



Introduction to the Agreement on Agriculture and to the Negotiating Process

**WTO/ESCAP Regional Seminar on
Agriculture Negotiations for
Asia-Pacific Economies
Bangkok, Thailand
28-29 November 2007**

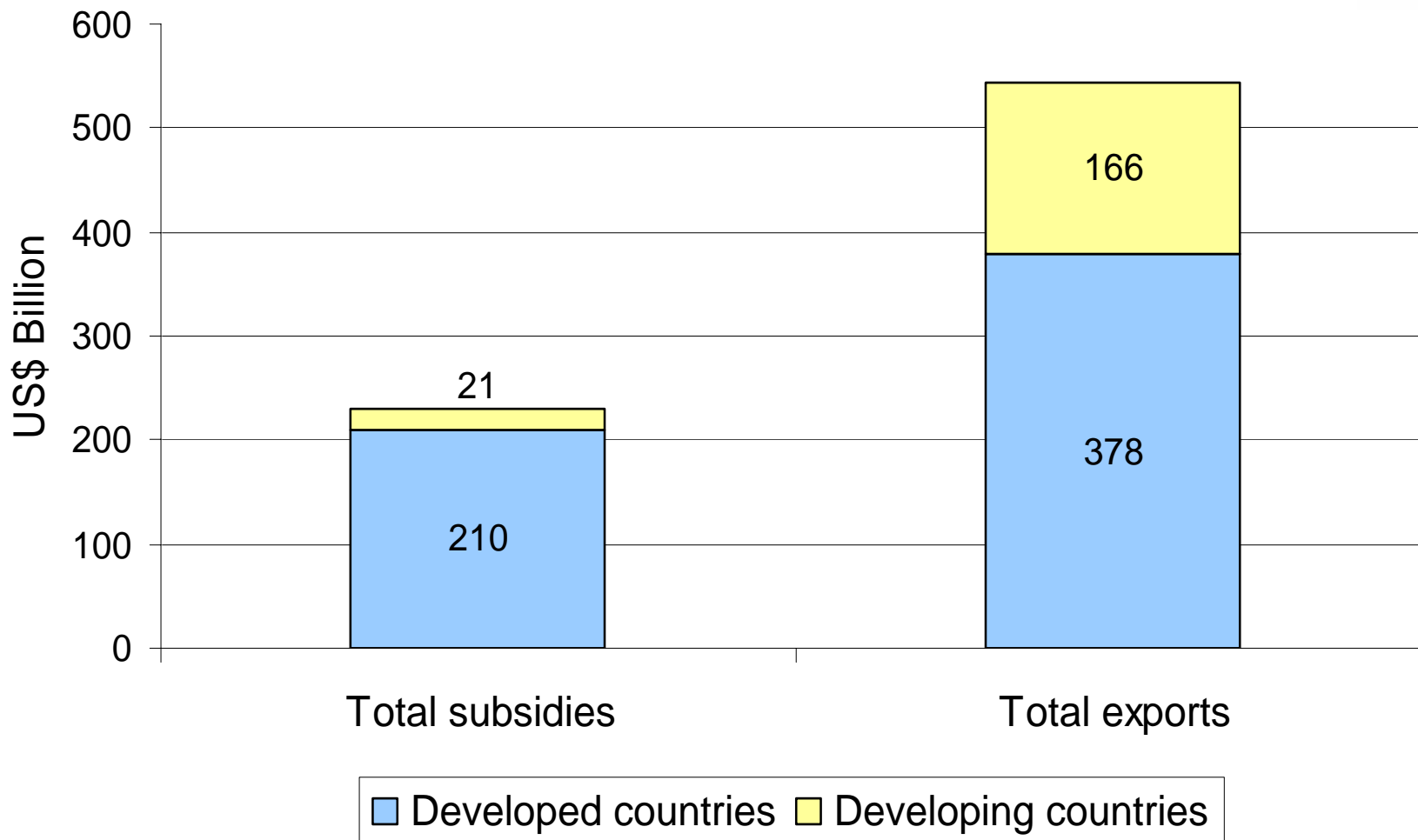
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WTO OMC

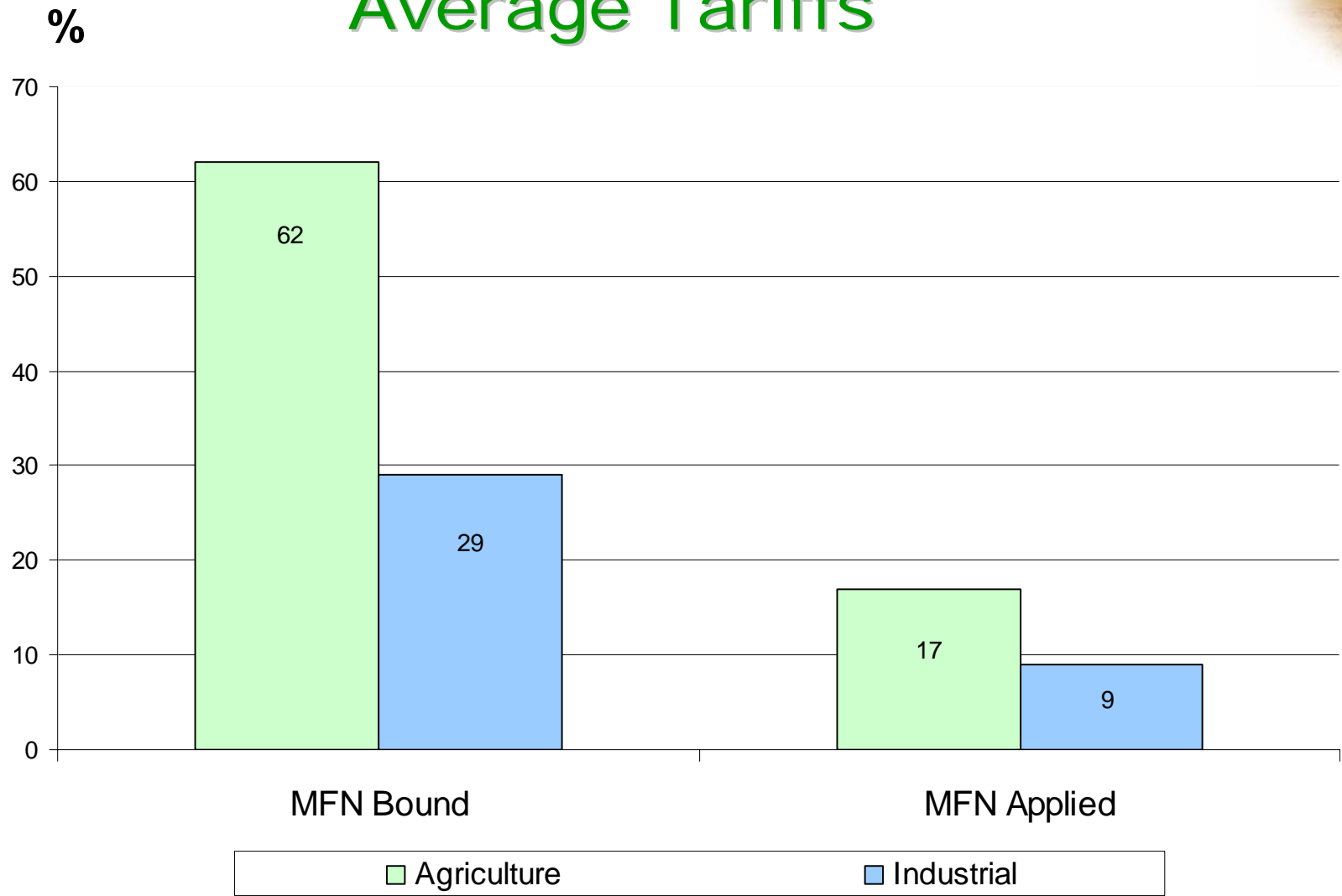


Agriculture Subsidies and Trade





Average Tariffs





Why the Agreement on Agriculture?

➤ Agriculture in GATT but...

- exemptions for agricultural products (import restrictions, domestic support, export subsidies – allowed)
- market access difficult

Research - inefficiency
of policies
Trade tensions and
disputes



Punta del Este
Declaration
(1986)



Uruguay Round
Negotiations
(7.5 years)



**Agreement on
Agriculture**

Legal Framework



**Modalities
+
Supporting
Tables**

Legally Binding Commitments

Agreement on Agriculture

Schedules of Commitments

Other WTO Agreements

Protocol of Accession

ACC/4



Structure of the Agreement



Market access

Tariffs

Tariff Quotas

Special Safeguard

Domestic support

Green Box

Blue Box

Article 6.2 – Development Programmes

Amber Box

Export competition

Export subsidies

Anti-circumvention

Export prohibitions and restrictions

Other rules:

S&D, Peace Clause (now expired), commitment to reform

NFIDC Decision

Uruguay Round Reduction Commitments



	Developed	Developing
Time period	6 years	10 years
Market access		
Tariff reduction	36% average, 15% minimum	24% average, 10% minimum
Domestic support		
Total AMS reduction	20%	13.3%
<i>De minimis</i>	5%	10%
S&D exemption		Article 6.2 (investment, input and diversification subsidies)
Export competition		
Export subsidy reduction	36% value, 21% volume	24% value, 14% volume
S&D exemption		Article 9.4 (transport and marketing subsidies)

No reduction commitments for least-developed countries



Long-term Objective

“... establish a fair and market-oriented agricultural trading system ...”

- Uruguay Round reform programme
- Major achievements but also some unfinished business
- Mandate for further reform - Article 20

Committee on Agriculture

- role to monitor implementation of UR commitments
 - matters raised under Article 18.6
 - review of notifications
- preparatory work – analysis/exchange of information
- mandated negotiations - Special Sessions (since 2000)

Notifications to the Committee on Agriculture



- Market access
 - Tariff quota administration
 - Imports under tariff quotas
 - Special safeguard
- Domestic support
 - Green Box, Article 6.2, Blue Box, AMS
 - New or modified exempt measures
- Export subsidies
- Export prohibitions and restrictions
- Follow-up to the NFIDC Decision

Who has to notify?



Tariff Quotas	Members with TQs
Special Safeguard	Members which have reserved the right to use SSG
Domestic Support	All Members
Export Subsidies	All Members
Export Prohibitions and Restrictions	Ad hoc
Follow-up to the NFIDC Decision	All donors

The Doha Ministerial Declaration



- Comprehensive negotiations aimed at:
 - substantial improvements in market access
 - reductions of, with a view to phasing out, all forms of export subsidies
 - substantial reductions in trade-distorting domestic support
- S&D - integral to negotiations and outcome
- Non-trade concerns to be taken into account
- Deadlines
 - March 2003 – modalities
 - 5th Ministerial Conference - draft Schedules
 - 1 January 2005 - conclusion

**Framework
modalities -
July 2004**



Market Access

Objective

*"... substantial improvements in market
access ..."*



Sample MFN tariffs (%)



	Simple average bound tariff	Maximum <i>ad valorem</i>	Share of non- <i>ad valorem</i> tariff lines	Simple average applied tariff	Maximum <i>ad valorem</i>	Share of non- <i>ad valorem</i> tariff lines
European Communities	15.4	264.0	32.0	15.1	229.0	31.0
United States	5.2	350.0	39.9	5.3	350.0	39.9
Japan	28.4	958.0	15.3	24.3	958.0	13.8
Norway	137.6	>1,000	65.4	61.1	>1,000	49.5
Australia	3.4	52.0	1.6	1.2	26.0	1.1
Brazil	35.5	55.0	0.0	10.2	35.0	0.0
Jamaica	97.1	100.0	0.3	17.2	100.0	0.1
China	15.8	65.0	0.0	15.7	65.0	0.3
Philippines	34.7	80.0	0.0	9.6	65.0	0.0
Botswana	38.4	597.0	0.0	9.3	96.0	15.1
Kenya	100.0	100.0	0.0	19.0	100.0	1.2
Mozambique	100.0	100.0	0.0	16.4	25.0	0.0
Namibia	40.8	597.0	0.0	9.2	87.0	15.1
South Africa	40.8	597.0	0.0	9.0	77.0	15.1



Source: World Tariff Profiles 2006, WTO/ITC/UNCTAD

Market Access



- Tariff Reductions – tiered formula – substantial improvements in market access for all products (para. 29 of the Agreed Framework)
 - Many developing country Members have large gap between bound & applied duty
- Sensitive Products – number & treatment
- Flexibilities for developing country Members:
 - Special Products
 - Special Safeguard Mechanism
- Other issues
 - Tropical and diversification products
 - Preference erosion
 - Commodities
 - Other
- LDCs – No reduction commitments

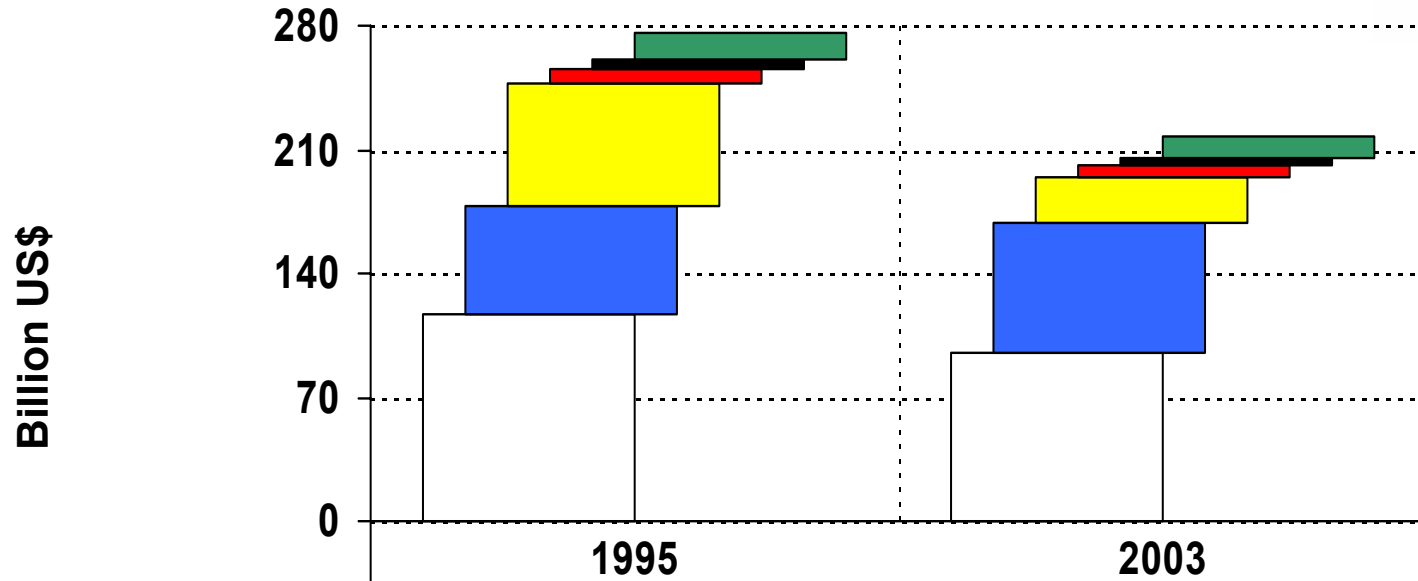


Domestic Support

Objective

"... substantial reductions in trade-distorting domestic support."

Globally ...



	1995	2003
■ CAN, NOR, MEX, BRA	14.5	11.7
■ Switzerland-Liecht.	5.9	4.8
■ Korea	8.3	6.6
■ Japan	69.6	25.0
■ US	60.8	74.2
□ EC	116.9	94.9

Data for Norway are for 2001; data for Canada are for 2002.



Experience from implementation of reduction commitments

- Green Box
 - shift towards Green Box measures
 - compliance with criteria not well explained
- Blue Box
 - three users remaining
- Amber Box
 - AMS not constraining
 - *De minimis* not constraining



Export Competition

Objective

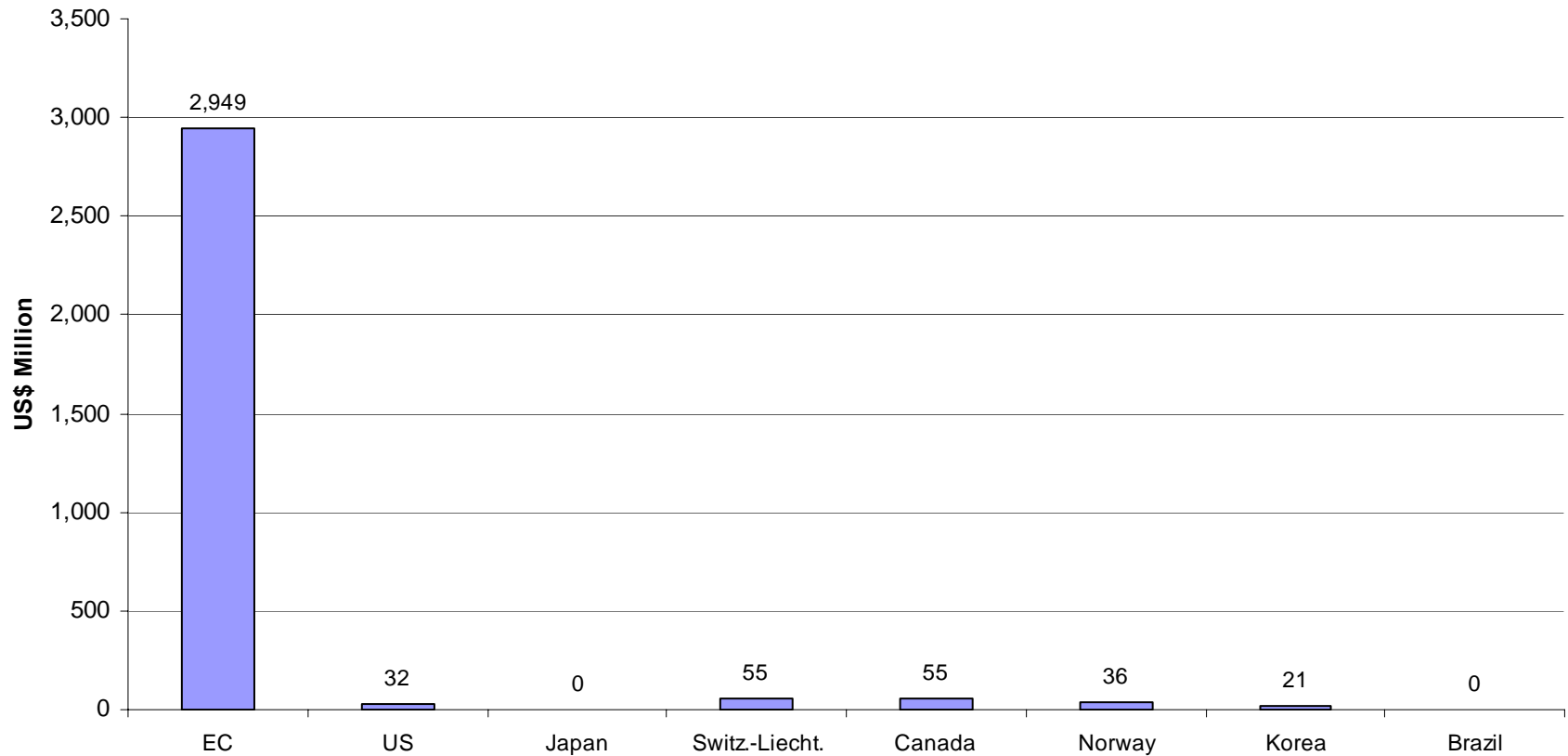
*“... reductions of, with a view to phasing out,
all forms of export subsidies ...”*

Export Competition



- Need to reduce developed countries' distorting practices:
 - Elimination of export subsidies
- Export subsidies not widely used by developing country Members – budget constraints
- But, maintain some policy space:
 - Continuation of Article 9.4 export subsidies (e.g. marketing & transport subsidies)
- Export credits, export credit guarantees or insurance programmes
 - Appropriate provisions in favour of LDCs and NFIDCs
- STEs – monopoly power
- Food aid:
 - Maintain adequate level of food aid & “safe box”
 - Disciplines on non-emergency food aid

Export Subsidy Expenditures 2002



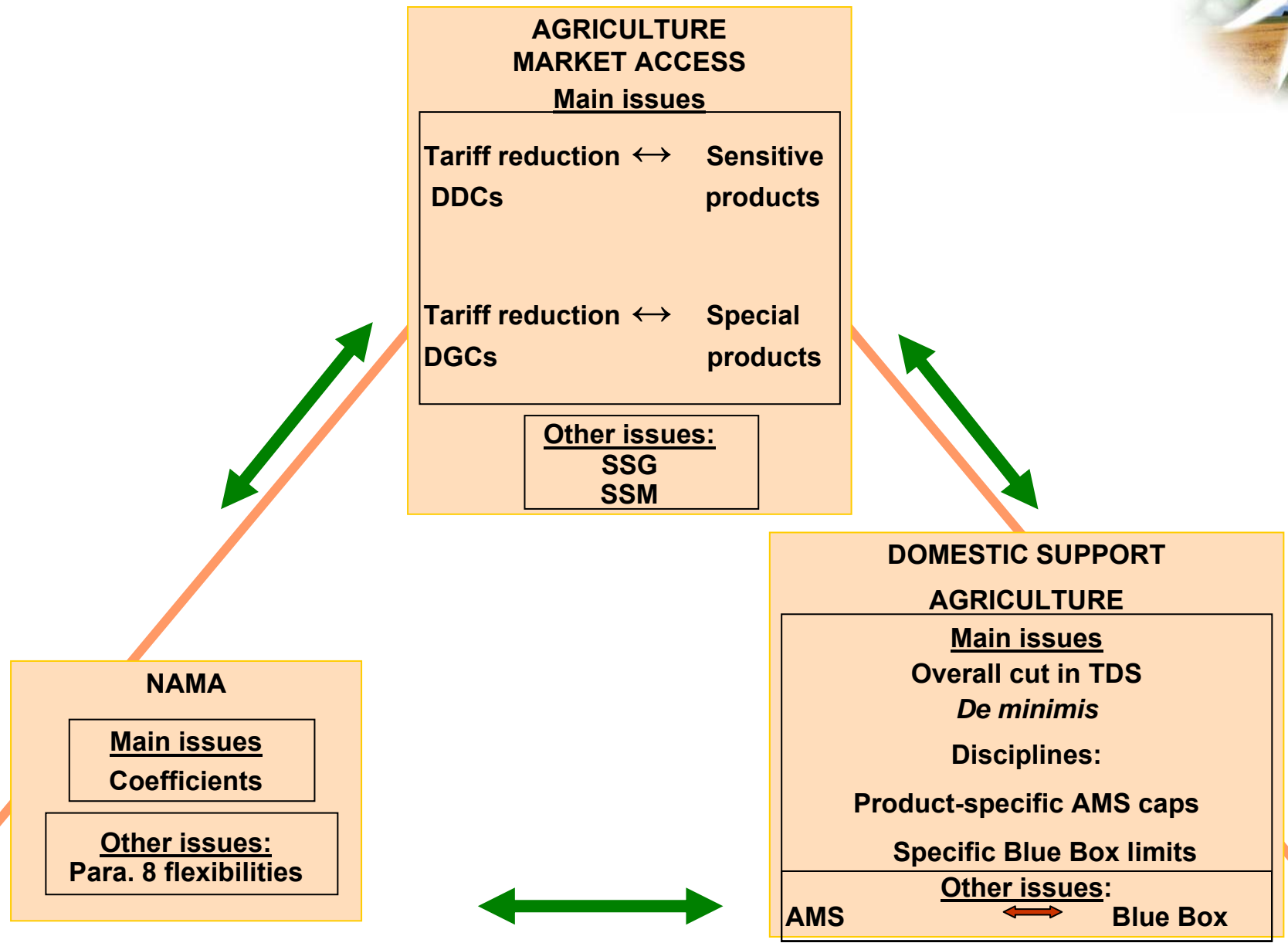
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Cotton



- Export subsidies - elimination by developed countries in 2006
- Developed countries – duty & quota free access for LDC cotton exports from the start of implementation period
- Trade-distorting domestic subsidies reduced more ambitiously & over a shorter implementation period
- Development assistance aspects:
 - Consultative Framework process (bilateral donors, multilateral and regional institutions)
 - Possibility of mechanism to address income declines in the cotton sector
- Follow-up and monitoring – Director General to set up an appropriate mechanism

High-Level Session of the Director-General's Consultative Framework Mechanism on Cotton, 15-16 March 2007





Positions

- All issues are important but difference depending on Member and issue
- All Members have offensive & defensive positions across the negotiations
- Members not a homogenous group, including within developing countries
- For LDCs all defensive interests have already been met through S&D

Key to success – finding convergence

What is on the table amounts to more than the Uruguay Round...



- The elimination of export subsidies and development of disciplines on other export measures
- A good progress in the reduction of trade-distorting domestic support, including an overall limit and product-specific caps
- Further market access openings



Next steps

- Revised Draft Modalities – a basis for intensive technical consultations from early September
- Further intensive negotiations text-based negotiations and technical work
- Preparation and verification of schedules of concessions
- Conclusion of negotiations

Political decisions needed - All must compromise



Reflection...

- What further information do I need related to WTO function, documents, and activities?
- How can I use this information to inform my current work activities?



BEFORE LUNCH....

Write one piece of information
related to agriculture and the WTO
that you would like to have.