



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

## Agriculture Negotiations Heat Up

**The agriculture negotiating group met June 1-2 to discuss a number of proposals Members have tabled as potential outcomes for the Ministerial Conference (MC11) in Buenos Aires (Argentina) this December.**

The topics discussed covered all three pillars of the agriculture talks – domestic support, market access, and export competition. In addition, the group also addressed the issue of public stockholding for food security purposes and the special safeguard mechanism (SSM).

The chair of the agriculture negotiations, Kenyan Ambassador to the World Trade Organization (WTO), Stephen Karau, confirmed Members’ “near universal support” to consider cuts in trade-distorting domestic support as a top priority for MC11, although he added that there were voices stressing that elements of market access should also be considered at MC11.

### Domestic Support

Given the difficulties surrounding the domestic support issue, Ambassador Karau said Members have revised their expectations about what could be achievable by MC11.

“There is an emerging consensus that whatever the outcome at MC11, it should not be considered as a final outcome on domestic support,” in others words, Members could leave part of the work on domestic support to be addressed after Buenos Aires.

The Least Developed Countries (LDCs), the African, Caribbean, and Pacific Group (ACP) and the Cairns Group have all recently tabled papers on domestic support. The latter have elaborated various scenarios on how this could be approached suggesting four possible options to address Members’ overall trade-distorting domestic support (OTDS).

“As values of production have historically trended upward for most Members, this means the total amount of money which can be spent globally on trade-distorting support in agriculture will increase over time,” the Cairns Group said. A fixed OTDS cap meanwhile does not vary from year to year and permanently fixes a maximum amount of

money calculated based on a percentage of Members’ average VoP in a reference period which can be spent globally on trade-distorting support in agriculture.

As expected, Members differ on which scenario to consider for MC11. The Cairns Group countries prefer capping the OTDS while limiting support being concentrated in some specific products, whereas some developing members – including China – suggest limiting the cut to the amber box, while preserving *de minimis* and article 6.2 support (support for agricultural inputs or diversification of production provided to developing countries only).

### Market Access

Even though Members broadly believe that addressing agricultural market access issues in Buenos Aires, in the absence of outcomes in other areas of the negotiations would be difficult, some Members nevertheless continue to stress the importance of achieving commercially meaningful results in that pillar to ensure that work continues after the MC11.

Russia introduced a paper calling for the end of the special safeguard (SSG) at the MC11. Russia said the provision was supposed to be temporary – as it served as a transitional tool to aid in the tariffication process undertaken during the Uruguay Round. The fact that it is still valid, combined with domestic support, provides a competitive advantage to countries that have the right to apply the measure, Russia argues.

“While some Members have to comply with the requirements of the Agreement on Safeguards, others continue to enjoy the right to introduce SSG in accordance with Article 5 of the AoA. The vast majority of acceded Members, including the Russian Federation, do not have the right to use SSG, even though they have undertaken significant liberalization commitments in the context of WTO accession negotiations,” Russia stressed.

Russia believes the SSG “currently serves as an unnecessary layer of tariff protection.” It joins some Latin American countries, including Argentina, who have also

called for the elimination of the SSG at the MC11. Ending the SSG would lessen the need for an SSM, which India and other G-33 countries hope to include among the MC11 deliverables, Argentina has argued.

However, while some support the elimination of the SSG, others do not see this as a realistic outcome. The countries who currently use the measure believe the mechanism is part of the WTO agriculture reform process allowing them to protect their farmers while liberalizing the market and that the provision should stay in place until the reform process is completed.

Paraguay and Peru have also submitted a proposal on the continuation of the reform process in agriculture market access by tackling tariff peaks, tariff escalation, and complex tariff structures. The two Latin American countries suggest that Members agree to start by simplifying their tariffs by converting them into *ad valorem* by the end of the MC12 (2019). After that, Members could discuss ways to reduce these tariff and non-tariff barriers.

### Export Restrictions, Public Stockholding & SSM

“The issue of export restrictions emerged as being of particular interest to a number of Members which have been seeking to strengthen disciplines in this area,” Ambassador Karau reported. Singapore has tabled a paper on the issue asking Members to notify the WTO 30 days before applying export restrictions.

The issue of public stockholding for food security purposes was tackled on June 2<sup>nd</sup>. Although no one rejects the mandate to reach a permanent solution on the issue in Buenos Aires, Members are still far apart on how to deal with this matter.

“One of the key questions that remain open is the starting point for the discussions. The G33 maintain that their proposal should be the basis, while many others prefer the Bali Decision,” the chair told the full Membership.

Differences also still persist on the special safeguard mechanism. “Members who are proponents of the SSM emphasize that they see these discussions as entirely separate from market access negotiations. They view the SSM as an essential tool to protect domestic producers from import surges, to fight against poverty, and to promote rural development.”

“Other Members consider that it would be difficult to achieve an outcome on the SSM in MC11 in the absence of outcomes on market access more generally. Some also restated their concerns that the SSM would disrupt normal trade and had lingering doubts about the rationale for the SSM in the absence of market liberalization,” Ambassador Karau reported, urging Members that have not yet tabled a submission to do so before the summer break.

**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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