



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

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Members Plan to Intensify Agriculture Talks Early Next Year

The agriculture negotiating group met on November 15th in a session dedicated to export competition at which Canada made a presentation related the so-called “unfinished business” from the Nairobi Ministerial Conference (MC10) i.e. export financing, state trading enterprises (STEs) and international food aid.

Some countries called for a small but meaningful package to be secured on these issues, preferably by the next Ministerial Conference in Astana (Kazakhstan) which will take place in June 2020.

Canada argued that eliminating export subsidies implies that similar measures must be terminated in order to avoid circumventing the MC10 decisions. Therefore, Members should seek disciplines on STEs, particularly export monopolies; improve transparency on their export financing programs and reduce the current maximum limit on repayment of export financing support which is fixed at 18 months, according to one official who attended the meeting.

In addition, Members should also consider banning export restrictions for food aid purchases. All of these are small, but credible steps, that can help move the agriculture negotiations forward, Canada added.

The proposal received support from many countries including the U.S. who second the need for transparency, arguing that Members needed a better understanding of the issues in order to tackle them more efficiently. Others however noted that priority should be given to trade-distorting domestic support.

Transparency is critical in this area, added the chair, Ambassador John Deep Ford (Guyana), noting Members' interest in improving disciplines under the export competition pillar to address the uncertainties.

Market Access

What was more interesting, was a piece on market access which was added to the agenda following a last-minute paper circulated by the U.S. on tariff implementation issues, specifically the gap between Members' bound and applied tariffs rates (the so-called water).

The U.S. claimed that this “water” was prevalent in all major agricultural product categories, particularly beverages and tobacco, dairy products, and sugar. It further noted that developing and small economy countries tend to have more water than their developed and larger trading counterparts. Overall, the average World Trade Organization (WTO) bound rate on agricultural products is 54.7% compared to a 14.5% average applied rate, the paper shows.

The U.S. initiative was welcomed as a positive contribution for possible future market access negotiations, even though some questioned the U.S.'s methodology as well as its purpose for tabling such a paper, one trade official said.

For instance, Switzerland noted that there was no agreed methodology for converting specific tariffs into ad-valorem equivalent. Argentina, for its part, pointed to the use of simple averages which it says fails to highlight problems with tariff peaks and tariff escalation.

Brazil and Japan seized the opportunity to ask the U.S. its preferred approach towards addressing these market access issues. The U.S. has repeated many times in the past that it wanted market access to be addressed alongside trade-distorting domestic support.

In a previous submission on the same topic the U.S. said “further, locking in tariff reductions by all countries can contribute to substantial gains to global welfare going forward.” It added that agriculture tariffs distort or can

distort world markets although “in some cases, market access is facilitated, for example, through the application of tariffs at levels below bound rates or through preferential access as a result of reciprocal trade agreements.”

At the informal meeting, the U.S. explained that its submission was made with the aim of providing a better “understanding of the situation” with regards to market access. The purpose is not yet to identify specific areas for negotiation given the need to update market access-related notifications and submissions.

However, they have already identified six areas Members should focus on:

- (i) bound versus applied tariffs
- (ii) complex tariffs
- (iii) high tariffs (e.g., tariff peaks)
- (iv) issues with TRQs
- (v) agricultural safeguards (SSGs)
- (vi) regional/preferential trade agreements

That being said, the U.S. avoided answering the question pertaining to its preferred approach, only saying that the purpose for tabling the paper was to provide a comprehensive understanding of the current landscape with regards to market access, one official said.

There will be another stocktaking session on December 6-7, where Ambassador Ford plans to address the group’s 2019 agenda and possibly outline a specific work programme for next year. Ford said it is time to move beyond situational analysis and start thinking more about adopting a problem-solving mindset.

He urged Members to look at 2019 as a “ministerial year”. Progress will be needed on the above questions by December 2019 in order to be able to deliver something at the MC12, he told the full Membership. The chair further said that he plans to intensify meetings starting this January and asks Members to provide their thoughts on a possible work programme in advance of the December 6-7 gathering.

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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