APAC Agricultural Policy Analysis Center
The University of Tennessee

PolicyPennings by Dr. Daryll E. Ray

Doha confusion: Came early and stayed late

Are you confused about the Doha's primary objective?

Are you confused about which countries could expect to receive substantial agricultural benefits if Doha had been successfully completed?

Are you confused by the conflicting published statements about the consequences of Doha's collapse?

Well so are we. It is almost like confusion is the common thread of Doha.

Let's begin with the objective. We were repeatedly told that the Doha Round was to be the development round. It's intended focus was to give market access to farmers in poor countries.

But questions abound: Which countries' markets were the ones where "poor" countries would achieve additional access? Developed countries like the US or developing countries like themselves?

And, for which products would the access be realized? Agricultural, industrial, what?

For that matter, what is meant by "poor" countries? Are poor countries another way of naming developing countries or are not all developing countries poor? Does stage of economic development make a difference? For purposes of Doha are Brazil, China, and India grouped together with Africa and Mexico? Or does the grouping work part of the time and not others?

So what about these questions? What's the deal?

Well first, access to export markets is only one component of development. To suggest-as the World Bank and others initially did-that free trade, everything else held the same, would boost incomes of the poorest countries by several hundreds of billions of dollars and thereby pull millions of people out of poverty seemed as false to us as it turned out to be.

Yet, the original World Bank's numbers were the "proof" offered by many as the reason why the Doha round was important. More recent studies ended up quantifying the benefits at less than one hundred billion dollars with most of the benefits not going to poor countries.

Okay, would poor countries be expected to target developed or developing countries in their quest for additional market access and which product markets did they covet? Most of the rhetoric suggested it would be the markets in developed countries, especially agricultural markets.

Three approaches to gaining access to developed-country agricultural markets dominated the discussion. They were: 1) reducing/eliminating export subsidies, 2) reducing/eliminating tariffs, and 3) substantially reducing subsidies to farmers in developed countries. The EU received grief over export subsidies.

The subsidy issue and the 2008 Farm Bill provided a large share of the criticism fodder against the US.

Oddly though, we are convinced that a large share of the consumers of opinion and information about WTO believe that the US is a heavy user of tariffs and export subsidies in its support of major, that is program, crops. Neither tariffs or export subsidies are used in any significant way by the US for major crops outside of cotton, in the past yes to varying degrees, but no longer.

Yet when talking with students, journalists and those from other countries, it quickly becomes clear that often they think that both tariffs and export subsidies for major crops are in heavy use by the US.

In fact, we are often told that one or the other, tariffs or export subsidies, is the US's primary transgression. It's like they are from Missouri. That is, they have to be shown. So we show them.

There seemed to be a great deal of confusion/ misunderstanding by developing countries about how increased market access and expanded agricultural exports to the US could be expected from the Doha round.

Cont. on p. 2

Originally published in *MidAmerica Farmer Grower*, Vol. 28, No. 33, August 15, 2008
Reproduction Permission Granted with 1) full attribution to Daryll E. Ray and the Agricultural Policy Analysis Center, University of Tennessee, Knoxville, TN;
2) Copy of reproduction sent to Information Specialist, Agricultural Policy Analysis Center, 309 Morgan Hall, Knoxville, TN 37996-4519

Doha confusion:

Cont. from p. 1

Besides little to no tariff or export subsidy effects, reducing US farm subsidies would cause some but relatively little decline in total agricultural output-certainly not enough to make a price difference that would make the poor not poor anymore. US. Agricultural land and other asset values would plunge. And output of some major crops would decline significantly but total crop output would decline very little with some crops gaining acreage from the decline in other crops.

Also lost in the discussion is the fact that earlier US policies helped maintain a minimum on world prices, boosting the incomes of farmers worldwide when compared to the 1998-2002 period.

Were developing countries expecting to also gain access to the markets of other developing countries? Although, early on there seemed to be more focus on the developing South versus the developed North, trade among developing countries was expected to increase with the successful completion of Doha.

Developing countries already trade among themselves in varying degrees. But the trade interests and concerns differ across developing countries. That became clearer as time went on.

African and many other developing countries are in survival mode while Brazil, China, and India are in take-off stages. All want to have a measure of control over their ability to provide food for their citizens.

Differences of trading interests abound, however, even for those in the take-off stages. Brazil and India want access to the agricultural markets of developing countries but neither wants to be smothered with nonagricultural goods from China.

But was Doha really ever a developmental round aimed at improving the status of poor countries? Statements by trade officials and observers seemed to suggest that the development moniker was less of a description of Doha than an appealing marketing tool.

As an example from the US perspective, more than once one could read a variation of an implicit bargain that would exchange US agriculture subsidies for market access abroad for US nonagricultural businesses.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of UT's Agricultural Policy Analysis Center (APAC). (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu; http://www.agpolicy.org. Daryll Ray's column is written with the research and assistance of Harwood D. Schaffer, Research Associate with APAC.