

Doha post-mortem: What next for poor countries?

By François Traoré and Jean-Michel Severino

Now that Doha seems dead and buried, what will come next for the poorest nations?

For decades to come, they will continue to rely largely on farming. Farming is responsible for 30 percent to 60 percent of their GDP, employs 70 percent of their active populations and provides up to 70 percent of their currency income.

Four issues weigh heavily on their future, the first two of which were meant to be dealt with through the Doha development round of trade talks.

First, for those rare competitive exports of the poorest countries, undistorted market openness must be guaranteed. The price for African cotton, for example, is pushed down by the direct and indirect subsidies that developed countries provide for their own exports.

Now that multilateral talks have proved incapable of resolving this injustice, the WTO director general should ask for a major reform of the sanction mechanism. So far, the dispute settlement body only shows its teeth when the complainant is a major trade player. It's time for a change.

The second issue Doha was meant to resolve is the future of family farming in the least developed countries. Experience shows that this sector does not cope with liberalization that goes too fast or too far. Because of disparities in productivity, comparing the Northern tractor with the Sahelian hoe is like pitting a space shuttle against a donkey cart.

Now that Doha has collapsed, regional agreements will have to step in. Food security, social stability and rural development all require special and differential treatment and some tariff protection.

The third issue is one that was beyond the scope of Doha: the critical need to increase poor farmers' productivity. Simply stopping subsidies in Northern countries would not guarantee, for example, the survival of African cotton. As new producers like Brazil, India, Pakistan or Turkey become more powerful, Africa sees its returns flatten out because of a lack of investment in training, infrastructure and research.

Overcoming these obstacles requires considerable external support. The European Commission and various European countries have made a commitment to a Euro-African Partnership that will contribute to modernizing the African cotton sector. This is welcome, but it will need to be scaled up, imitated by other trade partners and extended to other sectors.

The last set of critical issues deals with price volatility. Sharp fluctuations present serious problems to both producers and states. Northern countries keep worsening these phenomena because of their export subsidies. The least they could do is help design and implement mechanisms that would reduce the negative effects of price volatility. A wide range of tools needs to be revamped: smoothing funds at national and regional levels, market instruments based on financial options, safety nets negotiated among all stakeholders, aid in times of crisis.

Although aid is no substitute for trade, rich countries are now under increased pressure to step up their development assistance. With the failure of Doha, there is no other way for them to retain some basic credibility in the eyes of the world's poor, and ensure a minimal level of decency in global trade.

For reasons of internal politics, it may be easier for Northern countries to boost their aid budgets than to cut subsidies to constituencies at home. In any case, the world's poor should not be the ones to pay for rich countries' domestic politics.

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