



## Focusing on ‘Doable Elements’ for MC12

**As anticipated, the chair of the agriculture negotiating group, Ambassador Deep Ford (Guyana) circulated his ‘Reflections and Options Paper’ on July 31<sup>st</sup>, summarizing his assessment of the state of play in the agriculture talks.**

“This interim report seeks to stimulate and assist Members to move some steps forward through the identification of doable elements for negotiation so that meaningful outcomes might be harvested over the coming months,” Ford said in his introductory remarks.

The 30-page long report features a compilation of Members’ ideas and suggestions covering all seven areas of the agriculture talks (domestic support (DS); market access (MA); export competition (EC); export prohibitions or restrictions (ER), cotton, special safeguard mechanism (SSM) and public stockholdings (PSH). The chair then added his own assessment of each topic, including questions for Members to focus on while brainstorming the document.

The whole idea is “intended to help structure the discussions after the summer break and provide perspectives and thoughts on some of the key issues with a view to assisting us to identify possible landing zones on these issues,” Ford wrote.

### **Domestic Support**

Domestic support remains the top priority for Members. A variety of options and ideas have been tabled on all aspects of the issue from article 6 to annex 2 (Green Box). Ambassador Ford asked delegates to select an approach to deal with the issue – i.e. whether to consider the entire “DS elements

concurrently or in a sequential manner” and, if the latter, in which order?

Emerging developing countries (India and China) have, along with the support of other developing Members, called for developed countries to eliminate their aggregate measure of support (AMS) first, in order to level the playing field. The U.S. has, for its part, called for any DS reform to include article 6.2 support (the so-called Development Box) granted to developing countries in the form of “investment subsidies, input subsidies, and domestic support to encourage diversification from growing of illicit narcotic crops.”

Others, like the African Group Members have called for disciplines in the Green Box (considered non- or minimally- trade distorting) to prevent support from shifting from one box to the other. Several have also called for limiting the Blue Box and Members’ overall agricultural support.

Among the options listed in Ambassador Ford paper, Members will have to decide whether to reduce the Final Bound Total AMS; introduce standstill on product-specific support or reduce percentage of the de minimis. They will consider whether to introduce a limit on article 6.2 based on historical spending or the value of production or whether to simply include it (or part of it) in the overall trade distorting support (OTDS) limit. The document also addresses possible options to consider for Blue and Green Boxes and whether all or certain elements of Green Box payments should be included in the OTDS limit.

Summarizing the options on the table, Ambassador Ford asked Members “which idea or combination of ideas could realistically lead to an outcome?”

For instance, whether Members would consider slashing their total AMS alone or as part of a package? He urged them to reflect on whether to focus on clarifying the criteria for Blue, Green and Development boxes or envisage limiting them. In short, Members will have to decide on what could be doable “in the short term” (to be included in the MC12 package) and what to leave “for the medium to longer term” (to be addressed post-MC12).

### **Market Access**

The market access discussion has always been identified as difficult although many Members including the U.S. and several Cairns Group member countries have pushed for an incremental outcome. The past year, discussions have focused on specific topics including tariff simplification, tariff escalation, tariff rate quotas (TRQs), applied tariffs and the special safeguard (SSG).

Enhanced transparency through ad hoc notifications is sought after for applied tariffs with the aim to limit the negative impact of frequent changes. Members, especially developing ones, are looking for additional outcome that would boost their exports of tropical products.

In the case of TRQs, discussions have focused on the country-specific quotas that are underfilled. The question before Members is whether these underfilled TRQs could be reallocated following the template agreed in Bali.

Among the tricky issues in this area of the negotiations, the chair asks Members whether they would be willing to “consider agreeing to present AVEs of their non-ad valorem tariffs in a time-bound manner, along with brief details of data and the calculation methodology employed.” An AVEs exercise had been completed in the past when Members were still negotiating the Doha Round. Whether delegates will be willing to use that outcome as a template to simplify their tariffs remains to be seen.

Given delegates’ reluctance to undertake a tariff reduction formula, Ambassador Ford asks whether they would be ready to take up tariff escalation based on a request offer basis by focusing especially on products of export interest to developing countries.

Ford further suggests that Members identify what is “doable”, what is “less likely” and what is “not likely at all” for MC12 along with a work programme for issues to be taken up after MC12.

### **EC/ER/Cotton/SSM and PSH**

The chair went on to address the state of play in the remaining areas of the agriculture talks. Some including Canada and the G-10 countries (Switzerland, Japan etc.) have confirmed their interest in addressing Nairobi’s ‘unfinished business’ (i.e. reform of food aid, export finance and STEs). However, this has not gained steam as Members seemed to have moved to another pillar following the agreement to eliminate export subsidies at the MC11. Therefore, the chair simply asks if delegates will be willing to improve transparency in these areas.

The prospects for an agreement in ER are much greater than any other area listed in this section given the simplicity of the requests (“foodstuffs purchased for non-commercial humanitarian purposes by the WFP to be exempted from the application of Export Restrictions” and the “30-day period (as advance notification) with flexibilities in cases of ‘force majeure’ ”. The issues have also been considered for the MC11 in Buenos Aires.

Ford suggests that Members identify elements that “would seem to have some chances of moving forward, as part of an outcome on Export Restrictions.”

On the issue of cotton, which is linked to DS, the chair suggests that Members use the recent submission of the Cotton-4 countries (C-4 Benin, Burkina Faso, Chad and Mali) to negotiate an outcome on cotton.

SSM and PSH remain very complicated as Members have not progressed in neither of the two issues. Many Members continue to question the need for an SSM, describing it as “a step back from agricultural trade liberalizing reform.” PSH, on the other hand, comes with concerns about the potential disruptions the proposed permanent solution may have on trade and other countries’ food security programmes.

### **Next Steps**

With his paper, Ambassador Ford hopes to provide Members with some directions to guide discussions this upcoming fall.

There is a considerable interest to reach an incremental outcome by the MC12, he said, which is why he urges Members to focus on “doable elements” that can lead towards convergence on an outcome.

The chair expects Members to stand ready to intensify their efforts on the most promising topics, addressing different levels of outcomes throughout the intensive and proactive results-oriented negotiation phase this autumn.

To that end three special sessions have already been programmed at the end of the next three months following the August break, i.e. September 26-27, October 28-29 and November 28-29.

In addition, the chair also plans to explore opportunities that might exist at upcoming high-level meetings, including ministerial gatherings and heads of delegation meetings, to make progress with the hope that this step-by-step process enables them to arrive at an incremental package on which they can achieve consensus.

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