



COMMITTEE ON COMMODITY PROBLEMS

Seventieth Session

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UPDATE ON WTO AGRICULTURAL NEGOTIATIONS

1. Updates on the WTO negotiations on agriculture are a regular item on the agenda of the CCP given the importance that the Committee has attached to the outcome of the negotiations for agricultural development and food security. In providing an update on developments since the Sixty-ninth Session of the CCP, this document briefly explains the outcome of the Ninth WTO Ministerial Conference held in December 2013 and reports on progress on the implementation of the agreement that was reached. In the concluding section, it highlights the Secretariat's activities in supporting the formulation and implementation of trade related agreements.

2. Since the WTO Doha Round negotiations reached an impasse in July 2008, there have been a number of efforts to revitalize the negotiating process. At the Eighth WTO Ministerial Conference, held in Geneva in December 2011, Ministers committed to advancing negotiations where progress could be achieved, including focusing on the elements of the Doha Declaration that allow Members to reach provisional or definitive agreements based on consensus earlier than the full conclusion of the Single Undertaking. In substance, the notion of the Single Undertaking was abandoned, even though the commitment to a successful Doha Development Agenda outcome was once more reiterated.¹

The Ninth WTO Ministerial Conference

3. In this context, the strategy for the Ninth WTO Ministerial Conference held in Bali in December 2013, was to identify a small package of proposals on which there was a good chance of reaching agreement. The package, which formed the basis of intensive negotiations in the run up to the Ministerial Conference comprised three main components: trade facilitation, agriculture, and development issues, with the latter two widely seen by many developing countries as being necessary to balance the trade facilitation component.

¹ Chairman's Concluding Statement of the 8th Ministerial Conference (WT/MIN(11)/11).



Agriculture

4. On agriculture, the G-20² made a number of proposals related to agriculture, including Tariff Rate Quota Administration and Export Competition which were broadly accepted by other WTO Members. By contrast, a G-33³ proposal on Public Stockholding for Food Security purposes generated mixed reactions, with exporters concerned that it would allow developing countries to provide unrestricted market price support to their producers with possible negative effects on global markets and on the food security of other countries.

5. The G-33, led by India, had argued that subsidies given to resource-poor and low-income farmers under public stockholding programmes for food security purposes, should not be subject to any limitations imposed by the current WTO Agreement on Agriculture. The main argument was that the current Agreement does not provide developing countries with sufficient policy space for food security purposes, whereas developed country Members can continue to use trade distorting practices with very few limitations. India argued that the procurement of public stocks at prices higher than the market price is an essential part of their efforts to secure food security as this is the only way to acquire the quantities needed for distribution to more than 800 million food insecure people. In addition, as farmers often face reduced prices during the harvest period, a guaranteed price would significantly contribute to their food security.

6. The proposal generated intensive discussions and made clear that the prospects for a substantive agreement at the Bali ministerial conference would depend on a balance being found between Trade Facilitation and the G-33 proposal. Although the negotiations pre-Bali were acknowledged as making significant progress, there was concern that the failure of negotiators to reach a final agreement on all of the draft texts before the Ministerial Conference commenced would result in yet another inconclusive meeting at the Ministerial level. However, given the recognized high stakes both with respect to the future of multilateralism in general and to the role of the WTO in trade negotiations, seen by many as a key pillar of the Organization's work, there was sufficient political commitment to ensure that a deal, the first in the WTO's 18 years of existence, was secured. The key sticking point in the negotiations related to the duration for which an interim mechanism in the form of a "peace clause" preventing developing countries making use of such programmes from being challenged even if they exceeded their bound total AMS or *de minimis* levels, and the extent to which this interim mechanism should be linked to the negotiation of a permanent agreement on this issue.

7. The Bali agreement establishes that until a permanent solution is found, Members shall refrain from challenging, through the WTO Dispute Settlement Mechanism, compliance of a developing country Member with its obligations in relation to trade-distorting domestic support to traditional staple food crops through existing public stockholding programmes for food security purposes. A number of transparency obligations and safeguard provisions have been introduced as part of this mechanism in an effort to limit the negative effects that the acquired stocks could have on the food security of other Members and on global markets. The Members committed to reaching an agreement on the permanent solution by 2017. The ambiguity of the agreed text leaves open interpretation as to whether the interim mechanism will stay in place if no agreement is reached by then.

8. On other agricultural issues, there was agreement to extend the scope of the non-exhaustive [list of general services](#) in the Green Box to include programmes related to land reform and rural livelihoods security. On export competition, Members agreed to a political commitment not to increase export subsidies in agriculture, reaffirming the final objective of eliminating all forms of export subsidies. It was also agreed that an improved information sharing and monitoring exercise should be undertaken on an annual basis in the framework of the Committee on Agriculture. On tariff rate quota administration, the objective was to address the problem of persistently under-filled TRQs.

² A negotiating group of developing countries with export interests, to be distinguished from the G-20 forum for major economies.

³ A coalition of developing countries with large populations of smallholder farmers.

The agreement provides for monitoring of TRQ fill rates for three years and adjustment of the administration method when fill rates remain low for three consecutive years. It will be applied for six years, until the Twelfth Ministerial Conference in 2019 when, unless it is then decided otherwise, the mechanism will remain in place. The agreement excludes developing countries from any obligations, primarily reflecting the fact that China is not ready to abandon state control of imports and exports.

Development

9. The Bali package also included development issues which incorporated elements of interest to LDCs such as agreements on preferential rules of origin and on improving the level of Duty Free Quota Free market access of LDCs to both developed countries and to developing countries in a position to do so, and which could provide potentially significant opportunities for some LDC exporters. On cotton, the C4 countries (Mali, Burkina Faso, Chad and Benin), who launched the cotton initiative in 2003, had proposed the elimination of all cotton trade distorting policies in developed countries by the end of 2014. The final compromise foresees a work programme of dedicated discussions on the trade aspects of cotton policies, enhancing transparency and monitoring.

Trade Facilitation

10. The trade facilitation part of the package has been argued as having the most far reaching economic implications for global trade and as it covers all goods, trade of agricultural products will also be facilitated. The agreement reached foresaw that by 31 July 2014 the Preparatory Committee on Trade Facilitation should complete its work on two issues: (i) the legal review of the agreement and (ii) the agreement on a protocol of amendment that would be annexed to the WTO agreements. It further requires that the agreed protocol is ratified by two-thirds of WTO Members, with the deadline set for July 2015, meaning that the TFA would be implemented regardless of the outcome of the whole Doha Round.

11. As part of this agreement, specific provisions were agreed upon in relation to the trade of perishable goods, following a proposal by three main exporters of agricultural products, Brazil, Australia and New Zealand. The agreed text foresees that perishable goods will be released in the shortest possible time.

Post-Bali work programme

12. The Bali agreement also foresees a post-Bali work programme, whereby Members will develop, by December 2014, a clearly defined agenda on the remaining Doha Round negotiating issues. This will have to include the issues on which a specific work programme was established in Bali, including that of Food Stockholding, as well as all other issues falling under the Doha mandate that are central to concluding the Round. Work on issues on which a legally binding outcome was not possible in Bali, including export competition, will resume as a priority in the relevant WTO Negotiating Groups.

Follow-up to the Bali agreement⁴

13. Following the agreement in Bali, the Preparatory Committee on Trade Facilitation (PCTF) was established. Intensive negotiations took place until the end of July 2014, resulting in a legal review of the text and its acceptance by the entire WTO membership. In parallel, several WTO developing Members have already submitted notifications containing provisions that will be implemented upon entry into force of the agreement. The WTO Director-General, announced, at the end of July, the establishment of the Trade Facilitation Agreement Facility in an effort to accommodate concerns expressed by some African states that the adoption of the Agreement would

⁴ This section reflects the status at the time of writing (early August). The Committee will be updated on any further progress during the presentation of this paper.

create a commitment to implement without prior re-assurances that the technical assistance required for its implementation, as foreseen in the Agreement, would actually be available.

14. However, the PCTF did not manage to conclude its work in relation to the protocol of amendment because four WTO Members did not accept the definitive implementation of the TFA, making it provisional on progress achieved in other areas of the Doha Development Agenda. Bolivia, Cuba and Venezuela referred to the lack of progress in relation to developmental elements, while India linked the acceptance of the Trade Facilitation Agreement to progress in the discussions on public stockholding. The reaction from other WTO Members was that the Bali agreement should be respected. As negotiations stopped for the summer, the issue remained unresolved.

15. Provided that a resolution to the TFA issue is found, it is expected that the post-Bali work-programme will initially focus on the key areas of agriculture, non-agricultural market access (NAMA) and services. Agriculture will maintain its central role but it is still unclear whether the last draft modalities text (Rev.4), circulated in 2008, will constitute the basis for negotiations. The level of ambition will be reflected in the balance between the three aforementioned key areas. Nevertheless, it is expected that elements included in the Rev.4 text will be part of the work-programme, including those of SSM in relation to the market access commitments, and the reduction of trade distorting domestic support.

FAO technical assistance to the negotiations on agriculture

16. Recognizing the importance of trade related agreements, given their significant role in determining policy options available to countries pursuing their food security and development objectives, a key objective of FAO's work under Strategic Objective 4, is to support countries' effective participation in the formulation of such agreements. This support is provided through the provision of analysis on key negotiating issues, capacity development in the use of that evidence, and through the facilitation of fora for debate away from the negotiating table.

17. During the biennium to date, the Secretariat has provided analysis on issues including food stockholding, import surges and the Special Safeguard Mechanism; capacity development through on-line instruction to Commonwealth of Independent States member countries recently acceded to, or in the process of acceding to the WTO; and in partnership with Geneva based agencies, fora for dialogue on food stockholding, the role of domestic support to agriculture at different levels of development; and on the Special Safeguard Mechanism.