



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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## New Proposals Circulated for Agriculture Discussion

**The new proposals tabled lately on agriculture and domestic support, particularly, represent a “tangible step forward” toward an outcome at the World Trade Organization’s (WTO) 11<sup>th</sup> Ministerial Conference (MC11) in Buenos Aires (Argentina) later this year.**

“Many delegations considered that a substantial outcome at MC11 was within reach for public stockholding for food security purposes, domestic support, cotton, and export restrictions. The same could not be said of the other topics,” said Norwegian Ambassador Harald Neple who chaired the open-ended meeting in the absence of agriculture chair, Kenyan Ambassador Stephen Karau.

The open-ended meeting focuses on the six new submissions circulated by several groups of countries: Brazil, the European Union, Colombia, Peru, and Uruguay; New Zealand, Australia, Canada, and Paraguay; Singapore; China and India; the G-10 and Japan.

The EU said the joint proposal with Brazil would not seek radical changes to Members’ current policies in most cases, but it “provides a new architecture which would put all WTO Members on the same basis and encourage reform efforts.” It described the proposal as “an important step in the negotiating process towards outcomes in Buenos Aires.” Brazil added that the proposal “reflects a compromise among Members with different perspectives or priorities in agriculture” and was “conceived with the objective of delimiting a possible common ground to start concrete negotiations”.

The proposal would allow Members “to move in the direction of harmonizing commitments on the basis of the intensity of the most trade-distorting support provided by members,” Brazil concluded.

Australia noted that the paper only targets some elements of trade-distorting support, namely AMS (aggregate measurement of support) and *de minimis* (minimal amounts of domestic support that are allowed even though they distort trade — up to 5% of the value of production for developed countries, 10% for developing), while other kinds of support such as import subsidies were not addressed.

Australia and Canada were not keen on the floating cap based on value of agricultural production (VOP) suggestion as it would not limit Members’ support level over time. “It won’t take long for some Members’ entitlements, in absolute terms, to grow above the level of entitlements that they have today,” Australia said adding that the EU-Brazil proposal also needed to address product-specific limits.

The U.S. also highlighted the non-inclusion of Article 6.2 in the EU-Brazil proposal. It said it remains “deeply sceptical” that Members can find a meaningful way forward on an issue that “remained unsolved for many years” in such a short period of time before the MC11.

Norway added that the cap on trade-distorting support is “clearly unbalanced”. This would mean “a net importing member with a substantial AMS and a modest value of production (VOP) will have to bear a much higher burden than a big exporting Member with *de minimis* clearly higher than AMS.” Norway also rejected the inclusion of blue box subsidies in the proposal, while Article 6.2 “development box” subsidies are left out.

China addressed the fact that the AMS and *de minimis* support are substantially different and need to be treated in different ways. In the joint proposal it tabled with China, India suggested that Members focus on eliminating AMS to level the playing field. Developed countries have access to huge amount of AMS beyond their *de minimis* limits, while most developing Members have access only to *de minimis*, the two said.

Rwanda agreed, stressing that any reform would have to correct the systemic imbalances of the current agreement. It urged Members to address cotton issues more ambitiously and encouraged the “Cotton-4 countries” – Benin, Burkina Faso, Chad, and Mali – to table a proposal as soon as possible.

### Other Proposals

New Zealand stressed that its proposal, co-sponsored with Australia, Canada, and Paraguay, which advocates for fixed caps on trade-distorting domestic support as

opposed to the floating cap proposed in the EU-Brazil paper, is in no way an objection to the proposals on the table. Instead, it is to complement the discussion and to “make a contribution to moving us towards a consensus outcome. “Even though both fixed cap and floating cap approaches would have the same effect in the beginning, fixed caps would establish enduring and meaningful constraints on trade-distorting domestic support over time, New Zealand said.

Speaking on behalf of the G-10, Switzerland, said some recently tabled approaches could affect Members of the group disproportionately, and “disregard the importance of allowing Members to maintain a diversified agriculture.”

Japan added that the idea of setting a limit on the basis of VOP creates disadvantages for delegations with small agricultural production. On the other hand, having a numerical target would result in more predictability and would be easier to monitor.

### **PSH & SSM**

Two proposals on public stockholding for food security purposes (PSH) – one from Brazil and the EU and another from the G-33 – were discussed on July 20<sup>th</sup>. The EU and Brazil said they wanted to present ideas that could lead to a permanent solution on both existing and future public stockholding programs while at the same time responding to concerns expressed by some Members regarding negative impacts on other countries’ food security programs.

The G-33 proposal, meanwhile, is based on a previous submission by the group which requested that PSH programs be excluded from AMS calculation. The new element in the proposal is a requirement for countries that use such programmes to share more information. On the other hand, Canada, Pakistan, and others stressed that

removing the price support programmes from the AMS calculation and discounting the trade-distorting impact of such programmes would be unacceptable. Members who support the G-33 reminded of the distinct mandate Members received for PSH and call for the matter to be resolved in isolation of the domestic support issue.

There were critics of the EU-Brazil proposal as well. Pakistan said the proposed safeguard against release of stocks is “not strong enough”, as it would not stop indirect exports to the global market.

Canada, Japan, and Norway asked whether the proposal included an unlimited exemption from the calculation of market price support for existing or new staple foods programmes, and how the proposed safeguard could ensure no direct release in the market.

Brazil and the EU explained that their proposal aims to offer a new, constructive approach given the lack of consensus generated by past G-33 proposals. They said they linked both PSH and domestic support in the same proposal to accelerate the talks.

The U.S. said that Members must be willing to provide data and demonstrate that public stockholding programmes are not distorting trade. On the EU-Brazil proposal, it stressed that it supports stronger safeguards against direct or indirect exports of public stockholding stocks.

The G-33 group submitted a new document listing questions on outstanding issues regarding the special safeguard mechanism (SSM). However, there are still persisting differences on the issue among Members, especially on the linkages some are drawing between the SSM and the broader market access negotiations. The chair reported that “sustained divergent views” continue on the topic.

**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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