



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

## Sharp Increase in Developing Countries' Share of World Trade of Agricultural Products

**The issue of export subsidies has been identified as one of six areas Ambassador Vangelis Vitalis – the agriculture negotiations chairman and New Zealand's ambassador to the World Trade Organization (WTO) – wants Members to focus on in the upcoming months.**

At the March 8<sup>th</sup> agriculture negotiating group meeting, Vitalis urged Members to swiftly implement the decision on export competition agreed to in Nairobi. This work is expected to be undertaken by the WTO Regular Committee on Agriculture, where the commitments on export subsidies are to be supervised. The work started, albeit slowly, with a 90-page long working document circulated by the WTO secretariat on February 5, 2016.

The paper titled “Members’ participation in the normal growth of world trade in agricultural products – article 18.5 of the Agreement on Agriculture” attempts to illustrate the share of global exports for chosen exporting countries and selected export products (or group of products including wheat, rice, sugar, butter, skim milk, cheese, milk powder, beef, pork, poultry and eggs)<sup>1</sup> between 2003 and 2013, taking the 1986–90 period as a base. The paper shows selected countries’ increase in exports, while highlighting at the same time, those with export subsidy reduction commitments.

India, for instance, led all Members in rice exports with a volume of 11.3 million tons in 2013. India’s

share of world exports increased from 3.1% in ’86–’90 to 31.8% in 2013, while the U.S. who committed to eliminate its export subsidies, saw its share cut by half (from 19.9% to 9%) during the same period.

Brazil’s share of world exports in oilseed more than tripled to 32.9% during the same period, while Canada saw its share virtually unchanged (8.5%). This Latin American country has also become a huge exporter of sugar, where it uses export subsidies. Brazil’s share of sugar exports has gone from 7% to 47% during the period, while the EU, which also committed to eliminate its export subsidies, has seen its share plummeting from 18% to 2.6% of global exports in 2013.

“This shows how many developing countries have become huge exporters,” one official said. He explained that one of the purposes of this exercise is to highlight how some emerging countries have sharply increased their agricultural exports. However, in the introduction of its paper, the WTO secretariat stressed that its work was done to update the information it already circulated in September 2013. The intro states that “Members agree to consult annually in the Committee on Agriculture with respect to their participation in the normal growth of world trade in agricultural products within the framework of the commitments on export subsidies under this Agreement.”

On March 8<sup>th</sup>, a day prior to the first meeting of the Committee on agriculture, some Members of the Cairns Group, namely Argentina, Australia, Canada, Chile,

<sup>1</sup> Wheat and wheat flour, Coarse grains, Rice, Oilseeds, Vegetable oils, Oilcakes, Sugar, Butter and butter oil, Skim milk powder, Cheese, Whole milk powder, Bovine meat, Pig meat, Poultry meat, Sheep meat, Live animals, Eggs, Wine, Fruits & Vegetables, Tobacco, Cotton

Costa Rica, New Zealand, Pakistan, and Thailand, circulated an unofficial “room document” on the very same topic.

The authors said their room document is an “attempt to exactly replicate in value terms the volume work of the [WTO] Secretariat” while bringing two new elements to the Secretariat’s work by adding a column “10 year change” depicting “2013 exports as a percentage of 2003 exports for each Member; and a table showing Members’ total agricultural exporters for the same period (2003–2013).

The room document shows that the EU (27) leads all Members in exports of agricultural products with increase in value of 254% between 2003 and 2013. The U.S. (237%), Brazil (401%), China (291%) and Canada (256%) complete the top 5. India comes in 6<sup>th</sup> with the highest jump in agricultural export value (653%) between 2003 and 2013.

“This shows that the world has changed since the Uruguay Round” a source following the talks said, adding that some emerging countries such as the Brazil, China, and India have become huge players on the global scene, when it comes to agricultural trade and thus should be subject to stricter discipline, compared to the discipline other developing Members face.

The next meeting of the WTO regular agriculture committee is scheduled for June 7-8, where Members are expected to resume their discussion on export competition. In the meantime, Ambassador Vitalis is planning to gather Members in a special session dedicated to the special safeguard mechanism (SSM) and food security in May, and another one focusing on cotton in July, the source said.

**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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