

There was little argument with the idea that agriculture will be either the linchpin or the sticking point of the Doha Round. It is the area of trade in goods that is least liberalized, most subsidized (including remaining export subsidies), and most price distorted. It is central to the development agenda, but it is also the front of greatest political resistance to change in the rich countries, for a plethora of complex rationales (not to mention in some poor agriculture dependent countries). What can be said about the prospects for an ambitious outcome in the Doha Round, now more than three years after the launch of this aspect of negotiations?

First, it was observed that there is something of an “analytic disconnect” in the emphasis being placed on agriculture in the Doha Round since the quantitative studies tend not to show significant global welfare gains from liberalizing agricultural trade.

Second, it was argued that, insofar as a major part of the agricultural trade negotiating agenda (subsidies) is about rent transfers, it is not about trade creation *per se*. From an income distribution perspective, the major beneficiaries of liberalization would thus be consumers in the EU and Japan who are actually paying for the subsidies through high retail food prices. At the same time, while some developing countries have significant export interests (Brazil for example), many other developing countries benefit from subsidized imports as this improves their terms of trade and of course their consumers. Cutting these subsidies thus works to reduce real incomes of the poor countries. There is some similarity here to the situation in textiles where some developing countries benefit from liberalization and others from continuation of the Agreement on Textiles and Clothing (ATC).

Third, it was argued that agricultural exports have not served as the path to prosperity for any country historically—it has always been manufactured goods. Accordingly, it was questioned why agricultural trade is at the heart of a round focused on development objectives.

A number of comments highlighted some of the complexities in this area.