

Charles Akande, Editor

## *An overview of the WTO negotiations on agriculture*

### **WTO Agriculture Chairman Indicates Progress on Export Subsidies**

Export competition remains the area where Members have “a very well-developed idea of the potential landing zone,” Agriculture negotiations chairman and New Zealand’s ambassador to the WTO, John Adank, told the full Membership gathering in an informal trade negotiations committee (TNC) on June 25<sup>th</sup>.

The meeting, chaired by WTO’s Director General, Roberto Azevêdo, had been scheduled to review the state of play in the Doha negotiations as Members have entered the second phase of their discussions on the Doha Development Agenda (DDA) work programme aiming at testing ideas to bring the Round to a close.

Reporting on the agriculture negotiations, Ambassador Adank, said so far his consultations with delegates “have helped better define at least what the issues are that various Members consider need to be solved. We know more about the so-called challenges in the way of an overall agreement. But we still have a considerable way to go in identifying potential solutions to any of these challenges,” he said.

Unlike the other two agriculture pillars (domestic support and market access) which are said to be more challenging, Members have made progress on export competition and particularly on export subsidies. In effect, a study by the Cairns Group discussed at the June 5-6<sup>th</sup> agriculture committee meeting, shows that the use of export subsidies has been reduced significantly since the beginning of the Doha Round, 13 years ago. Direct export subsidies have fallen to zero, except in a few countries, the Cairns paper observes, and where this is not the case there are some reports of steps being taken to reduce their use, the Cairns Group says.

The group says the data shows that the objective of eliminating export subsidies “is doable” under the current draft modalities text (Rev 4). In addition, many countries have been introducing a number of reforms on export finance, food aid and state trading enterprises. The paper showed that over half of the 14 countries that have outlined details of their food aid programme are consistent with the Rev 4 text i.e. untied, and in cash or any other form that is not related to the donor country’s export objectives.

Members agree to continue to provide more complete and up-to-date information on export competition with the view of advancing the work in that area of the talks.

Meanwhile on domestic support, Members still disagree on what Ambassador Adank described as the “changing patterns of domestic support and subsidisation in the years since the negotiations were last active, and particularly the increased role that domestic support now plays in some emerging economies.”

This is related to the contribution developed countries seek from emerging ones – such as China and India – which have both spent a significant amount on total trade distorting domestic support ( TTDS) over the last decade. India’s TTDS grew from \$8.2 billion to \$16.4 billion between 2001 and 2008, while China’s estimated support “increased exponentially” from \$320 million to a stunning \$13.9 billion between 2001 and 2008, a Cairns Group study showed. The question is what these members “can and should make” in this section of the negotiation to reach an agreement that would work for all.

With respect to market access, Ambassador Adank said “there are a wide range of views about how the issues in this area should be addressed, all of which relate to the respective levels of ambition and the contributions that Members want to set for themselves and for others.” The consultation he has had showed that Members disagree on whether the approach developed in the Rev 4 could deliver “an acceptable landing zone in terms of improved and predictable market access outcomes.”

Some Members have suggested focusing on the Rev 4's "outstanding issues" including the issues of sensitive and special products (SeP and SPs) as well as the special safeguard mechanism (SSM). The draft text stipulated that both Japan and Canada have declared themselves as not being in position to agree to the 4% tariff lines limitation for sensitive products as they are seeking flexibility to designate more tariff lines. It remains to be seen whether Members are prepared to agree to any further flexibility, and if so, what they would require as a payment in exchange of additional flexibility.

Regarding SPs, several developing Members (for the most part exporting Latin American countries) have expressed concerns with respect to the numbers contained in the Rev 4 (a total of 12% of tariff lines to be considered SPs with 5% subject to zero cut) claiming that the provision as written will negatively impact exports.

While various consultations have taken place on SSM (seasonality, price & volume cross-check and price based SSM), no concrete solution has emerged on the issue which remains a deal breaker for the G-33 coalition led by India and Indonesia.

There has been interest in exploring a less complex approach in the area of market access, Mr. Adank said. The most talked about is an idea floated by the EU which aims to simplify the negotiations by reverting to Uruguay Round-type tariff cut formulas where an average cut in tariffs can take place with some flexibility allocated to countries (e.g. a minimum cut). The idea is currently being explored however, several countries already made clear that it should deliver "significant improvements" in market access to be acceptable.

"Determining or confirming what you want from others is clearly the easy part. But Members must also be prepared to indicate what they will contribute to make potential solutions politically saleable," Ambassador Adank said. "Only in this way are we likely to create the necessary negotiating environment and momentum that will allow us to identify compromise solutions," he concluded.

"[W]e are still not at a point where the conversations actively and resolutely seek potential solutions," Mr. Azevedo said about the negotiation on the next DDA work programme, urging delegates to put offers on the table that would lead to possible trade-offs.

The Director General assured that he would not table a paper on the DDA roadmap as this will have to come from Members themselves.

"The conversations you are having with each other to test positions and test ideas are critical," Mr. Azevêdo said. "We are sowing the seeds. They need time to germinate," he added.

The negotiating groups will pursue their consultations in July with the goal of clarifying the way forward with the DDA.

## Upcoming Events

- Informal Agriculture Negotiations, July 3
- TPP Chief Negotiator Meeting (TPP), July 3–12, Ottawa (Canada)
- G-20 Trade Ministers Meeting, July 19, Sydney (Australia)
- WTO General Council, July 24-25, October 7-8, December 10–12
- WTO Public Forum, October 1–3,
- WTO Regular Agriculture Committee, November 13
- APEC Leaders Summit, November 10-11 Beijing (China)
- G-20 Leaders Summit, November 15-16, Brisbane (Australia)

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