

## **Fabulous Friday in Cancun**

By Peter Clark  
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*Cancun – Day 3* - The high point yesterday was Jim Anderson's birthday as he turned over another year and left a bit of the past behind. This was quantum forward movement compared to anything happening anywhere else in Cancun. Our spin doctor in residence (whose Big 4-0 was eclipsed by 9-11-01) had little time to celebrate, keeping his nose to the grindstone throughout the day.

Just how little movement is there? McGill University Prof. William Watson in a whimsical plea for less expensive ice cream in last Saturday's Financial Post recalled that distinguished Canadian Economist Harry Johnson had compared trade negotiations to seduction. Using this analogy, where are we? Clearly, the talks are at the earliest stages of foreplay. All potential participants are still fully clothed and if the top button is open, it is almost certainly because the weather is so hot. But there are still three days to the end and this evening the jawboning and negotiations will go onto an around-the-clock basis.

Attached are two media photos of the lighter side of events. The protest photo suggests that paving stones and batons are not the only or best way to send a message. However, it underlines the view that these meetings in exotic places also provide an occasion for partying as well as protest. The media centre is less over-run with NGOs today after WTO Media coordinator Keith Rockwell banned all NGOs from media briefings for throwing corn (still on the cobs) at U.S. spokesperson Peter Allgeier during a U.S. briefing yesterday afternoon. The Canadian Media briefing yesterday also saw some rude and insensitive questioning which Minister Pettigrew handled very skillfully.

Those NGOs who are not in the media centre can go to the beach. The bridge to the mainland was open last evening and there was a small demonstration by Mexican farmers who were outnumbered at least 10 to one by Federales and paramedics on the scene just in case.

The all Canadian briefing sessions are filled to overflowing. The Ministers could spend more time answering NGO questions than they spend in meetings or Minister Pettigrew listening to the confessions of the various parties who cannot agree on the Singapore issues. The Canadian NGO contingent is not a unified lot. There are business interests focused on supply-managed product issues. Some NGOs want more gender equality in the questioning and others tell them if they want to ask questions, get into line. Just one big, more or less, happy and not yet dysfunctional family. But the week is not over yet and the differences could become deeper.

Minister Pettigrew conducted a well attended and active press conference at noon.

He noted that there was movement in some of the facilitation groups including that there has been an encouraging degree of progress on Singapore issues - surprising in our view because Malaysia has said these issues are non-negotiable. But the Minister did not speculate on where his hearings in the "confessional" would lead by the time he and the other facilitators present their reports to the Chair at the end of the afternoon for consolidation into a new draft communiqué. He indicated that he heard there was movement in Agriculture, although no one seems to know what it is, and in the Development Group, Minister Vanclief in a separate briefing said it was unclear whether Ministers would be able to close the considerable gap in agricultural positions. Canadian Spokespersons described some positions as firming at the ends and softening in the middle

The E.U. is complaining that they have been making all the concessions and it is time for others to contribute. This is a normal E.U. tactic. They are sending clear messages that they must have something on the Singapore issues and not just anything - they are looking for high quality in this. They want an extension of the nefarious Peace Clause on agriculture. The USDA has sent signals today that they have slipped Geographic Indicators into the Development Group along with implementation issues. Watch this one closely. Canada has indicated it is a non-starter, but the question is what happens in a single undertaking which everyone must accept.

The Europeans are feeling isolated on some issues. Canada may be isolated on the E.U. proposals on State trading enterprises. On this one, the E.U. is not alone - the USA is opposed to State trading enterprises in agriculture - and have been harassing the Canadian Wheat Board. This is a serious issue for Canada and must be watched very closely as we roll towards the crunch.

The G-23 is attracting a lot of attention today. High level pressure including apparently calls from President Bush has been applied to shake some of the members loose. It is reported that prospective FTAs or suggestions that G-23 positioning is not consistent with FTA partnership with the USA. And U.S. industry representatives are bemoaning the efforts to turn the debate into a North/South one. Forming the G-23 was not necessary to do this. The signals have been clear for some time. At the same time, the group is trying to expand further with the addition of members from Africa and elsewhere. We are waiting to see where a new 90 member Alliance just announced will go. The members are:

- African Caribbean and Pacific Group of States
- African Union
- Least Developed countries

Brazil has indicated that their positioning is flexible enough to envisage different treatment for different groups of developing countries. The new Alliance (ACPAULDC) has not formally joined the G-20. They have their own position which has not been exposed to the facilitators yet.

Brazil is being attacked by both the USA and E.U. for their leadership in G-23. The Brazilian delegation responded

“We are reaching the final days of the Cancun Ministerial. It is even more important, at this stage, that we concentrate our efforts in trying to negotiate and not direct our energies at attacking countries or groups of countries.”

It is mid afternoon in Cancun and we are expecting a long night.

The facilitators' reports will be given to the Chair in the next few hours. There will be changes in the draft Communiqué and the document will then be the subject of intensive negotiations and horse trading which will go around the clock. There has been discussion of possibly extending the time for the negotiators. But Monday is Mexico's National Day. This may not preclude extension, but it is premature to decide on this.

There has been discussion about another Ministerial or high level meeting in Geneva within the next six months to clean up loose ends - bring numbers to the framework (USTR Zoellick has said he thinks this can be done). This might save the need for now of admitting the Doha deadline cannot be met – but it would simply be delaying the inevitable. The new blocks are bringing a new dimension to the WTO and in the short term, they will not make negotiation easier. Brazil and India will not be bullied, and while others might be bought off in the inevitable round of bilateral lobbying and jawboning the USA and E.U., there is still strongly rooted resistance to stage managing by the Big 2 (or 16 depending on how you count the E.U.)

There has been a lot of debate on whether or not there should be an “explicit consensus”. And more about how to define it. This is a wonderful example about how English-speaking countries are divided by a common language. It could mean everything from voting - which is an issue raised in the WTO from time to time but has been avoided - or ensuring no member is asleep when the Chairman asks whether or not there is consensus.

It should be an interesting weekend. The Ministers must decide on whether their efforts will succeed or fail. The media will decide, however, on how to define success and failure.