

A dank's Consultations on G-33 proposal

Ambassador John Adank, the New Zealand Ambassador to the World Trade Organization (WTO), conducted small group meetings throughout the week to try to narrow differences on the G-33 proposal on public stockholdings – given the likelihood that the proposal as currently drafted is unlikely to be acceptable. Observers believe the issue could, if not resolved, hijack the whole Bali package, preventing it from a successful outcome in at the WTO 9th Ministerial Conference (MC9) in Bali early December.

The small group consultations involved senior officials from 12 or so countries including Australia, the U.S., the EU, Canada, and some developing countries. The aim was to explore alternative approaches to the current proposal which can still provide some level of flexibility to the food security proponent without changing the current WTO rules on subsidies.

At the meeting, the group discussed a non-paper tabled by “a few proponents for facilitating further discussion” in ambassador Adank’s small group meeting. The non-paper featured four proposed alternatives to resolve the food security issue and which were derived from the following formula:

$$\text{Product Specific de minimis i.e. } 10\% \text{ of VOP (Volume of Production)} \geq \\ (\text{Eligible Volume of Production}) \times (\text{Administered price} - \text{External Reference Price})$$

“[A]ny solution to provide additional flexibility could be arrived at by modifying/clarifying some of these variables,” the non-paper states.

1. Review the de minimis provision by increasing it from 10 to 15% of VOP (China would move from 8.5% negotiated during its accession to 15%) to provide additional “policy space” to developing countries. This proposal originates from the first revised draft modalities circulated in February 2008 and which was subsequently removed in the second revised draft.
2. Change the external reference price (ERP) used to calculate the Aggregate Measurement of Support (AMS). The proponents insist that the ERP (which calculation methodology takes into account the average 1986-88 FOB or CIF prices) “doesn’t capture the rise in food prices” since the established based period and contributes to “grossly exaggerate” the subsidy provided under public stockholdings programmes. One of the solutions suggested would therefore be to clarify the ERP by, for instance, changing “the average global/domestic prices of the current/past X year(s) for the food product being considered,” the non-paper states.
3. Agree to exempt the stocks related to food security programmes from the AMS calculations.
4. The group said the administered prices granted to farmers cannot be reduced given the many costs (inputs, labour, transportation) faced by poor farmers which can make their final price realization “much lower” than the administered price.

The proposal will continue to be discussed in the small group, observers said. However, the U.S. has already issued a warning at the meeting. According to one observer, the U.S. said there was no real need for a change in the AMS provision as it currently stands. The U.S. believes India and other G-33 Members can comply with their amber box support and maintain present levels of purchases for public food stocks by making some adjustments in their domestic programme and continue running it without needing to change the WTO AMS rules.

Green Room

On May 1st, WTO Director General Pascal Lamy held the first of his Green Room meetings set to take place every 2 weeks to accelerate the process toward the MC9. The meeting, which regroups about 25 key delegations, tackled various issues ranging from trade facilitation to LDC (least-developed countries) issues. There, G-33 proponents insisted on the need for an agreement on food security to advance the Bali package at the MC9.

The public stockholding proposal cannot be delayed to a later stage, i.e. future work in the agriculture committee, as U.S. ambassador Michael Punke suggested during a meeting of key WTO senior officials a day before. Indeed, senior officials representing about 32 WTO countries met at the Australian mission on April 30th to discuss the status of the Bali package. It was reported that various countries, including the U.S., China and Brazil, were determined to show some flexibility in their position to increase the chances of reaching a deal in Bali.

On the public stockholdings, Punke agreed that the issue was an important one and should be considered “top priority for future WTO work on agriculture.” “[W]e are stating our openness to a work program, to be agreed by Bali, on food security that can examine the full range of trade-related government measures that can contribute to that goal,” Punke said adding that the U.S. was looking forward to working with the G-33 proponents to elaborate the work program and address other important issues related to food security.

India, meanwhile, rejected the notion that a definitive solution on food security be left aside for the post-Bali process and only agreed to a “work program” on the issue by the MC9.

Others, like South Africa, said progress on development-related issues was too slow. Nepal, which is coordinating the LDC group, said the group is currently finalizing a proposal on Duty-free Quota-free (DFQF) which they would like to see being addressed as part of the Bali package. The U.S. had previously indicated that it was not in a position to address this for the time being.

Upcoming Events

- WTO Director General Selection; Round 3, May 1–7 2013
- Green Room, every fortnight starting May 1, 2013,
- General Council, May 1-2, July 24-25, Oct. 8-9, Nov. 5-6, 2013
- TPP Round XVII, May 15–24, 2013, Lima (Peru)
- OECD Annual Forum, May 27–31, 2013, Paris (France)
- Informal Trade Negotiations Committee, May 31, 2013
- Regular Agriculture Committee, June 13-14, September 4, November 12, 2013
- Deadline for Bali Deliverables, August, 2013
- WTO Public Forum, October 1–3, 2013
- APEC Leaders’ Summit, October 1–8, 2013
- WTO 9th Ministerial Conference (MC9), December 3–6, 2013, Bali (Indonesia)

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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