Debating Export Competition

The proposal on export competition, originally championed by Brazil and the EU, got five additional sponsors – Argentina, New Zealand, Paraguay, Peru, and Uruguay – and was presented on behalf of the group by the EU at the latest agriculture negotiations meeting on November 18th.

The proposal calls for:

- The elimination of developed countries' export subsidies by 2018 while developing Members will end theirs by 2021 – in other words, two years earlier than what the chair Ambassador Vitalis originally suggested. The proposal also requires developing countries to commit to remove the subsidies on marketing and internal transportation by the end of 2026.
- In order to accommodate the U.S.'s concerns on export credits, the proposal provides space to allow a longer repayment term than 180 days, which could reach a maximum of 270 days, coupled with risk-based fees derived from the Organization for Economic Co-operation and Development's (OECD) benchmark minimum premium rate.
- On STEs – Members will be given until 2020 to eliminate their agricultural exporting state-trading enterprises.
- On food aid – the proposal suggests that Member may monetize in-kind food aid in non-emergency situations not in conformity with the food aid provisions, provided that the monetized in-kind food aid constitutes not more than [x%] of total in-kind food aid donation. Some informed sources have previously established that percentage at 15% of total food aid.

The U.S., which is the main target here, said the proposal as presented fails to meet all its needs. It later circulated two proposals on STEs and food aid on November 20th. On STEs, the U.S. specified that "no Member shall create or maintain a state trading enterprise having export monopoly powers with respect to one or more agricultural products after [20XX]," unless the exported products is *de minimis:*

> *"where the enterprise's average world exports of the agricultural product concerned are not more than 0.25% of total world trade in that agricultural product in the 2003-2005 base period and provided that (a) the enterprise concerned has been notified already as an STE and (b) that the use of agricultural export monopoly powers by such an enterprise is not exercised in a manner which, either de jure or de facto, effectively circumvents the provisions set out in the Agreement on Agriculture or other WTO Agreements."*

On food aid, the U.S. said:

> *"Members shall ensure that agricultural products provided as international food aid shall not be re-exported in any form, except where the agricultural products were not permitted entry into the recipient country, the agricultural products were determined inappropriate or no longer needed for the purpose for which they were received in the recipient country, or re-exportation is necessary for logistical reasons to expedite the provision of food aid for another country in an emergency situation."*

Among those who questioned the EU-led proposal are India, and Switzerland. India questioned the fact that the proposal had been tailor-made to accommodate one Member, while ignoring developing countries' concerns. It joined Venezuela in questioning the reference to the OECD which, according to Venezuela, does not represent the majority of the World Trade Organization (WTO) membership.

Switzerland opposed the 2018 date for elimination of export subsidies, adding that the proposed changes involve significant policy adjustment that would require a parliament decision.

Canada, along with other countries (Argentina, Australia, Brazil, Chile, Colombia, Costa Rica, the EU, Japan, Mexico, Moldova, New Zealand, Norway, Pakistan, Paraguay, Peru, Russia, Singapore, Thailand, Ukraine, and Uruguay), backed the proposal, saying it would represent a meaningful achievement for Nairobi, even without any results in domestic support and market access. They called for pragmatism and insist on the need to avoid linking export competition to other agricultural topics.

Australian Paper

Australia circulated a paper on India's sugar export subsidies and the U.S.'s export credits. Australia said India provides subsidies on more exports than those of Canada, Switzerland and Norway combined, which have a negative impact on both developed and developing countries. On export credits, Australia is critical of the U.S.'s wheat exports to Korea, citing "little rationale" since Korea is a rich enough country to stop benefiting from the program.

In his concluding remarks, Ambassador Vitalis stressed that Members were still far from a consensus and asked them to remain ready to meet at extremely short notice and at unsocial hours. "We need a high level of engagement from everyone if there are to be worthwhile results at Nairobi," the chair concluded.

Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers to report on the various events occurring in Geneva, particularly on the WTO negotiations on agriculture.

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