: Background Fact Sheet* < www.wto.org/english/tratop_e/agric_e/agboxes_e.htm >

Export subsidies encourage artificial competition by increasing the share of the exporter in the world market at the cost of others.¹⁰⁰ This negatively affects world market prices causing instability. Under the original agreement, developed countries agreed to cut the value of export subsidies by thirty-six percent and twenty-four percent over ten years for developing countries.¹⁰¹ Developed countries also agreed to reduce the quantities of subsidized exports by twenty-one percent and fourteen percent for developing countries.¹⁰² Not all countries agree to this formula. Many who have committed to them still have not met their obligations. The obstacle for export subsidies is agreeing on how the phase-out or elimination process should be applied.

The positions on agriculture are so divided because the effects of change would have very different outcomes for the two sides. Changes could mean less profit for developed nations.

⁹⁹ WTO, *Agriculture Negotiations: Background Fact Sheet*

¹⁰⁰ Gilpin, 235

¹⁰¹ Ibid.

¹⁰² Ibid.

Accepting an agreement under the terms requested by developing nations may contradict current domestic legislation or interest groups. Any agreement must determine how to achieve Doha's development goals while maintaining developed nations' domestic level approval.¹⁰³

Negotiators continue to disagree over the objectives of the agreement and how to implement them. The developing nations' demands prove difficult to sell, especially in terms of gains.

The combination of rigid formulas and nonnegotiable flexibilities eradicates concrete gains in market access needed to encourage domestic support. The formulas established for correcting trade imbalances target the highest tariffs and require that the largest tariffs incur the greatest reductions. These are applied to developed nations but at a lesser extent than developing nations. Developing countries have significant flexibilities within the current agreement in the form of exclusions from formula cuts.

Many of the developing country coalitions argue for the elimination of agriculture subsidies.¹⁰⁴ Eliminating developed nations' subsidies would result in a monetary loss and is against the interest of the U.S. and the E.U. Even if the parties could reach an agreement on reducing or eliminating subsidies, the parties have had a difficult time creating a mutually favorable formula for "phasing out" the reductions.¹⁰⁵ The phase out process would determine the rate at which subsidies are reduced and the timeframe allotted for achieving final reduction rates. Developing coalitions have pushed for subsidy reduction; the Cotton-4 has pioneered the reduction of subsidies in cotton.

¹⁰³ Evans, Jacobson, and Putnam, 300

¹⁰⁴ Narlikar, Bargaining over the Doha Development Agenda: Coalitions in the World Trade Organization." 5-7

¹⁰⁵ Clapp, Developing 21

Cotton Subsidies

Negotiations on the cotton proposal began during the Cancun Ministerial Conference of 2003. The first proposal, Sectoral Initiative on Cotton, was later titled “Poverty Reduction: Sectoral Initiative in Favor of Cotton” within the 2004 agreement.¹⁰⁶ The initiative was intended to assist in bargaining for changes with the United States cotton trade policy and subsidies. Subsidies have been profitable for both the United States’ and the European Union’s economies. However, these have been detrimental to West Africa.

In addition to subsidy issues, members’ views differed as to whether cotton issues should be handled as an additional category within the agreement or come under the three pillars of the original agreement. They also differed over the question of reimbursement for losses.

The Cotton 4

In 2001, as a consequence of U.S. and E.U. cotton subsidies, Burkina Faso lost one percent of its GDP and twelve percent of its export incomes. Mali lost slightly fewer than two percent and eight percent, and Benin slightly over one percent and nine percent.¹⁰⁷ The cotton initiative proposed that cotton-producing West African nations receive compensation for the negative impact subsidies have caused. Currently, the WTO does not allot any development funding or compensation other than for training officials.¹⁰⁸

The C-4 delivered revisions to the first proposal during the Hong Kong Conference. The chief negotiators were the U.S. delegation and members of the C-4. No substantial progress was

¹⁰⁶ Ibid.

¹⁰⁷ WTO TNC, Address by President Blaise Compaore of Burkina Faso On the Cotton Submission by west and central African countries to the Trade Negotiations Committee of the World Trade Organization. Geneva, 10 June 2003

¹⁰⁸ Ibid.

made on domestic support in the Hong Kong text. The C-4 viewed the commitments made in terms of increasing market access for cotton products as stagnant.

An informal meeting took place in November 2011 among those concerned with the cotton outcome. The C-4 felt strongly that a ‘standstill principle’ should apply to these subsidies while a negotiated solution is being reached.¹⁰⁹ The “standstill principle” would require all current U.S. and EU cotton subsidies to be stalled in order to prohibit any further economic damages.

The G-33

A preliminary framework proposal was submitted by the U.S. and E.U. which caused negative reactions in developing nations, including the members of the G-33. The developing nations reacted by coming together on issues of common interest, including cotton.

The G-90

The G-90’s role in the cotton dispute has been simply to support developing nations. All of the Cotton 4 nations are also members of the G-90.

The U.S.

The United States has taken a strong stance against The Cotton Initiative. Not only does the U.S. disagree with the requested changes in domestic support, it feels no obligation to fulfill the unprecedented request for the C-4 nations to be reimbursed for their losses.

¹⁰⁹ ICTSD November 2011

The U.S. is one of the largest cotton producing countries with a considerable¹¹⁰ degree of the market share. In fact, the U.S. holds close to forty percent of the world market.¹¹¹ Africa's cotton exports generate approximately fifteen percent of the market share.

It is important to mention the case of Brazil vs. The United States concerning cotton that was ruled under the Dispute Settlement Mechanism (DSM) in favor of Brazil. Brazil became concerned that U.S. export subsidies were hindering the Brazilian cotton sector. After eight years of deliberation within the DSM, the panel found that the U.S. cotton subsidies had, in fact, been trade-distorting and harmful and ruled that the United States must correct the loopholes found within their cotton subsidies.¹¹² Though the case has no direct relation to the C-4, it has constrained the United States' bargaining position within the Cotton Initiative. An Oxfam report noted that the ruling rendered the U.S. less willing to budge in negotiations with the C-4.¹¹³ The U.S. came out of the dispute settlement ruling with expectations for the C-4 as well, hoping that the coalition might be able to make stronger concessions in light of the Brazil case rulings.

The EU

The European Union has traditionally been importers of cotton. Farming subsidies have been essential to supporting the EU CAP and producing valuable exports.¹¹⁴ Eliminating subsidies would result in economic losses for the EU and its member countries. The European Union's position in the cotton negotiations is primarily as a supporter of the United States' agenda to maintain cotton subsidies in West Africa.

¹¹⁰ ICTSD November 2011

¹¹¹ Ibid.

¹¹² Baffes, 14

¹¹³ FAO, WTO Agreement on Agriculture: The implementation Experience: Developing Country Case Studies (Rome:FAO, 2003).

¹¹⁴ Nalikar, "Bargaining over the Doha Development Agenda: Coalitions in the World Trade Organization."13

The Cotton-4 directs its demands towards the EU's cotton subsidies as well as the United States. However, the C-4 agenda has been primarily at-odds with the U.S. Therefore, the EU has less involvement in the Cotton Initiative than the U.S. Still, the EU is significant in the trajectory of the negotiations between the U.S. and West African cotton exporters.

The Brazil vs. United States ruling required the EU to make changes to cotton subsidies as well, though to a lesser extent.

SP and SSM Issues

Through the bargaining efforts of the G-33, both SP and SSM have become part of the agreement.¹¹⁵ Though progress has been made, the level of success delivered only fractions of what the coalition desired. The parties differ over the concept of special and differential treatment (S&D) and to what degree S&D can be applied. The G-33 (and in some forms, the C-4) propose alterations based on S&D.

By 2008, disagreements over the dynamics of the SSM for developing countries caused negotiations at the July Ministerial meeting in Geneva to end in deadlock. Developed nations found the proposed mechanisms of SSM difficult to approve the shared sentiment that under these terms a country could self-designate as they please and appoint special products with no limitations. Developed nations feared that this approach would give unlimited control to developing countries to call any product a special product and, in turn, limit their ability to profit from international trade.

¹¹⁵ Clapp, *Developing Countries and the WTO Agriculture Negotiations* 9-10

The Cotton-4

The interests of the Cotton-4 share some similarities with the G-33. The Cotton-4 seeks the same special and differential treatment that SP & SSM would offer. The principle difference is that the Cotton-4 is interested in attaining this treatment solely for the cotton crops produced by Benin, Burkina Faso, Chad, and Mali. Therefore, the C-4 is very much in support of the SP & SSM.

The G-33

The G-33 proposed that Special Safeguards be self-designated and be used at any given time as the developing nations saw fit to protect rural farmers and domestic markets. This was a bold proposition geared toward domestic agendas rather than a multilateral framework; this proposition would likely be incapable of satisfying domestic-level demands for the United States. In addition, this would produce minimum win-sets for one side and maximum win-sets for another. Other WTO coalitions opposed this idea as well, stating that developing nations could abuse this system to discriminate against legitimate foreign trade entering their markets.

For the G-33, a SP and SSM mechanism must be implemented within the guidelines of self-designation. Many of these nations attempt to protect crops that their nation's GDP depends on, such as rice in the Philippines. The group maintains that the centrality of development in Doha addresses issues of food security, livelihood or job security, and rural development.¹¹⁶ The members of G-33 find it critical that there be simple pre-emptive safeguards to protect their exports. Negotiators have urged the U.S. and EU to recognize the substantial nature of

¹¹⁶ Raja Kanaga 'G-33 Stresses Development Mandate, importance of SP/SSM December 1 2009

agriculture for developing countries that ensure livelihoods and their ability to be global competitors.¹¹⁷

The G-33 is adamant that the mechanisms meant to strengthen protections for SP and SSM still fall short. The coalition's original proposal was aimed at providing flexibility for countries to enhance domestic food production and adopt measures to protect the livelihoods of their populations. These proposals included concrete measures to address dumping and import surges.

The G-90

The G-90 members promote the G-33 approach for special and differential treatment in addition to their stance on the single-undertaking and the Singapore Issues. However, it does not include SP & SSM within its own demands.

The U.S.

The U.S. saw the proposed mechanisms of SSM difficult to approve. The G-33 had proposed that Special Safeguards be self-designated and be used at any given time as the developing nations felt was necessary to protect their economies.¹¹⁸ The U.S. has made several proposals in response to SP & SSM. The revised proposals offered by the U.S. include a ceiling on SP that would prevent the G-33 from overusing S&D and an adjusted SSM rate.¹¹⁹

¹¹⁷ Ibid.

¹¹⁸ Narlikar, "Bargaining over the Doha Development Agenda: Coalitions in the World Trade Organization."13

¹¹⁹ Clapp, Developing 21

The EU

The EU found it difficult to approve all the demands within the SSM proposal as well. Since the G-33 proposed it be granted special treatment, the EU has been in strong opposition to the SP & SSM, especially the self-designation discipline. The EU has opposed the special and differential treatment mandates, specifically within the SSM and SP proposal as-is, with the concern that it would impede their market access.¹²⁰ The EU has protested that an SP and SSM instrument that did so would be burdensome to them (and the U.S.)

Single-Undertaking & Singapore Issues

A single-undertaking decision is a principle that guides the work of the Doha Declaration Agenda (DDA.) According to the WTO, this means that every item of the negotiation is part of a whole and indivisible package and cannot be agreed separately.¹²¹ There is a commonly used phrase for this approach: “Nothing is agreed until everything is agreed.”¹²² It requires that every member sign on to binding disciplines with no flexibility. Not all WTO agreements adhere to this approach. For an agreement with disparate complexities being addressed, a single-undertaking approach may exacerbate any grievances surrounding a final agreement.¹²³ It is possible that an alternative policy for DDA may be more suitable. Some developing-country members have adopted this position via the formation of coalitions.

The four components of the Singapore Issues are investment, competition policy, government procurement and trade facilitation. The G-90 demands, with great resistance, that the Singapore Issues be removed from the Doha agreement.

¹²⁰ Tim Rice, Duncan Green, Marita Wiggerthale, and Tobias Reichert, 33

¹²¹ WTO, Doha Explained <http://www.wto.org/english/tratop_e/dda_e/dohaexplained_e.htm>

¹²² Ibid.

¹²³ WT/MIN(01)/DEC/1 20 November 2001 Doha Ministerial Declaration

The Cotton 4

Though the four members of the C-4 are involved in single-undertaking and Singapore Issue negotiations through the G-90, the cotton coalition and its interests are unconnected. The group simply offers its support as a developing country coalition and as members.

The G-33

In addition to offering support for one another, the G-33 and G-90's interests often overlap (as do their members.) The dynamic between these two coalitions has, at times, strengthened the voice of developing nations. On the other hand, it has caused a convolution of demands and complicated the way developing country coalitions negotiate with the U.S. and the EU.¹²⁴

The G-90

The G-90 has two principal interests: removing the Singapore Issues from the Doha agreement and changing the single-undertaking ruling. The G-90 sees the single-undertaking as a roadblock for Doha because it would require them to concede to terms of free trade for which their markets are not yet prepared.¹²⁵ The G-90 feels it should be permitted to open markets at its own pace rather than have a uniform policy that works for developed countries forced onto developing markets more inclined to protectionism. The developing countries' perception of global trade is not compatible with the developed nations' perception.

Under the Singapore Issues "Trade and Competition" tariffs were applied to all countries. Not only are these tariff allocations dated (first established in 1996,) the majority of G-90

¹²⁴ Clapp, "WTO Agriculture Negotiations and the Global South", 13

¹²⁵ Ibid.

African member-nations pay some of the highest tariffs when exporting. The G-90 is interested in alleviating their tariff commitments on exports and maintaining protective duties on foreign imports.

The U.S.

The G-90's position has continuously been met with stiff resistance from the U.S. The U.S. has demanded that developing countries and LDCs make severe tariff cuts on their products to increase market liberalization.

The EU

The EU is the primary export destination for many of these countries. At the Hong Kong Ministerial, the EU proposed an agreement of involving a package of development measures concerning the G-90. Their attempt at meeting the interests of the G-90 was met with disappointment. The EU has not offered the G-90 the level of market access it has demanded.¹²⁶

The EU has put pressure on the G-90 to change their position on market access. In addition, the group is defensive about any agenda that alters the provisions of the CAP. Many of the member countries of the G-90 are vulnerable to U.S. and EU pressures since most have some kind of preferential trading arrangement with the two powers.¹²⁷ The EU remains much more willing to negotiate bilaterally with G-90 about the Singapore Issues. As far as the single-undertaking is concerned, the EU is in a similar position as the U.S.

¹²⁶ Mayur Patel, "New faces in the green room: developing country coalitions and decision-making in the WTO." *Global Economic Governance Programme Working Paper 33* (2007): 2007.

¹²⁷ Ibid.

The positions of the C-4, G-33, G-90, the United States and the European Union revealed the areas of interests for each. In Chapter 5, I will review the hindrances of the win-sets as they have been in the past and as they currently exist now. Once the win-sets are identified, I will use the previously-identified areas of interest to determine what common goals, if any, exist that could cause an alignment in interests and demands thus creating larger win-sets. Identifying the win-sets in Doha negotiations in cotton, market access, the single-undertaking and Singapore issues could make further concessions available that render larger win-sets and greater likelihood of finalizing an agreement.

In Chapter 4, I will introduce the win-sets that exist between the C-4, G-33 and G-90 coalitions, the United States, and the European Union. I will identify possible scenarios for each coalition vs. U.S. and EU that alter interests that may cause an overlap in the bargaining parties' win-sets. Win-sets are instrumental in identifying any common interests that when aligned, could alter the likelihood of achieving an agreement and ultimately lead to valuable concessions. I will determine what win-sets, large or small, are available.

Chapter 4 – Identifying and Adjusting Win-sets in Doha

As defined in Chapter 2, a win-set is the area in which the interests or concerns of negotiating parties intersect. Negotiating the areas within a win-set can permit negotiators to reach an agreement. In two-level games, the size of the win-set is important because the relative size of the respective Level II win-sets will affect the distribution of the joint gains from the international bargaining. Win-sets are either large or small. The larger the win-set is, the more the interests of the negotiators intersect, making agreement more possible. In contrast, negotiators with smaller win-sets share fewer common interests and agreement is therefore less probable.

As they currently stand, the win-sets in Doha do not allow shared interests necessary to reach an agreement. The interests of each party involved in the issues of cotton, market access, the single-undertaking and The Singapore Issues were explained in the previous chapter. Chapter 4 examines the hindrances to the success of the Doha negotiations. In addition, this chapter identifies the possibilities under win-sets that may enable the parties to come to an agreement, ultimately allowing the negotiations to move forward.

With respect to market access, the U.S. will need to make concessions towards cotton. This has been difficult to do since its national interest is so invested in creating strong cotton exports. The first determinant of win-set size depends on the distribution of power, preferences and coalitions among level II constituents. In U.S. domestic politics, chief negotiators have pursued expanded market access endeavors and a more liberalized trade agenda. Liberalization of trade has been heavily lobbied for on the domestic side, as many of the top U.S. cotton

companies and interest groups have ties to congress.¹²⁸ The same has appeared to be true for the European Union.

The second of the three determinants of win-set size is the Level II political institutions. To recall Putnam, the stronger the state is in terms of autonomy from domestic pressure, the weaker its relevant bargaining position internationally.¹²⁹ Level I negotiators will find bargaining difficult when preferences of level I constituents are mixed.¹³⁰ When domestic constituents are firmly committed to a single policy, it is less likely that an international agreement will be met. Another factor within a political institution affecting win-set size is the participation rate in the ratification process, which includes the influence of political interest groups.¹³¹

The American cotton organizations are extremely organized in their mission to increase exports of U.S. cotton.¹³² Some of the prominent pro-cotton organizations in the U.S. are U.S. Cotton, the National Cotton Council of America (also known as Cotton USA), and The Cotton Council International. In addition to being highly profitable, these companies maintain a dominant presence in domestic negotiations.¹³³ The influence of pro-cotton groups severely limits the bargaining power as well as the available win-set of the chief negotiator. The U.S. and Cotton-4 win-sets reveal no areas of overlap, making the win-set small.

¹²⁸ Pascal Kerneis, "Under the Influence" Action Aid.

¹²⁹ Putnam, 442

¹³⁰ Ibid.

¹³¹ Ibid.

¹³² National Cotton Council of America, 'Cotton Policy Begins with Interest Organizations'
<http://www.cotton.org/about/structure/index.cfm>

¹³³ Ibid.

Cotton

The Cotton-4 maintain a “standstill” position on their demands for reimbursement by the U.S., the EU, and other major powers in addition to the application of special and differential treatment for cotton products in the four West African nations. As it is, agreement cannot be reached since the U.S. and EU claim that domestic constituents will not approve the inclusion of special and differential treatment for cotton. The negotiators for the C-4 act together internationally and will require strong incentives from other international negotiators to shift position on their demands. This arrangement leaves little room for agreement and appears to be a minimum win-set in the two-level game.

The U.S. is home to an excess of companies in the cotton industry. Any agenda that would decrease the competitiveness of American cotton has been strongly opposed by private sector cotton companies. As Putnam has noted, domestic constituents will often be influenced by political interest groups, particularly those interest groups with a considerable amount of bargaining power. It would be unwise and unlikely for any domestic constituents to approve an agenda that negatively affect their own interests.

During a December 2011 meeting in Geneva, the United States Trade Representative Ron Kirk spoke with representatives of the Cotton 4, including Ms. Madina Sephou, Minister of Industry, Commerce, and Small and Medium Enterprises for Benin and Mr. Mahamat Allahou Taher, Minister of Commerce and Industry for Chad.¹³⁴ The Obama administration tabled a U.S. proposal for cotton that would help boost trade for African cotton-producing countries. The proposal included expansion of duty-free and quota-free treatment for upland cotton grown in

¹³⁴ USTR, “United States, “Cotton Four” Countries Celebrate New U.S. Cotton Initiatives, Continued Partnership at 8th WTO Ministerial Conference” Geneva, Switzerland. December 2011.
<<http://www.ustr.gov/about-us/press-office/press-releases/2011/december/united-states-%E2%80%9C-cotton-four%E2%80%9D-countries-celebrate-n>>

Benin, Burkina Faso, Chad, and Mali.¹³⁵ Additionally, it incorporated a multi-year renewal of the West Africa Cotton Improvement Program (WACIP), a successful technical assistance program for West African cotton producing countries. U.S. trade preference programs such as the African Growth and Opportunity Act (AGOA) also played to the interests of the C-4.¹³⁶

Chadian Minister Allahou Taher and USTR Kirk have made great progress with this proposal including the WACIP and AGOA. According to Minister Taher, once implemented, the 2011 cotton initiative will have a very important impact on African farmers. The initiative is a step toward achieving sizeable win-sets and satisfying the relevant interests at the domestic level and international level. The proposal put forward by the Obama administration is an example of the role played by political institutions in determining win-set size. Under another administration, the proposal might not have been possible. Thus, the importance of political leadership in multilateral agreements is evident.

Prosper Vokouma, the current ambassador of Burkina Faso to the WTO, reported that the countries were receptive to the U.S. offer but ultimately needed to see changes to the U.S. cotton program in the next U.S. Farm Bill set to be enacted in 2013.¹³⁷ While this arrangement renders larger win-sets for a regional agreement between the U.S. and West African nations Benin, Burkina Faso, Chad, and Mali, it does not necessarily produce the larger win-sets that are needed for agreement on Doha.

¹³⁵ Ibid.

¹³⁶ Ibid

¹³⁷ Baffes, 15

Adjusted Win-sets for Cotton: the Cotton-4 vs. U.S.

The achievements made in negotiations between the two parties thus far have made win-sets more possible, but clearly do not create the win-sets necessary to reach an agreement. There are two possible ways to create strong win-sets for the Cotton-4 and the United States. The first recommendation addresses market access and the possibility of C-4 countries increasing U.S. access to non-sensitive products in an alternate market. The second recommendation considers a past Dispute Settlement Mechanism (DSM) ruling between the U.S. and Brazil, in which the U.S. was tried (and lost) in a case that argued for special protection for sensitive products.

The best incentive to offer the U.S. is increased market access in exchange for concessions in market reform. In a case as specific as cotton, the Cotton-4 coalition could offer the U.S. market access in areas other than cotton. Doing so would certainly create plausible win-sets as the concessions would allow for interests to coincide. Allocating the industry, or industries, in which market access would be increased for Benin, Burkina Faso, Chad, and Mali will be most crucial. The optimal choice in industry may be non-agricultural as it would not have the same trade-distorting effect or hold any threat to food security. Cotton is the cash-crop of these four nations. A product that yields lower profits with less centrality to the economies of West Africa would be optimal. If such an industry could be agreed upon, the Cotton 4 and the United States would have new possibilities of a win-set which ultimately may render an agreement possible.

According to the U.S. Department of Commerce, agriculture is the leading sector for export and investment in 2012 Country Commercial Guide (CCG) for Benin, Burkina Faso, and

Chad.¹³⁸ A 2011 CCG report for doing business in Mali identifies agriculture as a leading U.S. sector in high demand.¹³⁹ Other leading commercial sectors include automobiles, mainly including large buses and trucks. The demand for buses and public transportation vehicles is quite high in Benin, Chad, and Burkina Faso. The Chad Ministry of Infrastructure and Transportation further ascertains that intercity travel in the four West African nations is underdeveloped and in need of an efficient transportation system with official buses to replace informal vans and minibuses.¹⁴⁰ The United States automobile industry has struggled to produce gains in the past five years and could benefit greatly from a trading arrangement with West Africa. An alternative agreement between the U.S. and the Cotton-4 within the automobile industry would allow the United States increased market access in the Cotton-4's markets in exchange for approving the Cotton Initiative. This exchange would be mutually beneficial and would produce absolute gains. For these reasons, the automobile industry is the ideal non-agriculture sector arrangement which would enable larger win-sets for Doha.

With respect to the DSM case of Brazil, it has had little impact on the C4 coalition directly, but could be used to leverage further bargaining power over the U.S. The ruling left the U.S legally obligated to compensate Brazil's cotton sector until its subsidies were dealt with. The ruling gave Brazil the exact outcome that the C-4 has been demanding and has not received. The outcome has had an impact on the bargaining position of the U.S. and made them more stringent in offering concessions to those impacted by cotton in West Africa. An Oxfam report

¹³⁸ U.S. Commercial Service "Doing Business with Benin: 2012 Country Commercial Guide for U.S. Companies" <http://www.buyusainfo.net/docs/x_7126086.pdf>

¹³⁹ U.S. Commercial Service "Doing Business with Mali: 2011 Country Commercial Guide for U.S. Companies" <http://www.buyusainfo.net/docs/x_4908410.pdf>

¹⁴⁰ U.S. Commercial Service "Doing Business with Chad: 2012 Country Commercial Guide for U.S. Companies" <http://www.buyusainfo.net/docs/x_8786550.pdf>

noted that the ruling set the tone for the U.S. negotiations with the Cotton-4.¹⁴¹ The U.S. came out of the dispute settlement ruling with expectations that the C-4 might be able to make concessions in other areas.

Working with Brazil, or engaging in linkage, could be an opportunity for the Cotton-4 to facilitate their demands on the U.S. However, this move may not be available to the C-4 at this point as the ruling came into effect in 2010. John Baffes, who has written extensive reports on the global cotton dispute, shares the belief that a linkage between the C-4 and Brazil could enhance their bargaining position against the U.S. In a 2011 report by Baffes, he examines the implications of the DSM ruling in relation to the C-4. Under the April 2010 ruling, the United States agreed to work with Brazil to establish a fund that will provide technical assistance and capacity building to their cotton sector.¹⁴² Importantly, Baffes directs attention to a Memorandum of Understanding in which the U.S. agrees to provide international cooperation related to the same sector in certain other countries.¹⁴³ In effect, the U.S. has recognized that their cotton subsidies have negatively impacted other countries in addition to Brazil and would require the U.S. to cooperate in reaching a mutually agreed solution to the dispute in cotton within West Africa.

¹⁴¹ Baffes, 13

¹⁴² Ibid.

¹⁴³ Ibid.

The G-33

The G-33 has been the pioneer in establishing Special Products and Strategic Safeguard Mechanism (SP and SSM.) The United States and the European Union have been most opposed to these changes to market access. After the proposal of the July 2008 package, Ambassador Crawford Falconer of New Zealand concluded that the implementation of SSM continues to be a deal-breaker issue for a Doha agreement. The G-33 coalition insists on independently selecting the products that are excluded from cuts rather than negotiating them. This arrangement would allow developing economies to be relieved of fulfilling the commitments on formula cuts that were previously allocated. This puts developed country negotiators, mainly the United States and the European Union, in a defensive posture and makes progress towards solidifying an agreement less probable.¹⁴⁴ Falconer led the most recent Committee on Agriculture (COA) Special Session dealing with Special Products and the Strategic Safeguard Mechanism.

The existing agreement on safeguards does not restrict Special Products. It does not require that members increase tariff prices of the previous negotiating round, nor does the Special Safeguard (SSG) clause in the AoA. The SSM is meant to be easier, more flexible and more effective than the normal safeguard applied under the SSG clause.

Although all World Trade Organization members have in principle accepted that an SSM will be established, some developed countries (particularly the United States) have sought to restrict the use of the SSM. The U.S. would like to see a special safeguard mechanism that has a limited number of usages and a limited degree to which any SSM import tariffs can be raised.¹⁴⁵ The G-33 maintains the position that the proposals of the U.S. and the EU which have strong

¹⁴⁴ Ibid.

¹⁴⁵ Ibid.

export interests would seriously limit the ability of developing countries to make use of the special safeguard mechanism.¹⁴⁶

One of the main deterrents for the EU's commitment to an SP and SSM agreement has been the Common Agriculture Policy. Once again, this is an example of the influence that domestic politics has on win-sets. The current CAP maintains a large amount of export subsidies in many of the products that the G-33 claim should be protected as special products, including rice.¹⁴⁷ These export subsidies are to expire under the CAP in 2013. The G-33 negotiates for the complete elimination of export subsidies, as they would negatively affect the products that a proposed SP would protect, ultimately negating its purpose. Due to the terms of the CAP, the bargaining of the EU chief negotiator is relatively weak.

The U.S. and EU have consistently taken the position of their exporting companies whose products would be affected by SP and, more particularly, SSM. Rice has been previously identified as one of the proposed special products for the G-33. On the other hand, the G-33 felt that the opposition to a Special Safeguard Mechanism was a US-led campaign against their agenda.¹⁴⁸ In addition to the exemption tariffs on Special Products and more flexible options from subsidy cuts, developing countries have been reluctant and unwilling to give up their additional market access in non-agriculture industries (known as NAMA) to the developed countries. The point of view of the U.S. constituents is that SSM would put their exports at an even greater disadvantage. For this reason, SSM has been a hard sell at the U.S. domestic level. The G-33 will need to provide some other concessions to U.S. and EU exporters. Neither the G-33 nor the U.S. has been willing to make the necessary concessions.

¹⁴⁶ Ibid.

¹⁴⁷ Ibid.

¹⁴⁸ Ibid.

The EU has maintained a stubborn position on SP and SSM since its introduction at the Cancun Round. The largest step that the EU has made thus far has been a slight increase in cuts in domestic support. However, these cuts were conditional; the cuts would be made only if the EU was given increased non-agricultural market access (NAMA) by developing countries.¹⁴⁹ In addition, the EU has requested that it be able to use the special product designation and the special safeguards, making SP and SSM available to both the developing and developed countries.¹⁵⁰

The U.S. and EU have not made the desired changes to SP and SSM that the G-33 would see as acceptable. The U.S. and EU have, however, removed the proposed limit on the number of products which the SSM could be applied to per year. Further G-33 demands required that the SSM trigger level be lowered. The U.S.'s trade-liberalizing agenda continuously seeks increased SSM rates. Both the G-33 and the U.S. have narrow win-sets, which make an agreement less likely.

Adjusted Win-sets for Market Access

Gaining approval from the developing countries of the G-33 level I constituents in the area of market access agenda has been difficult. I believe that the G-33's proposal offers too few concessions for developed nations to allow for approval at home. The G-33 demands on the terms of special products do not allow the U.S. or EU to persuade their constituents to support the agreement.

¹⁴⁹ Clapp, "Developing Countries and the WTO Agriculture Negotiations" 21

¹⁵⁰ Ibid.

Both the United States and the European Union currently benefit from the current market access arrangement. One example of this is offering high quotas to sugar exporters in exchange for access.¹⁵¹ Under this model, their gains have been great.

In addition, agreeing to adjust market access under SP and SSM would produce minimum win-sets for one side and maximum win-sets for another. Both the U.S. and E.U. believe that developing nations could abuse this system to discriminate against foreign trade legitimately entering their markets.

Adjusted SSM

The U.S. and the E.U. have not been able to come to an agreement with the G-33 on the condition that developing countries would be allowed to exceed their pre-Doha Round tariff commitments if the G-33 position on SSM were applied on top of their post-Doha tariffs.

Negotiators on both sides face domestic restraints. Susan Schwab, the U.S. chief negotiator between 2006 until 2009, was faced with pressure from American exporters that aimed to increase their market access. A low SSM rate would decrease possibilities of increased market access. These relatively small gains and the imbalance between the gains from exports and imports explain why the deal on modalities has not attracted active support from constituencies in the United States.

Similarly to U.S. interests in cotton, domestic constituents have been influenced by political interest groups in SSM. The U.S. government was also faced with lobbying to not reduce U.S. agricultural subsidies too much. The agribusiness exporters that dominate the global agricultural markets are very active in domestic negotiations. Monsanto, for example, makes some ninety percent of the genetically modified seed in commercial use. Cargill, ADM and Zen

¹⁵¹ Vincent Fautrel, 'The Way Forward After Hong Kong' *The Technical Centre for Agricultural and Rural Cooperation*. The Netherlands, 2006.

Noh control over eighty percent of corn sales from the U.S. (which in turn has some forty percent of the world corn market).¹⁵² The USTR primarily supports the interest of these exporters. Archer Hill is one of the top agribusiness exporters in the EU.

The relatively small gains explain why the deal on modalities has not attracted active support from pro-trade constituencies in the United States. As the negotiations currently stand, neither side has been willing to accept a narrower win-set than the other. There was no room for compromise nor was either party able to convince the other one to change its win-set.

Some progress has been made on SP and SSM concessions since the Cancun Ministerial nine years past. The U.S. and the EU have substantially reduced agricultural subsidies concerning SP and SSM.¹⁵³ The G-33 developing countries could reciprocate by cutting import tariffs and lessening the rigidity of the self-designation demand by accepting limits on special and differential designation. The G-33 could increase the possibility of an agreement if they were to agree to a limit on the self-designation request. Domestic constituents for U.S. and EU chief negotiators will continue to oppose an arrangement that does not control how special products are designated or constrained. The G-33 would need to offer a strong concession to alter developed country positions. I believe these concessions would reduce the unwillingness to incorporate special and differential treatment of products.

Member countries of the G-33 believe the self-designation is crucial to supporting their development agenda. Without it, the group believes it might lose the security and assurance that they would be protected from trade distortion. If the group were to allow nations outside of the G-33 to self-designate as well, this may create an overlap in interests and increase the win-set. This would be a feasible option if there were an appropriate limit, uniform to all participants,

¹⁵² Ibid.

¹⁵³ Ibid.

which constrained the amount of products able to be self-designated bi-annually or annually. The limitation might offer G-33 the confidence that the self-designation would be controlled thus eliminating the possibility that developed nations would abuse it while making it available to them. On the other hand, the arrangement could persuade EU and U.S. to agree on self-designation under the constrained terms because it would eliminate their concerns that self-designation gives the G-33 an unfair advantage. Without strengthened support from the EU, the G-33 will not be successful in implementing the SP and SSM.

Additionally, a ceiling that limits the maximum number of SP tariff lines could be applied to prevent abuse. The maximum could be determined per each nation as a percentage of all domestically produced agriculture products. If the G-33 were to agree to a more constrained designation process for SP, then it would still allow for the necessary protection from import surges, and it might allow for the EU to agree to its implementation and thus expand their win-set. In addition, a limited self-designation process could be wagered in exchange for increased access to developing countries' NAMA.

The G-90

Single-Undertaking and Singapore Issues

The single-undertaking is the principal ruling introduced in the Uruguay Round that requires members to accept the results of a round as a package.¹⁵⁴ The single-undertaking affects the terms of a package rule by eliminating the possibility that a country could accept Doha with any exceptionality to their interests. The terms of the Doha Agreement would be uniformly applied to all WTO members regardless of their differing needs or strengths and weaknesses

¹⁵⁴ Jennifer Clapp, "WTO Agriculture Negotiations and the Global South" 37-55.

within agriculture. Developing countries, especially those of the G-90 coalition, have had a difficult time accepting this ruling because they believe their needs and interests are not reflected in the overall package.

The G-90 could make concessions that shift their interests closer to the interests of the U.S. and the EU. Many of the member countries of the G-90 are vulnerable to U.S. and EU pressures since most have some kind of preferential trading arrangement with the two powers. The Africa, the Caribbean and the Pacific group (ACP) member countries have ratified bilateral Economic Partnership Agreements (EPAs) with the EU. For the U.S., the trading arrangement is the Africa Growth and Opportunity Act (AGOA.) The EU maintains the Cotonou arrangement with ACP nations.¹⁵⁵

The four components that make up the Singapore Issues are investment, competition policy, government procurement and trade facilitation. Developing countries, including ACP and Least Developed Countries (LDC) nations, were adamantly against the inclusion of these issues under WTO rules because they believed it would be put them at a competitive disadvantage in comparison to industrialized countries.¹⁵⁶

The G-90 is most recognized for challenging the adoption of these Singapore Issues at Cancun. The G-90 offers its concessions in a conditional give-and-take fashion. The G-90 would accept the liberalization of developing countries under the condition that they are not required to liberalize their markets as well.¹⁵⁷ Developing countries do not feel they are prepared to compete with developed economies and believe that liberalizing their own markets would

¹⁵⁵ Ibid.

¹⁵⁶ Mayur Patel, "New faces in the green room: developing country coalitions and decision-making in the WTO." *Global Economic Governance Programme Working Paper 33* (2007): 2007.

¹⁵⁷ Ibid.

cause increased trade distortion. The G-90 agenda includes the demand to end EU export subsidies and to increase market access to EU markets.

Adjusted Win-sets for the Single-Undertaking and The Singapore Issues

I believe that there are available concessions for the G-90 to make that may enable the U.S. and the EU to strike a deal. The primary recommended concession would require the G-90 to agree to allow the Singapore Issues to remain on the agenda but outside the “single-undertaking.”

Considering that all the members of the Cotton-4 and the G-33 are also members of the G-90, the G-90 may take into consideration the changes that have been made by the other two groups (assuming the recommended changes have been applied.) The probability that the G-90 will have any success in Doha is more likely if, like the Cotton-4 and G-33, the group can offer something of interest and value to the U.S. and the EU in exchange for amendments to the Singapore and “single-undertaking” issues. Offering some form of concession may be the only way in which developing nations could reach the level of bargaining power needed to change the basic decision ruling.

Modification of the “Single-Undertaking”

The G-90s greatest interest in Doha is to stress the importance of the developing countries’ needs in the Doha Declaration Round’s decision-making. I believe that the G-90 can achieve their goals through pursuing an altered “single-undertaking.” Letting go of the Singapore Issues may be a necessary step in achieving this. If the United States and the European Union were able to reach an agreement concerning the “single-undertaking,” it may enable the G-90 to modify their demands for the Singapore Issues. It would require that all members, not simply the U.S., EU and the G-90, agree to amend the conditions of the “single-

undertaking.” I believe that an amendment of the “single-undertaking” would be favored by the majority of developing countries that often seek an individualized type of arrangement, rather than a uniform one for all members. However, developed countries could stand to lose a comparative advantage by altering the “single-undertaking” rule.

The G-90 will need to compensate by playing to the interests of the U.S. and EU in exchange for modifying the “single-undertaking” rule. In order to ensure that the U.S. and EU accept the modified “single-undertaking” proposal, the G-90 should include a supplementary incentive that, when combined with the altered “single-undertaking” and the exclusion of demands on the Singapore Issues, would reduce the pressure at the U.S. and EU domestic level. The proposal alone would require the G-90 to agree that the Singapore Issues could be held outside of the AoA. This supplementary incentive would go a step further to ensure that the U.S. and EU feel that they are still benefitting from the modified proposal. This supplementary incentive could be satisfied in the form of a side payment.

I recommended that the G-90 propose that a side-payment to the U.S. and EU has already been made by half of its members. As previously mentioned, the members of The Cotton-4 and the G-33 are also members of the G-90. If the earlier recommendations for expanding win-sets were applied, the G-90 could barter these changes as a concession made by its members. These alterations offer the United States and the EU increased market access and the ability to utilize an SP and SSM. These concessions have already been made by a large portion of the G-90. It would be very difficult to offer a concession from each of the G-90 countries’ markets. On the other hand, settling for the current “one-size-fits-all” arrangement affects each country very differently and has the potential to harm their markets even further.

Therefore, if the many groups within the G-90 come together in opposition to the U.S. and the EU and barter the concessions that have already been made to the U.S. and EU by many of its member-countries, the U.S. and EU may be in a better bargaining position to accept the alterations to the “single-undertaking.” In addition, modifying the G-90’s demands on the Singapore Issues would increase the probability of reaching an agreement and ultimately, the probability that the U.S. and EU will accept the G-90 demands for the “single-undertaking.” This arrangement would allow win-sets to overlap while increase win-sets for all of the three negotiating parties.

Modification of the Singapore Issues

If the G-90 are not willing to modify their demands on the Singapore Issues, they could offer the same exchange recommended above but replace the “single-undertaking” with the Singapore Issues. Rather than eliminating demands on the Singapore Issues, the G-90 could choose to eliminate the “single-undertaking” from their demands. This arrangement would offer the same flexibility and large win-sets for all negotiating parties as the aforementioned recommendation, the only difference would be the replacement of the “single-undertaking” with the Singapore Issues.

There is one area where the benefits of this concession differ. A concession that removed demands on the “single-undertaking” in order to continue pursuing changes in the Singapore Issues would require that the EU make an additional concession; the EU would need to concede to either reduce EU export subsidies to G-90 countries, or to increase G-90’s access to enter and trade within EU markets. Exchanging for only one of these demands offers the EU the ability to maintain one of its current interests (in the Singapore Issues) rather than accommodate both of

the aforementioned G-90 demands. On the other hand, modification of the Singapore Issues would not change the bargaining position of the G-90. However, this concession would result in a slightly smaller win-set for the European Union relative to a concession concerning the “single-undertaking.” Additionally, the elimination of a “single-undertaking” could alter the manner in which the Singapore Issues are applied; in other words, it would eradicate the G-90’s demand for removing the Singapore Issues as they would not have the liberalizing effects they once had on their markets. For this reason, I believe that an altered “single-undertaking” is better suited for achieving large win-sets for the three negotiating parties.

Chapter 5: Conclusion

In this study, I have focused on the negotiating dynamic of the World Trade Organization within the November 2001 Doha Round. The deliberations of eight WTO Ministerial Conferences, starting with the September 2003 Cancun Ministerial and ending with the December 2012 Geneva Ministerial, have been examined. In analyzing negotiation outcomes, it is important to take the interaction between two levels into account. Robert D. Putnam's two-level analysis recognizes the inevitability of domestic conflicts affecting national interests.

The Doha Round was intended to address issues of development in agriculture. It was unique to the original agreement because it gave precedence to developing countries that had been burdened by trade-distortion under the original Agreement on Agriculture. For many developing nations, trade in agricultural products accounts for the majority of their exports. The Agreement on Agriculture (AoA) is part of the Doha agreement and was the first attempt towards an international agriculture policy. The purpose of the negotiations was to find an agreement that promoted the interests of developing nations while still meeting the needs of developed nations. Since then, developing nations have been discontented with the agreement itself and frustrated with their inability to impact negotiations at the level of developed nations.

A failed Doha Agreement would have many consequences, mostly for the developing countries. Among them is the implication of a failed eleven year trade talk for the global institution of trade. The purpose of the WTO is to facilitate fair and equal trade negotiations. It has currently been unable to do so with the Agreement on Agriculture. In addition, it continues to be bypassed via alternative trade agreements including bilateral agreements. If this trend continues, the legitimacy of the WTO will be affected.

My hypothesis was that only if the coalitions of the developing nations, as well as all the parties involved offer specific adjustments to the WTO agenda will there be a successful outcome to the negotiations. Without concessions from both sides, an ultimate agreement is not possible. After thorough examination of the Doha Agreement, as well as the positions of three developing country coalitions, the United States and the European Union, I was able to identify the possible concessions that can be made by each party. The constant interaction between international and domestic actors (Level I and Level II), and the determinants of large win-sets have provided the framework for the hypothesis.

I believe that the Doha agreement will succeed if the concessions specified in Chapter 4 are applied for the Cotton-4, the G-33, the G-90, the United States and the European Union. There are five recommended concessions within the four issue-areas. For cotton, concessions can be made by the C-4 in opening markets in the non-sensitive automobile and transportation industries. In addition, the C-4 may follow Brazil in bargaining for special protections on cotton. The WTO's Dispute Settlement Mechanism (DSM) ruling in Brazil's favor provides the C-4 a unique bargaining position with the U.S.

For market access, the G-33 could concede to adjusting the Special Safeguard Mechanism and limits on self-designation. This would allow the U.S. and the EU to utilize Special Products. Ultimately, these adjustments made by each negotiating party allow the G-33 and U.S. and EU's interests to overlap. In addition, placing a limit on the self-designation would create a balance between the negotiating parties' interests. The G-33 would still be able to self-designate but within limitations, and the U.S. and EU would not feel that the G-33 was abusing their ability to do so.

Finally, the G-90 could either remove the Singapore Issues from their demands if the U.S. and EU agreed to either modify the “single-undertaking” or it could remove the “single-undertaking” in order to achieve its demands in the Singapore Issues. However, applying the recommended modification to the “single-undertaking” would change the manner in which the WTO rulings affect individual nations. In turn, the modification would eradicate the need to alter the Singapore Issues, as the complaint against the Singapore Issues would already have been remedied by the modified “single-undertaking,” making the first option more favorable. In addition, the concessions made by the C-4 and G-33 could be considered a concession made by the G-90 as a side-payment to the U.S. and the EU. The recommended concessions would allow the interests of both sides to overlap and expand win-sets. If both do not at least move towards concessions in the upcoming round of negotiations, the negotiations will continue to be stalemated or deadlocked.

International relations theories, including realism and liberalism, aid in supporting the hypothesis. Both realism and liberalism address the concept of international cooperation. Liberal concepts of trade have heavily influenced international agriculture commerce and the trend to increase market access. Liberalizing trade, which promotes the elimination of barriers to foreign markets, is an interest shared by developed countries. However, it has had an unfavorable impact on developing country economies. The Doha Development Agenda has not been able to maintain cooperation, as realist theories would predict.

The two-level analysis recognizes the inevitability of domestic conflicts over what the national interest requires. Central decision-makers, or chief negotiators, strive to reconcile domestic and international interests. This can result in a strategic opportunity in which a policy is now available through international arrangements. On the other hand, it could end in a strategic

dilemma much like realism portrays in the stag hunt. I believe the latter most accurately depicts the two-level game outcomes thus far in the Doha agreement.

An increased bargaining coalition with overlapping memberships has complicated the negotiation processes. The collaboration among developing coalition groups has forced a change in the negotiating dynamic. Coalition building has been a successful and preferred strategy for developing nations to increase win-sets. However, coalitions are not exempt from making concessions that coerce domestic level constituents to reach an agreement. Moving forward, developing nations' coalitions and developed nations must make concessions to create win-sets with coinciding interests for both parties. In addition, an understanding of the interests on both the domestic level and international level will make ratification more plausible.

In addition to accepting the entanglements and constraints of interactions between the domestic and international levels, the hypothesis accepts that international cooperation is possible. However, cooperation is possible only when international arrangements are mutually beneficial and are able to satisfy the national and international interests simultaneously. The two-level analysis recognizes the inevitability of domestic conflicts about what the national interests require as well as it recognizes that central decision-makers strive to merge domestic and international imperatives at the same time. The chief negotiators of any multilateral agreement must also be mindful of a country's ratification process. Ratification procedures are unique to each country. Ratification is the legalization of an agreement; once a country ratifies a multilateral treaty, it adopts the new provisions into its national law.

Win-sets are the set of all possible Level I agreements that would allow for the approval of the necessary majority among constituents, or a win, in a vote. This set of possible agreements permits negotiators to gain the majority they need to reach an agreement at Level II.

The win-set of level II can be considered as all possible level I agreements that would gain the majority among domestic constituents. A larger win-set of level II makes agreements on level I more likely. Previous negotiations have failed to reach agreement, in part, because only minimum or no win-sets were available.

There are three determinants of win-set size: the influence of preferences and coalitions of Level II constituents, the Level II political institutions, and the strategy of the Level I negotiator. The three determinants of win-set size reveal several limitations in achieving maximum win-sets. In the case of Doha and the C-4, G-33, G-90, U.S. and EU, the influence of preferences and coalitions of Level II constituents and the Level II political institutions have had a profound impact on the win-set size. In addition, Putnam's theory accounts for the influence of domestic parties and interest groups. The developed countries' agribusiness groups represent Putnam's concept of the Level II, or domestic, influences on win-set size.

It is necessary that cooperative efforts be made to create concessions from all sides if there is to be an agreement. The proposed concessions might seem to be large shifts for the negotiators involved. However, these are the kind of shifts in position necessary if an ultimate Doha agreement is to be met. If the recommended win-sets for the Cotton-4, the G-33, the G-90 and the United States and the European Union are applied, a definitive Doha agreement could occur.

Of the four issue-areas examined against the two-level games framework between developing country coalitions and developed countries, the Cotton-4 and the United States appear to have the most promising chance of satisfying the domestic and international approval needed to reach an agreement. Throughout the last decade, the Cotton-4 has been very successful in significantly impacting the negotiations. A successful cotton agenda will require

the support of the domestic constituents in the four West African nations as well as the United States. With the recommended concessions, the United States gains increased market access into the West African automotive and transportation sector. Benin, Burkina Faso, Chad and Mali are all in need of a more efficient transportation system and the U.S. is in need of increasing its market share in the global automobile market. This recommendation renders both the C-4 and the U.S. large win-sets in cotton. In addition, the C-4 could strengthen their bargaining position by aligning with Brazil in their victory against the U.S. cotton sector. Doing so would increase the likelihood that the C-4's demands become part of the Doha agreement.

The G-33 has committed to pursuing the needs of the developing countries that rely on agricultural trade. If the G-33 were to demonstrate some flexibility towards limiting time-frames and allocation of products to SP or SSM, greater possibilities would exist for achieving the win-sets between the two negotiating countries. In turn, an agreement may be possible. Therefore, I believe that the recommended concessions in an adjusted SSM and the limiting of the self-designation (in addition to allowing the U.S. and EU to employ self-designation) render larger win-sets for each negotiating party. The adjusted win-sets for safeguards and the use of safeguards and self-designation make an agreement more appealing to the U.S. and the EU, yet still meet the needs and interests of the G-33. If applied, these recommended concessions would increase the possibility of completing and concluding the Doha agreement.

Side payments have been useful in shifting interests in multilateral negotiations. Though I do not believe any side agreements would be necessary for Cotton win-sets, side payments could further the likelihood of an agreement for the G-90. Side payments are an effective strategy for creating specific types of concessions that are able to create a shift in available win-

sets. In other words, side payments can be the final method of persuasion that allows domestic level voters to collaborate with an international agenda.

Although G-90 members consist of the world's smallest countries with considerably limited resources, the group represents a significant number of WTO members. The "single-undertaking" rule was designed to encourage countries to make tough calls in one area in the belief that this would allow for gains elsewhere. This rule has limited outcomes that are unable to exceed minimum win-sets for the G-90. I believe that pursuing the "single-undertaking" rule would achieve the G-90's goals for an increased developing country voice in the Doha agreement. To gain the acceptance of the U.S. and the EU on altering the "single-undertaking," the two developed countries should remove the Singapore Issues from its demands. Arguing for both the "single-undertaking" and the Singapore Issues weakens the groups bargaining power against the developed countries. Though it has been a significant point of interest for the G-90, an altered "single-undertaking" rule would benefit them more than altering the Singapore Issues. Furthermore, negotiating the concessions made by group members of the C-4 and the G-33 as a side-payment to the U.S. and EU could increase the win-sets of the G-90 and they still can feel that they are walking away gaining something from the U.S. and EU.

Agriculture trade plays a great role in individual country markets as well as international markets. This trade impacts all nations because all nations physically and economically survive off their products. The stakes are too high to let go of the years of investment put into making a development agenda work to the benefit of all. However, the significance of the agriculture industry for the economy of any nation also makes determining a mutually-beneficial agreement difficult. This, I believe, is why the agriculture agreement has continued to remain a topic of

negotiations in the WTO. If the recommended concessions are made the Doha discussions has a much greater chance of ending in agreement.

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