

Agriculture Talks to Focus on Market Access & Domestic Support

In a fax sent to Members on July 15th, agriculture negotiations chair and New Zealand's Ambassador to the WTO, John Adank, suggested that delegates focus their work on the domestic support and market access pillars, given the progress recorded lately on export competition.

"It is clear that all elements within the DDA (Doha Development Agenda) agriculture framework are inter-related and there seems to be a general acceptance that they will need to be dealt with as an overall package", Ambassador Adank stressed in his fax. "In our recent discussions, however, it has been recognized that the domestic support and market access pillars, in particular, are areas demanding much more in-depth discussion among Members," he added.

The export competition pillar remains the sole area where Members have "a very well-developed idea of the potential landing zone," Adank previously said (see Geneva Watch June 30th) citing progress, particularly in the area of export subsidies. In effect, a study by the Cairns Group discussed at the June 5-6 agriculture committee meeting demonstrated that the use of export subsidies has reduced significantly since the beginning of the Doha Round, 13 years ago. Direct export subsidies have fallen to zero, except in a few countries, and where this is not the case, there are some reports of steps being taken to reduce their use, the Cairns Group says.

The objective pursued under the draft modalities text (Rev 4) i.e. eliminate all forms of export subsidies is said to be "doable." Members have agreed to continue to provide more complete and up-to-date information on export competition with the view of advancing the work in that area of the talks.

However, this time Ambassador Adank asked delegations to focus on the more details substance of the two other pillars – market access and domestic support. For that he encouraged them to reflect on two sets of questions and observations he provided.

Domestic Support

With respect to the objective of reducing substantially Members' domestic support, much work remains to be undertaken. Ambassador Adank asked "how Members see the various elements in the domestic support pillar [including the overall trade distorting support (OTDS); the aggregate measure of support (AMS); de minimis; Blue Box; Product-specific limits)] (...) now particularly as they relate to level(s) of ambition, flexibilities, and the contributions envisaged for different members?"

"If you consider that some aspects/elements from past negotiations need to be reconsidered while still achieving the stated mandate, what alternative approaches would you suggest?" he asked.

The questions seemed to be directed to developed countries such as the U.S. and the EU and others who have called for emerging countries to do more in this particular pillar of the agriculture negotiations since those emerging countries have become major spenders. A study by the Cairns Group demonstrated that both China and India have spent a significant amount on total trade distorting domestic support over the last decade. India's OTDS grew from \$8.2 billion to \$16.4 billion between 2001 and 2008, while China's estimated support "increased exponentially" from \$320 million to a stunning \$13.9 billion between 2001 and 2008.

Market Access

With respect to the objective of reaching "substantial improvements in market access," Members have two different views Ambassador Adank stressed i.e. those who "continue to see the approach evolved in the past as remaining viable, subject to the resolution of various outstanding issues" and others who "consider that this approach created complexity without achieving adequate improvements in market access and have suggested a need to consider simplified approaches."

The latter refers to a proposal by the EU to explore a less complex approach to deal with market access by reverting to a Uruguay Round-type tariff cut formula where an average cut in tariffs can take place to simplify the negotiations to reach “an appropriate level of ambition while providing general flexibility for Members.”

“What would/might such an approach involve? What would this mean in terms of outcomes compared with approaches evolved in the past?” Mr. Adank asked.

Regarding the market access elements included in the Rev 4 (the general tariff reduction formula or the tiered formula (higher levels of cuts on higher tariffs), sensitive products (SeP), special products (SPs) and the special safeguard mechanisms (SSM)), Ambassador Adank asked delegates what “level(s) of ambition and flexibilities, and the contributions are envisaged for different members?”

“If you consider that some aspects/elements from past negotiations need to be reconsidered, while still achieving the stated mandate, what alternatives would you suggest should be explored?” the chair continued, asking Members to clarify if they see “any other ways of assisting in achieving the stated mandate?”

In that respect, Indonesia on behalf of the G-33 submitted a series of non-papers on July 17 to renew their position on SPs and SSM.

The group considers the Rev 4 wording on SPs as “stabilized” and insist to include it as “an integral part of the post-Bali work programme. The Rev 4 states that Members shall be entitled to self-designate SPs “guided by indicators (Annex F) based on the criteria of food security, livelihood security and rural development.” 12% of tariff lines shall be self-designated as SPs and up to 5% of lines subject to zero cut with an overall average cut of 11%.

The small vulnerable economies (SVEs) may choose to apply the moderated tariff tiered formula specially designed for them plus the SPs entitlement outlined above or “alternatively choose not to apply the tiered formula but simply meet an overall average cut of 24% through having in effect opted to designate as many tariff lines as they choose as SPs” which won’t be “subject to any minimum tariff cut and need not be guided by the indicators.”

In the case of recently accessed Members like China, who joined in 2001, the Rev 4 stipulates that “the maximum tariff line entitlements to Special Products shall be 13% and the overall average cut to be achieved for the designated tariff lines may be further reduced to 10%.”

On SSM, the G-33 reiterates the past submissions tabled on the issue since 2010: design and structure, price and volume cross-check conditionalities, seasonality, flexibilities for SVEs and pro-rating which it said all “remain valid, robust, reasonable and uncontested.” It claimed that “SSM should be viewed as a critical deliverable that is not linked with any Doha tariff reduction disciplines, and therefore a serious and focused-work and engagement must begin immediately without further delay.”

An informal open-ended meeting of the agriculture negotiating group is scheduled for July 23rd, where the above issues are expected to be discussed.

TF Still Unresolved

All eyes were on the G-20 trade ministers meeting this past weekend (July 19th in Sydney, Australia), in the hopes that ministers would be able to resolve some of the ongoing challenges over the implementation of the Bali Package, particularly with regard to trade facilitation (TF), but South Africa and, particularly, India, were reportedly “playing hardball” according to informed sources.

Sources said India refused to agree to the protocol which would formally incorporate the TF into the Marrakesh Agreement – effectively integrating it into WTO’s existing legal framework – unless its issues pertaining to food security is addressed. The 9th Ministerial Conference (MC9) decision on public stockholding for food security purposes calls for the pursuit of a work programme aiming at “making recommendations for a permanent solution” by 2017.

India and the G-33 have requested that the Agreement on Agriculture includes certain developing countries' policies and services designed to promote rural development and poverty alleviation, and by doing so, to modify the food security proposal "so as to provide that acquisition of stocks of foodstuffs by developing country Members with objective of supporting low-income or resource-poor producers shall not be required to be accounted for in the AMS."

The WTO Committee on Agriculture is expected to debate this in the fall.

Meanwhile sources said the African Group is now showing flexibility on the issue. The group has previously requested that the protocol be linked to the single undertaking of the DDA, fearing the uncertainty surrounding financial and technical assistance to help them implement the TF agreement after the protocol is agreed to. However, sources said there is nevertheless a bit of light at the end of the tunnel since donors, including the World Bank, have recently committed to support developing countries with some \$30 million USD.

Members will continue negotiating with the view to address India's concern. A General Council meeting is scheduled for July 24th to approve the TF, but source say Members could elect to postpone the meeting so more time is made available to reach consensus. The TF protocol is expected to be agreed before July 31st.

Upcoming Events

- U.S.-Japan Parallel Negotiations, August 4-5, Washington, D.C. (U.S.)
- TPP Chief Negotiator Meeting, TBD
- G-20 Trade Ministers Meeting, July 19, Sydney (Australia)
- Informal Agriculture Negotiations, July 23
- WTO General Council, July 24-25, October 7-8, December 10-12
- WTO Public Forum, October 1-3
- APEC Leaders Summit, November 10-11, Beijing (China)
- WTO Regular Agriculture Committee, November 13-14
- G-20 Leaders Summit, November 15-16, Brisbane (Australia)

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