

Geneva Watch

An overview of the WTO negotiations on agriculture

A Peace Clause for Food Security

After G-20 leaders in St-Petersburg called for all WTO Members to show the necessary flexibilities in order to bridge existing gaps and deliver positive and balanced results at the MC9, new WTO Director General, Roberto Azevedo, started consulting with key ambassadors on issues of the Bali package. These covered trade facilitation and some elements of developments and agriculture – in particular public stockholding for food security and domestic food aid, TRQ administration and export competition – on September 12-13.

The meetings came after several proposals dedicated to resolving the food security impasse came to a halt. A suggestion from Norway was received this summer, to adjust the calculation of developing countries' level of support by taking into account the real price farmers. This "adjustment" mechanism was subsequently rejected by India which in turn pushed forward its own idea – an inflation mechanism that would give spending cap flexibility to any developing country with an inflation rate greater than 5%. This latest proposal was rejected by several developed countries including the U.S., the E.U., Australia and Canada. Even fellow emerging country Brazil expressed concerns.

The idea behind the September 12-13 meeting, which included agriculture negotiation chairman, John Adank, was to establish a "peace clause" that would provide developing Members with food security issues with an exemption linked to their programme.

The peace clause, also known as Article 13 of the Agreement on Agriculture which expired in 2004, allows domestic support measures and export subsidies to not be challenged by other WTO Members. In other words, this would provide some breathing room for countries, such as India, which has not notified the WTO of its domestic support since 2004 and is suspected to have bridged its trade-distorting subsidy commitments.

Sources said Azevedo proposed that delegations focus their discussions on this concept (the peace clause) and that none of the Members present in the room objected (effectively killing the other formula approaches – the Norwegian proposal for an adjustment mechanism and the Indian proposal for an inflation-based mechanism). Most thought the idea was interesting and "merits further examination" as described by U.S. Trade Representative, Michael Froman.

The questions that are left to be addressed were touching on the conditions under which a peace clause may be used and whether it should be:

1. legally binding or a simple political statement?
2. and how long will it last?
3. and how to ensure transparency by countries using the clause (i.e. that they report their spending accurately and on a timely basis)?
4. and how to ensure that any stocks from food security measures do not "leak" onto international markets?

Officials said the period covered by the peace clause should be neither too long nor too short. As to whether to make it legally binding, Members are still divided.

Azevedo plans to continue consulting with key ambassadors through Room E meetings over the next two weeks. Some believe the main plan is to make sure Members have an agreement on food security and trade facilitation ready for Bali, leaving aside some specifics of the agreement to be tackled as part of the Post-Bali roadmap.

Upcoming Events

- TPP Chief Negotiators Meeting, September 18–21, Washington D.C. (U.S.)
- TPP Market Access Negotiating Group, September 20–23, 2013, Washington D.C.
- WTO Public Forum, October 1–3, 2013
- APEC Leaders' Summit, October 1–8, 2013
- General Council, Oct. 8–9, Nov. 5–6, 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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