



COMMITTEE ON COMMODITY PROBLEMS

Seventy-fourth Session

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UPDATE ON WORLD TRADE ORGANIZATION (WTO) AGRICULTURAL NEGOTIATIONS, REGIONAL TRADE AGREEMENTS (RTAs) AND FAO'S SUPPORT TO MEMBERS¹

Executive Summary

Updates on the World Trade Organization (WTO) negotiations on agriculture and Regional Trade Agreements (RTAs) are a regular item on the agenda of the CCP, given the importance that the Committee attaches to trade policy and related issues in the context of market transparency and the functioning of agri-food systems. Trade is recognized as one of the key means of implementation for realizing the 2030 Agenda for Sustainable Development and achieving the Sustainable Development Goals (SDGs).

In providing an update on developments since the Seventy-second Session of the CCP, held in September 2018, the document reports on agricultural-related developments in the context of the multilateral trade negotiations at the WTO and discusses RTAs. The document also highlights the work of the Secretariat in supporting Members in the formulation and implementation of trade policy and agreements.

Suggested action by the Committee

The Committee is invited to take note of the developments with regard to the WTO agricultural negotiations and RTAs. The Committee may also wish to:

- Express appreciation for FAO's work and support to Members in agricultural trade;
- Underline the importance of multilateralism and the need to promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system that is conducive to world food security, improved nutrition and sustainable agricultural development;
- Emphasize the role that agricultural trade can play as an enabler to achieve the SDGs, and its significance for increasing the resilience of markets in periods of crises, such as the COVID-19 pandemic;
- Provide guidance regarding future work activities that might need to be emphasized in supporting Members in the area of trade in food and agriculture.

¹ This note reflects the status at the time of its drafting (early December 2020). The Committee will be verbally updated during the presentation of the note.

Queries on the substantive content of the document may be addressed to:

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I. Update on the WTO agricultural negotiations

1. After the conclusion of the 11th Ministerial Conference (MC11), held in Buenos Aires (Argentina) in December 2017, agricultural negotiations at the World Trade Organization (WTO) remained on hold until April 2018, when Ambassador John Ronald Dipchandra (Deep) Ford of Guyana was appointed as the new Chairperson of the Committee on Agriculture in Special Session (CoA-SS).²

2. Following a period of consultations with the Members on the possible ways forward to revive agricultural discussions in the run-up to the 12th Ministerial Conference (MC12),^{3,4} several working groups were established⁵ to address the different negotiating areas: market access, domestic support, Special Safeguard Mechanism (SSM), Public Stockholding (PSH) for food security purposes, export restrictions, export competition and cotton.

3. With regard to market access, negotiations covered issues including changes in applied tariffs and consignments en route, tariff simplification and administration of Tariff Rate Quotas (TRQs). On the SSM, countries discussed the linkages between import surges and price instability.⁶ Concerning domestic support, which constitutes a high priority for most Members, discussions took place around goals, principles and approaches to reduce agricultural trade distorting support, including options such as capping and reduction of current global agricultural trade distorting domestic support entitlements; the elimination of Aggregate Measurement of Support (AMS) entitlements above de minimis; and the limitation of product-specific support.⁷ On PSH, discussions mainly pivoted around the nature of requirements, the introduction of flexibilities for new programmes and the product coverage. Regarding export restrictions, Members examined in particular the potential exemption of foodstuffs purchased for non-commercial humanitarian purposes by the World Food Programme (WFP) from the application of export restrictions, and the timeline for advance notification. Finally, on export competition, the Membership mainly considered ideas and options to enhance transparency in the context of the annual dedicated discussion on export competition.⁸ A cross cutting issue in the negotiations was that of transparency. In this regard, WTO Members also discussed it as part of the agricultural negotiations.

² CCP (2018), Update on the WTO negotiations - Outcomes of the eleventh WTO Ministerial Conference (MC11) and appointment of the new Chairperson of the WTO Committee on Agriculture in Special Session, FAO, Rome Accessed on April, 24 2020 at: <http://www.fao.org/3/mx617en/mx617en.pdf>

³ WTO (2018), WTO members discuss way forward for agriculture talks, Accessed on April, 22 2020 at: https://www.wto.org/english/news_e/news18_e/agri_24may18_e.htm

⁴ WTO (2018), WTO members debate Chair's proposed work plan for farm talks and discuss way forward, Geneva. Accessed on April, 23 2020 at: https://www.wto.org/english/news_e/news18_e/agri_12dec18_e.htm

⁵ WTO (2019), New working group process starts as complementary forum to advance agriculture talks, Accessed on April, 21 2020 at: https://www.wto.org/english/news_e/news19_e/agcom_14feb19_e.htm

⁶ WTO (2020), JOB/AG/180, Report by Amb. J. R. D. (Deep) Ford, Chair of the CoA special session

⁷ WTO, Various documents: JOB/AG/163, and the submissions made since then i.e. JOB/AG/171, RD/AG/74, JOB/AG/172, JOB/AG/173, RD/AG/75, JOB/AG/177 and RD/AG/76.

⁸ WTO (2020), JOB/AG/180, Report by Amb. J. R. D. (Deep) Ford, Chair of the CoA special session, to the CoA special session

4. In March 2020, however, a report by Ambassador Ford made it evident that, despite Members' commitment to find a negotiating solution, additional effort was still needed to achieve any concrete outcomes on many issues.⁹

5. With regard to market access, Ambassador Ford suggested that while the Membership generally agreed on the importance of further reducing tariffs and improving overall market access for agricultural products, countries were not yet ready, for instance to launch discussions on the tariff reduction modality. Moreover, the linkages between market access and the establishment of an SSM continued to constrain progress in both discussions. Similarly, while the need to tackle trade-distorting domestic support and enhance transparency was unanimously recognized, Ambassador Ford took note of the fact that many divergences remained on how to achieve such results. Regarding the issue of PSH for Food Security Purposes, while this was considered a priority issue for many Members, some others pointed out that an eventual decision on PSH should have been linked to a broader outcome on domestic support.¹⁰

6. On the other hand, Ambassador Ford expressed optimism regarding the possibility of achieving a positive outcome in the areas of export restrictions and export competition. About the first one, the Chair confirmed that exemption of foodstuffs purchased for non-commercial humanitarian purposes by the WFP from the application of export restrictions remained on the table for MC12. Similarly, the Ambassador suggested that Members were committed to working on more specific proposals aimed at making more effective the current monitoring and transparency mechanisms in the export competition area. However, as a consequence of the COVID-19 outbreak in early 2020, the WTO decided to postpone until further notice the Ministerial Conference that was planned to take place in June 2020 in Nur-Sultan, Kazakhstan.¹¹

7. On 25 May 2020, at a virtual meeting of the CoA-SS, Ambassador Ford informed WTO Members of his intention to leave his chairing role of the Committee at the end of June 2020. On 21 July, Ambassador Gloria Abraham Peralta of Costa Rica was appointed to serve as Chair of the CoA-SS.¹² Following a period of consultation with the Members, Ambassador Peralta announced a list of facilitators that would support the Committee's efforts to progress on the identification of potential negotiating solutions on the topics under negotiation, as previously identified by Ambassador Ford. The facilitators were specifically encouraged to foster informal dialogue, discuss current and new inputs, search for ways to narrow gaps in negotiating positions, and identify realistic landing zones. Ambassador Abraham Peralta suggested that a first evaluation of the process would take place by the end of 2020 or the beginning of 2021.¹³

Further developments at the WTO

- On 10 December 2019, following an impasse in the WTO Dispute Settlement Body (DSB) over the appointment of new members, the Appellate Body was reduced to one member, after the second terms for two of the remaining three expired. Normally composed of seven, the Appellate Body no longer has the minimum three members needed to hear new appeals.¹⁴ In

⁹ WTO (2020), JOB/AG/183, Report by Amb. J. R. D. (Deep) Ford, Chair of the CoA special session to the Informal TNC and HODS Meeting, Geneva.

¹⁰ WTO (2019), New working group process starts as complementary forum to advance agriculture talks, Accessed on April, 21 2020 at: https://www.wto.org/english/news_e/news19_e/agcom_14feb19_e.htm

¹¹ WTO (2020). DG Azevêdo provides urgent information to WTO members on MC12 date and venue, Accessed on April, 24 2020 at: https://www.wto.org/english/news_e/news20_e/minis_12mar20_e.htm

¹² WTO (2020). WTO members appoint new chair for agriculture talks. Accessed on November, 13 2020 at: https://www.wto.org/english/news_e/news20_e/agng_21jul20_e.htm

¹³ WTO (2020) WTO members resume agriculture negotiations following COVID-19 pause. Accessed on November, 13 2020 at: https://www.wto.org/english/news_e/news20_e/agng_25sep20_e.htm

¹⁴ WTO (2020). Members urge continued engagement on resolving Appellate Body issues. Accessed on May, 29 2020 at: https://www.wto.org/english/news_e/news19_e/dsb_18dec19_e.htm

light of such stalemate, some Members informed about their intention to resort to arbitration under Article 25 of the DSB as an interim appeal arbitration procedure.¹⁵

- On 14 May 2020, the WTO Director-General Azevêdo informed Members that he intended to step down on 31 August 2020, one year earlier than the scheduled end of his second term.¹⁶ General Council Chair, Ambassador David Walker, announced at that same meeting that he would immediately begin consulting with Members on an expedited process under the DG appointment guidelines agreed by the General Council in 2002.¹⁷ Such process formally started on 8 June, with the nomination period for the selection process of the new Director General closing one month later. Eight candidates were nominated by their respective governments. On 31 July, the General Council agreed that there would be three stages of consultations with the Members - starting on 7 September - to understand their preferences and to gauge the candidate that would be best poised to attract consensus and become the new Director-General. At an informal Heads of Delegation meeting on 28 October, Ambassador Walker announced that Ms. Ngozi Okonjo-Iweala of Nigeria received the largest support from Members from all levels of development and all geographic regions. As it was not possible to achieve consensus, Ambassador Walker decided to postpone until further notice a General Council meeting scheduled for 9 November in order to continue undertaking consultations with delegations.¹⁸

II. Trends in Regional Trade Agreements (RTAs)

8. As of November 2020, there were 305 RTAs in force that have been notified to the WTO.¹⁹ The European Union (EU) maintained the highest number of notifications (44 notifications), followed by the European Free Trade Association (EFTA) countries²⁰ and Chile (31 each), Singapore (25), Mexico and Turkey (22 each), Peru (19) and South Korea and Ukraine (18 each). Regionally, 102 RTAs were notified in Europe, 93 in East Asia, and 66 in South America,²¹ up from the 97, 83, and 59, respectively notified in 2018.

9. Since September 2018, WTO Members continued to be actively involved in RTA negotiations. Table 1 shows the RTAs containing agricultural provisions notified to the WTO between June 2018 and November 2020. Developing countries have been particularly active in negotiating and concluding RTAs. In fact, only one of these RTAs does not involve at least one developing country (European Union-Japan).

¹⁵ WTO (2020). Multi-Party Interim Appeal Arbitration Arrangement pursuant to Article 25 of the DSU. Accessed on May, 29 2020 at:

<https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/Jobs/DSB/1A12.pdf>

¹⁶ WTO (2020). DG Azevêdo announces he will step down on 31 August. Accessed on May, 29 2020 at:

https://www.wto.org/english/news_e/news20_e/dgra_14may20_e.htm

¹⁷ WTO (2020). WTO establishes nomination window for DG selection. Accessed on May, 29 2020 at:

https://www.wto.org/english/news_e/news20_e/dgssel_20may20_e.htm

¹⁸ WTO (2020). WTO Director-General selection process. Accessed on November, 13 2020 at:

https://www.wto.org/english/news_e/news20_e/dgssel_08oct20_e.htm

¹⁹ WTO (2020). Regional Trade Agreements Database. RTAs currently in force (by year of entry into force), 1948 – 2020. Accessed on November, 13 2020 at: <https://rtais.wto.org/UI/charts.aspx>

²⁰ European Free Trade Association, which includes Iceland, Liechtenstein, Norway, Switzerland

²¹ The composition of regions is available on the WTO website:

http://rtais.wto.org/userguide/User%20Guide_Eng.pdf

Table 1. RTAs notified to the WTO from September 2018 to November 2020 (WTO)

RTA	Date of Notification
United States-Mexico-Canada Agreement (USMCA/CUSMA/T-MEC)	16-Sep-2020
EU – Viet Nam	13-Jul-2020
Peru - Australia	24-Jun-2020
EU - Singapore	1-Apr-20
Chile - Indonesia	1-Apr-20
Eurasian Economic Union (EAEU) - Iran	31-Jan-20
Hong Kong, China - Australia	17-Jan-20
Indonesia - Pakistan	12-Nov-19
EU - Armenia	23-Aug-19
Mexico - Bolivia, Plurinational State of	23-Jul-19
Ecuador - Mexico	23-Jul-19
Mexico - Paraguay	23-Jul-19
Brazil - Mexico	23-Jul-19
Mexico - Cuba	23-Jul-19
Argentina - Mexico	23-Jul-19
Morocco - United Arab Emirates	19-Jun-19
Southern Common Market (MERCOSUR) - Israel	29-Mar-19
Hong Kong, China - Georgia	12-Feb-19
EU - Japan	14-Jan-19
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	20-Dec-18
EFTA - Philippines	26-Oct-18
Peru - Honduras	17-Oct-18
Turkey - Singapore	14-Sep-18

10. Furthermore, since the last CCP Session, some RTAs were signed, ratified or reached a political agreement, but have not yet been notified to the WTO. Among those are the EU-MERCOSUR Free Trade Agreement, the Regional Comprehensive Economic Partnership (RCEP), and the Agreement to establish the African Continental Free Trade Area (AfCFTA).

11. The EU and Mercosur²² announced the conclusion of the negotiations for a free trade agreement in June 2019. Regarding agriculture, the main elements of the agreement include the elimination or further reduction of tariffs, the establishment of cooperation bodies to address Sanitary and Phytosanitary (SPS) issues, protection of Geographical Indications (GIs), and a Trade and Sustainable development chapter.²³

12. On November 15, Australia, China, Japan, South Korea, New Zealand and the Member States of the Association of Southeast Asian Nations (ASEAN) – Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam – signed the

²² Mercosur (2019). Acuerdo de Asociacion Estrategica Mercosur-UE. Mercosur.

²³ European Commission (2019). Trade in goods with Mercosur. Accessed on April, 23 2020 at: https://webgate.ec.europa.eu/isdb_results/factsheets/region/details_mercosur-4_en.pdf

Regional Comprehensive Economic Partnership.²⁴ The Agreement includes provisions to reduce or eliminate tariffs on a number of agricultural goods, strengthen existing provisions on SPS issues and on Technical Barriers to Trade (TBTs), and enhance transparency between the parties. Moreover, the Agreement reaffirms countries' commitments with regard to the WTO Ministerial Decision on Export Competition, including on the elimination of scheduled export subsidy entitlements for agricultural products, and incorporates commitments in the area of trade facilitation, including on the release of perishable goods.²⁵

13. The Agreement establishing the AfCFTA was presented for signature to the African Union (AU) Members during the AU's Extraordinary Summit held in March 2018, in Kigali (Rwanda). With 22 ratifications needed, the AfCFTA entered into force on 30 May 2019. To date 54 out of the 55 AU Members have signed the Agreement, while 29 of them have deposited their instruments of ratification with the Chair of the AU Commission. The Agreement includes a series of tariff and non-tariff related provisions relevant to agricultural trade.

14. Furthermore, a significant number of RTAs are still under negotiation. A non-exhaustive list includes: the Australia-Gulf Cooperation Council (GCC) Free Trade Agreement; Canada-Singapore Free Trade Agreement; China-Norway Free Trade Agreement; the EFTA-Vietnam Free Trade Agreement; India-Australia Free Trade Agreement; Korea-Mexico Free Trade Agreement; Mexico-EU Free Trade Agreement; Sri Lanka-China Free Trade Agreement; and Pakistan-Turkey Free Trade Agreement.

III. FAO's support to Members on Trade

15. Recognizing the significant importance of trade-related policies and agreements in determining the options available to countries in pursuit of 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 design of policies and the formulation of trade agreements. This support is provided through the provision of data and analysis on key issues, assistance in capacity development at country and regional levels, and through the organization and facilitation of fora for debate away from the negotiating table.

16. FAO has continued to provide data and information on commodity markets and trade flows, analysis and evidence by publishing a number of papers and studies, policy briefs and technical notes covering a large range of issues relevant to trade and trade-related policies, at both global and regional levels. Examples include the publication of a case study on the harmonization of pesticide maximum residue limits (MRLs) with Codex standards and the impact of differing levels of harmonization on trade, and a report on Trade and Sustainable Development Goal 2 that discussed policy options and their trade-offs.

17. In support of capacity development, FAO made available the French, Russian and Arabic versions of the "Trade, Food Security and Nutrition (TFSN)" and "Agriculture in International Trade Agreements (AITA)" e-learning courses, which were previously available on the FAO Academy only in English. Furthermore, trade-related capacity development assistance continued to be provided in Europe and Central Asia, through the Regional Initiative on Agri-food Trade and Market Integration, and the Agricultural Trade Expert Network in Europe and Central Asia (ATEN), with the objective of encouraging expert-led evidence-based policy dialogue on agricultural trade issues. The latest ATEN regional workshop was held in 2019 and focused on WTO transparency in agriculture. Likewise,

²⁴ (2020) [ASEAN](https://asean.org/joint-leaders-statement-regional-comprehensive-economic-partnership-rcep-2/), Joint Leaders' Statement on The Regional Comprehensive Economic Partnership (RCEP). Accessed on November 16, 2020 at: <https://asean.org/joint-leaders-statement-regional-comprehensive-economic-partnership-rcep-2/>

²⁵ RCEP (2020), Regional Comprehensive Economic Partnership, Legal Texts. Accessed on November 16, 2020 at: <https://rcepsec.org/legal-text/>

FAO, in collaboration with the Trade Policy Training Centre in Africa (TRAPCA), established a community of practice (the Agricultural Trade Policy Practitioners Network – ATPPN) that facilitates dialogue, information exchange and sharing of ideas related to trade and agriculture.

18. Moreover, as part of a project under the Flexible Multi-Partner Mechanism (FMM), FAO provides support to Kyrgyzstan with regard to the development of appropriate agrarian policy measures and the country's compliance with its WTO transparency obligations, and to Uzbekistan with regard to the preparation of its domestic support commitments as part of its accession process to the WTO.

19. Moreover, FAO has also organized and/or participated in several trade-related dialogue events and workshops, discussing key issues impacting agriculture and food security. At the global level, FAO, together with the World Health Organization (WHO), supported the WTO in organizing the International Forum on Food Safety and Trade, which took place in Geneva on 23-24 April 2019. Moreover, a series of dialogue events, known as FAO Agricultural Trade Talks, were organized for the Geneva-based trade community to discuss relevant issues in an open and interactive way, away from the WTO negotiating table. At global level, in 2018 and 2019, FAO, together with the Organisation for Economic Co-operation and Development (OECD), co-organized the Chinese Agricultural Trade Promotion Centre (ATPC) annual Agricultural Trade Policies International Conference. Furthermore, FAO also organized or participated in a number of dialogue events in Eastern Europe and Central Asia and in Africa.

20. Finally, and in order to address the challenges posed by the coronavirus pandemic, FAO has developed a comprehensive COVID-19 Response and Recovery Programme to ensure nutritious food for all, both during and after the pandemic. This Programme spans into seven priority areas, one of which is "Trade and Food Safety Standards", recognizing the role of trade in overcoming the current crisis and building back better as well as the crucial importance of food safety standards. Actions under this priority area include: (1) conducting country-specific agricultural trade and trade-policy assessments, comprehensive regional trade assessments, and "deep dive" analyses as needed for specific value chains and thematic areas; (2) strengthening regional multi-stakeholder trade networks and platforms to promote trade policy coordination, deter *ad hoc* policy responses, advance regulatory cooperation and foster private sector engagement; (3) facilitating trade through technical assistance to implement reforms and address obstacles to trade; (4) establishing or strengthening market intelligence and early warning systems based on regional and country specificities; and (5) supporting capacity development of national and regional institutions.