



Highlights of [GAO-04-250](#), a report to the Chairman, Committee on Finance, U.S. Senate, and to the Chairman, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

Trade ministers from 146 members of the World Trade Organization (WTO), representing 93 percent of global commerce, convened in Cancun, Mexico, in September 2003. Their goal was to provide direction for ongoing trade negotiations involving a broad set of issues that included agriculture, nonagricultural market access, services, and special treatment for developing countries. These negotiations, part of the global round of trade liberalizing talks launched in November 2001 at Doha, Qatar, are an important means of providing impetus to the world's economy. The round was supposed to be completed by January 1, 2005. However, the Cancun Ministerial Conference ultimately collapsed without ministers reaching agreement on any of the key issues. GAO was asked to analyze (1) the divisions on key issues for the Cancun Ministerial Conference and how they were dealt with at Cancun and (2) the factors that influenced the outcome of the Cancun Ministerial Conference.

www.gao.gov/cgi-bin/getrpt?GAO-04-250.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347 or YagerL@gao.gov.

WORLD TRADE ORGANIZATION

Cancun Ministerial Fails to Move Global Trade Negotiations Forward; Next Steps Uncertain

What GAO Found

Ministers attending the September 2003 Cancun Ministerial Conference remained sharply divided on handling key issues: agricultural reform, adding new subjects for WTO commitments, nonagricultural market access, services (such as financial and telecommunications services), and special and differential treatment for developing countries. Many participants agreed that attaining agricultural reform was essential to making progress on other issues. However, ministers disagreed on how each nation would cut tariffs and subsidies. Key countries rejected as inadequate proposed U.S. and European Union reductions in subsidies, but the U.S. and EU felt key developing nations were not contributing to reform by agreeing to open their markets. Ministers did not assuage West African nations' concerns about disruption in world cotton markets: The United States and others saw requests for compensation as inappropriate and tied subsidy cuts to attaining longer-term agricultural reform. Unconvinced of the benefits, many developing countries resisted new subjects—particularly investment and competition (antitrust) policy. Lowering tariffs to nonagricultural goods offered promise of increasing trade for both developed and developing countries, but still divided them. Services and special treatment engendered less confrontation, but still did not progress in the absence of the compromises that were required to achieve a satisfactory balance among the WTO's large and increasingly diverse membership.

Several other factors contributed to the impasse at Cancun. Among them were a complex conference agenda; no agreed-upon starting point for the talks; a large number of participants, with shifting alliances; competing visions of the talks' goals; and North-South tensions that made it difficult to bridge wide divergences on issues. WTO decision-making procedures proved unable to build the consensus required to attain agreement. Thus, completing the Doha Round by the January 2005 deadline is in jeopardy.

Trade Ministers at Cancun Unable to Attain Satisfactory Balance among Differing Priorities for Developing and Developed Countries, Preventing Agreement on Any Issue

Differing Priorities	Issues	Outcome
Developed country priorities <ul style="list-style-type: none"> Agricultural market access Lowering tariffs on manufactured goods New subjects for WTO commitments Services liberalization 	<ul style="list-style-type: none"> Agriculture Market access Special and differential treatment New subjects for WTO commitments Services liberalization 	No agreement
Developing country priorities <ul style="list-style-type: none"> Agricultural subsidies Cotton market disruption Special and differential treatment Implementing prior commitments 		No agreement
		No agreement
		No agreement
		No agreement

Sources: GAO and MapArt.