



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

Agriculture Talks Resume

With less than three months before the start of the 11th Ministerial Conference in Buenos Aires (Argentina, MC11), significant gaps remain between Members on several key issues that they view as potential deliverables at the MC11. The agriculture negotiating group met this week (Sept 13–15) to jump start their discussion with the objective of embarking “in a new phase of intensive, more focused and specific discussions building upon the numerous submissions circulated and ideas expressed before the summer recess.”

The chair, Kenyan Ambassador, Stephen Karau, circulated a document summarizing the state of play in each of the agriculture issues raised by Members for MC11, including domestic support, public stockholding (PSH), the special safeguard mechanism (SSM), and market access. Most of the discussion took place on domestic support, considered by many as a top priority for MC11.

“I did not see any major difference when it comes to the level of ambition,” Karau said on this issue. “Where I did see significant gaps, however, is when we should realize this ambition and how to go about it,” he added.

The discussion on domestic support focused on the joint EU-Brazil proposal tabled last July. The EU delegate said the proposal does not seek to radically change Members’ policies, instead “it cuts water in most cases while ensuring that all major trading Members contribute.” The EU added that its contribution would be by far the largest. “We aim at striking a well-calibrated balance,” by including a substantial development dimension and excluding least-developed countries (LDCs) from the proposed reforms.

The EU and Brazil also addressed Members’ concerns about their proposal and commented on the alternative proposals tabled by other countries. On the concern expressed by Indonesia, India and the G-33 regarding the linkages between PSH and domestic support (that the two issues should be separated), the EU insisted that PSH is of course an integral part of the domestic support agenda.

“Addressing both issues together is, in our view, the best strategic approach to engage the members in the negotiations and to reach agreement at MC11.”

On China’s and India’s proposal to focus on the elimination of the aggregate measure of support (AMS) of developed countries (also supported by the ACP (African, Caribbean, and Pacific) and African Group), the EU said it would “maintain inequality between Members” as some developing countries would have an AMS and others would not. “Such a narrow focus on just one accounting mechanism of trade-distorting support represents a highly inaccurate picture of the reality of agricultural subsidies in major players,” the EU added. Brazil said the proposal addresses the imbalance in the Agriculture Agreement as Members with bigger entitlements will have to cut more.

On the submissions tabled by certain Cairns Group Members (Australia, Canada, New Zealand, and Paraguay), and Japanese and G10 submissions — all of which question the rationale of setting a support limit as a percentage of the value of production (VoP) — the EU retorted that “a limit based on VoP is more transparent” and allows better comparison between countries since around 80% of Members have their domestic support entitlements based on VoP. On the concern expressed by the G-10 that limits based on value of production penalises small farm producers, Brazil said it is open to considering alternative solutions as long as their subsidized products do not affect international markets.

Reactions to the EU-Brazil proposal:

The ACP opposed the proposed limit saying it would “likely imply disproportionate cuts from developing countries”. The group actually rejected all proposals tabled by developed countries (G-10; Japan; Australia, Canada, New Zealand, and Paraguay proposals) arguing that most developing countries “still desperately need increased investment to boost agricultural productivity and growth.” Egypt further added that disciplines to address blue box support and green box subsidies should

also be introduced, as well as rules to avoid “box shifting.” The group is working on an alternative proposal to be table soon.

Australia and New Zealand said they were encouraged by the EU-Brazil proposal. Australia added that the some Cairns Members will soon propose ideas on a “flexible limit”. Canada, Chile, Colombia, Mexico, Paraguay, and Uruguay also voiced their support for the EU-Brazil proposal, adding that Members need to be practical and constructive, and take incremental steps to achieve an outcome in MC11.

China continues to insist on meeting the original Doha mandate, and said the top priority should be tackling AMS. India agreed.

Finally, the U.S. remains “deeply sceptical” that Members can achieve a solution on issues that have remained unsolved for many years.

Market Access: Not Feasible for MC11

A brief discussion took place on market access and revolved around proposals from Paraguay and Peru (tackling tariff peaks, tariff escalation, in-quota tariffs, etc.), Russia, and Tajikistan (special safeguards, SSG).

“We all heard each other again: a substantial outcome on market access is not feasible for MC11,” Karau said. He noted, meanwhile, some countries’ interest in a post-MC11 work programme and the fact that others do not believe in achieving agriculture market access outcomes in the absence of parallel progress in NAMA (non-agricultural market access) and in services. On SSG, he noted that for some Members, SSG is forming part of the delicate balance of the Uruguay Round reform process.

Up Next

Argentina expressed concerns about Members’ inability to clearly identify issues as priorities in the agriculture negotiations with less than three months to go before MC11. Mexico suggested that the focus should be on domestic support, while not leaving behind the other pillars for future negotiations. Switzerland added that the focus should be on areas that are most likely to deliver results.

The Chair, meanwhile, informed members that he would convene small meetings in the weeks to come and have bilateral conversations with delegations with the aim to identify ways to bridge gaps.

TPP-11 CNs to meet this week in Tokyo

Japan government announced on September 15 that TPP-11 chief negotiators will meet as of September 21st in Tokyo to continue their discussion on what to make of the agreement following the withdrawal of the U.S. The objective this week will be to identify which chapters should be dropped or put aside until (if?) the U.S. decides to re-join the group. Controversial matters such as biologics and state-owned enterprises (SOEs) are examples of topics that are very likely to be dropped for the time being, one source said.

The aim of this upcoming exercise, which started in Sydney few weeks ago, is to get the group to focus the discussion on selected matters that are susceptible to drawing consensus between the 11 at a later gathering, scheduled in October. The latter meeting is expected to be the last before trade ministers and leaders meet on the sidelines of the APEC summit in Vietnam in November.

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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