

Geneva Watch

An overview of the WTO negotiations on agriculture

Editorial: No, I Insist, After You Sir

The release, this past week, of the United States' Trade Policy Review – the tenth of its genre and most among WTO Members – set the stage for a heated debate involving just over 40 delegations and featuring more than 200 questions. WTO officials said Members in general praised the U.S. for remaining “one of the most transparent and open economies in the world” and for not having implemented dramatic changes in policy during the period under investigation (2007-2009) – although legitimate concerns can be raised about certain provisions like “Buy America” or the auto industry bailout. That said, things were not all rosy for the U.S. as Members, and particularly emerging economies, seized the opportunity to criticise the U.S. for its recent trade position and its lack of leadership in that department. China's criticisms were among the sharpest jabs at the U.S., certainly because of the many disputes these two heavyweight countries are involved in (currency manipulation, chicken imports, sectorals discussion, etc). Chinese Ambassador to the WTO, Sun Zhenyu, criticised the U.S. for pushing its own export interests into emerging markets while failing to address how it plans to improve its own contribution in order to lead Doha to a successful conclusion. It's time, Zhenyu said, that the U.S. “adopt a more pragmatic and realistic approach on the Doha Round,” a view also shared by Brazil, the EU and India. In response to the criticisms, U.S. Ambassador to the WTO, Michael Punke, simply repeated the need to see fast growing economies taking more of a lead in the Doha talks, brushing aside what the U.S. views as a pre-payment from its part to get developing countries engaging in the market access discussion such as the sectoral initiatives. Like the old chicken and egg debate, this comes down to whom, between the U.S. and emerging economies will give way first to allow Doha to move forward.

Agriculture Week

The September 27th agriculture open-ended meeting featured a heated debate on the special safeguard mechanism (SSM), partly fuelled by new unofficial proposals tabled by Costa Rica – with the support of some agriculture exporting developing countries – seeking access to other developing countries' market.

The analysis revived an old debate between two groups of developing countries; on one side those looking to strengthen rules to protect their farmers (G-33 countries led by Indonesia with a supporting cast composed of Barbados, China, Dominican Republic, El Salvador, India, Korea, the Philippines, Turkey and Venezuela,), and those, on the other hand, who claim that the current SSM will hurt their own producers (Chile, Colombia, Paraguay, Thailand).

Costa Rica's analysis came in support to a paper tabled by Australia and Canada earlier this year describing how frequent the SSM could be triggered should Members accept the proposed guidelines recently tabled by the G-33. In essence, the Costa Rican paper calls for the SSM to be constrained so that it only applies to products that have been liberalized through tariff cuts, is only triggered by genuine import surges and not regular changes in normal trade, and limits the tariff increases to within the pre-Doha Round bound rates. The G-33 argued that the constraints suggested by Costa Rica would make the SSM too difficult to use, and that the paper represents a backward step from Members' previous recognition that pre-Doha Round bound rates could be breached.

To add fuel to the flame, newly acceded Member, Ukraine, requested that countries that very recently joined the WTO and with economies comparable to those of developing countries be entitled to use the SSM with a temporary tariff that could exceed the pre-Doha Round bound rates. Ukraine explained that its economy is undergoing reform, and that its agricultural tariffs average around 11% and where the actual tariffs applied are the same as the legally bound ceilings. Nonetheless, Ukraine's request met stiff opposition on the basis of the exemptions countries that recently joined the WTO already enjoy.

Templates

After successive presentations on domestic support, export subsidies and market access templates made by Canada, Australia and the EU, some Members thought the time had come for negotiators to start focusing on substance instead of solely templates and data as has been the case during the past several months, particularly since the work on templates has highlighted some ambiguities contained in the December 2008 draft modalities.

As such Argentina, China and India circulated a document aiming at clarifying those ambiguities and called for a parallel debate on this and any other issues arising from the 2008 draft modalities. After a small group consultation on this, Ambassador Walker divided the issues into three categories:

- 1) issues revealed by the work on templates that need to be clarified
- 2) issues that go beyond the scope of the technical work
- 3) provisions of the Agriculture Agreement that need to be amended

Walker said he will continue to consult Members in the coming weeks on this and other topics including those raised this week by Cuba on export credit disciplines – i.e. that extra flexibilities be granted to least-developed and developing countries that are net food importers, and particularly dependent on those imports.

This week's agriculture debate helped breaking away from the past year's trend of short meetings on technical issues and just templates. Members showed a genuine willingness to engage in discussions on substance – at least on SSM – which is what ambassador Walker planned to convey in the upcoming weeks with the aim to debrief the full Membership before the next agriculture week scheduled for the week of December 6th, and which will likely involve more officials from capitals.

Upcoming Events

- Agriculture Small Group Meeting Week of October 4, 2010 (TBC)
- General Council, Oct. 12-13, Dec. 14-15, 2010
- US Mid-Term Election, November 2, 2010
- G-20 Summit, November 11-13, 2010 Seoul, (South Korea)
- Asia-Pacific Economic Cooperation (APEC) November 13–14, 2010 Yokohama (Japan)
- Regular Agriculture Committee, November 18, 2010, March, June, September and November 2011
- NAMA Week, November 22, 2010
- OECD Global Forum on Agriculture, November 29-30, 2010, Paris (TBC)
- Agriculture Consultations, Week of December 6, 2010
- G-20 Summit on Agriculture, March 18, 2011

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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Legal Deposit: National Library of Canada, ISSN 1496-9254



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