

Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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More Proposals on Domestic Support

World Trade Organization (WTO) Members met in small groups from July 12–14 to discuss domestic support, the special safeguard mechanism (SSM), and public stockholding for food security purposes. Overall, Members stuck to repeating their respective positions on the issues, partly because the agriculture chair, Kenyan ambassador to the WTO had to go back to Nairobi for few weeks, according to one source who attended the meeting.

That being said, there is still a strong willingness from all Members – including the U.S. – to address domestic support in Buenos Aires (Argentina), but the latest proposal by the African Group to look at disciplining the Green Box as part of the MC11 (WTO Ministerial Conference # 11) outcomes is not attracting developed countries' sympathy. Nonetheless, Members reiterated their confidence in the collaboration between the EU and Brazil to come up with suggestions on how to address trade-distorting support in Buenos Aires.

The two countries previously collaborated to table a joint proposal on export subsidies for MC10. On July 17th, the two circulated a first proposal on domestic support, public stockholding, and cotton, along with Columbia, Peru, and Uruguay.

On domestic support, the EU and Brazil suggest that:

- A) Developed Members shall not provide trade-distorting domestic support in excess of [X%] of the total value of agricultural production as of [2018], while developing Members shall not provide trade-distorting domestic support in excess of [X+2%] of the total value of agricultural production as of [2022]. This paragraph shall not apply to least-developed Members.

OR

- B) Developed Members shall not provide trade-distorting domestic support in excess of [X%] of the total value of agricultural production as of [2018], while Developing Members shall not provide trade-distorting domestic support in

excess of [X%] as of [XXXX]. From [2022] until [XXXX], developing Members shall not provide trade-distorting domestic support in excess of [X+Y %] of the total value of agricultural production. This paragraph shall not apply to least-developed Members.

The two went on to describe what is understood by “trade-distorting domestic support” which they say includes Articles 6.3 and 6.4 of the Agreement on Agriculture.

Australia, Canada, New Zealand, and Paraguay also circulated a proposal on how to address trade-distorting support. The four Cairns Group Members suggested that delegates agree to fixed caps on trade-distorting domestic support. They argue that “fixed caps could meaningfully constrain future spending limits in a way that floating limits, based on a percentage of the value of production (currently growing at over 10% on average for major Members), would not.” When expressed as numerical/monetary values, these fixed caps “would provide global markets, exporters and Members with transparency and certainty on Members’ domestic support limits,” without the need for additional notifications from Members, the group said.

The proposals are up for discussion by WTO members at the informal agriculture negotiations meetings July 19-20. Cuts in trade-distorting support, fisheries subsidies, public stockholding for food security, and the special safeguard mechanism (SSM) for developing countries, are being considered for MC11. Other subjects such as the special safeguards (SSG), and cuts in tariffs (in-quota, tariffs peaks and tariff escalation) are also under consideration by some countries as potential complements to the MC11 outcomes.

TPP-11 to Meet in Australia Late August/Early September

The Trans-pacific Partnership’s chief negotiators met in groups and bilaterally from July 12–14 in Hakone near Tokyo (Japan) to discuss concrete steps to bring

agreement into force without the U.S. The 11 negotiators said they now have “an image” of how the agreement will look, although they do not know yet what specific form it will take as there are still differences persisting over the original text, one Japanese source said.

In Hakone, chief negotiators elaborated guidelines on which countries will brainstorm with the view to hold “deep discussions” on the possible options in Australia late

August/early September. That meeting will be the fifth attempt (after previous sessions have been held in Chile, Canada, Viet Nam, and Japan) to finalize options to bring agreement into force. A final decision on this is expected to be taken by leaders on the sidelines of the November 10-11 Asia-Pacific Economic Cooperation summit in Vietnam.

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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