

Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

WTO Agriculture Talks Focus on Domestic Support and Market Access

The World Trade Organization's (WTO) agriculture negotiations committee held talks November 16th on how to reduce trade-distorting domestic support and market access barriers at the upcoming December 2017 Ministerial Conference (MC11) in Buenos Aires (Argentina). The discussion was fueled by a number of proposals that were circulated prior to the meeting, on not only domestic support, but also on market access.

The Chair of the agricultural talks, New Zealand's Ambassador to the WTO, Vangelis Vitalis, said he was encouraged by Members' engagement "and therefore the state of our negotiations".

"I continue to assess that the significant number of questions and submissions Members have circulated over the past six months underlines the commitment of all Members to engage with one another on domestic support and, more particularly, on what may be do-able for the meeting in Buenos Aires," Vitalis stressed at the meeting.

Domestic Support

Among the new submissions, Argentina, Australia, Colombia, New Zealand, Paraguay, Uruguay, and Vietnam call on Members to target aggressively both AMS (aggregate measurement of support) and the *de minimis* support, two of the worst distortions in domestic support today, the group said.

The group stressed that product-specific support in key agricultural producing or exporting countries "has a negative impact on the prices all farmers in the world receive," citing dairy as an example. "This leaves all dairy farmers worse off because the increased production puts further downward pressure on world dairy prices," the group said.

Argentina, Brazil, Chile, Colombia, Paraguay, Peru, and Uruguay outlined four options to curb trade-distorting support:

1. A comprehensive limit for trade-distorting domestic support expressed as a percentage of the value of production

2. Use the current structure of the AoA (Agreement on Agriculture) and agree to cuts to AMS, "*de minimis*", and to the Blue Box at each ministerial
3. Address concentrations of subsidies in certain agricultural products
4. Limit the effect that subsidized agriculture production has on international markets

The proposal also calls for an ambitious outcome in domestic support related to cotton. This request was also echoed by members of the African, Caribbean, and Pacific (ACP) group who call for "substantial reductions of, with a view to eliminating, all trade-distorting domestic subsidies for cotton production."

They too circulated a proposal seeking "an agreement on an overall comprehensive limit to the sum of all trade-distorting domestic support" in developed countries, "so as to reduce the difference between the maximum AMS entitlement and the current applied levels of domestic support," and for other Members "an overall comprehensive limit to the sum of all trade-distorting domestic supports without undermining the development and food security needs of developing countries" while keeping intact Article 6.2 of the AoA (the so-called development box which excludes some development-oriented support measures from the reduction commitment as a special and differential treatment).

Among the reactions to those proposals, the EU said it supports the idea of a limit on the overall level of support, adding that the ambition on cotton should take into account the "red lines" of all stakeholders.

The proposal to limit trade-distorting domestic support based on the value of production would be difficult for G-10 countries, said Switzerland. In fact, combining option 1 of the Brazilian proposal (A comprehensive limit for trade-distorting domestic support expressed as a percentage of the value of production) with option 3 (address concentrations of subsidies in certain agriculture products) would be an "explosive cocktail," Norway added.

Two countries (China and South Africa), meanwhile, continue to call for the negotiations to be held on the basis of the draft 2008 revised modalities (Rev. 4) calling it the only basis for achieving conclusion.

Market Access

While market access is not as “high a priority” as domestic support – “on which there remains strong agreement about the need for an outcome, if not consensus” – it is “now of interest to rather more Members than was the case ahead of and during the July CoASS [agriculture negotiations] meeting,” Ambassador Vitalis told the full Membership.

This intensification and expansion of interest in the negotiations on agricultural market access has resulted in Members identifying specific elements on which they expect to elaborate their thinking in the coming months, he added.

Topics such as: tariff escalation, tariff simplification, tariff peaks, tropical products, the special safeguard on agriculture (SSG), the conversion of non-*ad valorem* rates to *ad valorem* rates and binding in any remaining unbound rates to be addressed have been mentioned as a matter of interest for MC11.

Many see “interest in both real tariff cuts and to changes to TRQs (tariff rate quotas), including both liberalization of administrative procedures, but also to movement in these TRQs themselves,” Vitalis said.

“One idea that has been raised again with me bilaterally is whether there may be value in considering a trade-off between individual levels of ambition in market access and domestic support. Equally, however, other Members have proven somewhat resistant to the idea of such an inter-relationship.”

Submissions on market access have already been tabled. Among them, Paraguay introduced two submissions addressing tariff overhang, i.e. the difference between bound and applied tariff rates, more commonly known as “tariff water” and another proposal calling for the termination of the SSG at the MC11.

The discussion on the SSG was based on a WTO Secretariat note which shows that among the Members entitled to use the provision, only six have used it in the past five years as the use of SSG has generally been declining.

Paraguay argue that the declining trend suggest that the SSG could come to an end by the 11th ministerial next year, while a few other members – including the G-10 coalition – indicated that SSG is enshrined in the WTO AoA and should not end until the agriculture reform process is completed.

Argentina, Australia, Colombia, Costa Rica, New Zealand, Paraguay, and Uruguay tabled a joint paper on what they perceived as major impediments to market access, including high tariffs, tariff escalation, tariff peaks, high level of disparities in tariff levels among Members, limitations to TRQs, and non-tariff measures. The proposal seeks, among other things, an improvement in tariff levels (cutting the in-quota/out-of-quota tariffs). The group said it is crucial to envisage a mechanism for its expansion as a middle step towards the target of TRQ total elimination.

“It is also appropriate to consider how complex tariffs can be simplified. An approach that has inherent appeal would be to move all bound and applied tariffs to an *ad valorem* basis. Given the lack of transparency associated with the use of non-*ad valorem* tariffs, this has an inherent appeal,” the paper stressed.

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.

For more information or comments, please visit: dairyfarmers.ca, chickenfarmers.ca, eggfarmers.ca, turkeyfarmersofcanada.ca, chep-poic.ca

Legal Deposit: National Library of Canada, ISSN 1496-9254



Dairy Farmers
of Canada
Les Producteurs laitiers
du Canada



Chicken Farmers
of Canada
Les Producteurs de
poulet du Canada

EGG FARMERS
OF CANADA
Dedicated to Quality



LES PRODUCTEURS
D'ŒUFS DU CANADA
Dédiés à la qualité



TURKEY FARMERS
OF CANADA
LES ÉLEVÉS DE DINDON
DU CANADA

Canadian
Hatching Egg
Producers



Les Producteurs
d'œufs d'incubatio
du Canada