

# WTO Agriculture Negotiations

*Current state of affairs*

February 2011

# ● WTO Doha Development Agenda (DDA)

- A comprehensive trade negotiations which involve not only market access improvement for agriculture, non-agriculture products and service but establishment and strengthening of disciplines such as trade facilitation and anti dumping.
- “Development” of developing countries thorough trade is one of the most important issue.

## ○ DDA at a glance

**Nov 2001 Doha Ministerial Conference**  
Launch of the Round, which is to be concluded by the end of 2004

**Jul 2004 “Framework Agreement”**  
Establish a basic framework for the “modalities.”

**Dec 2005 Hong Kong Ministerial Conference**  
Agreed to conclude by the end of 2006

**Jul 2006**  
Negotiations suspended

**Jan 2007**  
Negotiations resumed

**Jul 2008 Informal Ministerial Meeting**  
Close to agreement, but failed

**Dec 2008**  
Another Ministerial was sought, but not realized

## ○ Main areas of negotiations

<b>Agriculture</b>	Reduction of tariffs and domestic support, elimination of export subsidies, etc.
<b>NAMA</b>	Reduction of tariffs and non-trade barriers (NTBs) on non-agricultural products (inc. forestry and fisheries products)
<b>Rule</b>	Rules on prevention of anti-dumping, subsidies (incl. fisheries subsidies) and regional trade agreements (RTAs)
<b>Service</b>	Market access (e.g. restrictions on foreign companies), domestic regulations (e.g. certification systems) and rules (e.g. on safeguard measures) on service
<b>TRIPs</b>	Establishment of a multilateral system of notification and registration of Geographical Indications (GIs), etc.
<b>Development</b>	“Special and differential treatment” for developing countries “Aid for Trade” for developing countries
<b>Others</b>	
<b>Trade Facilitation</b>	Improvement of transparency, predictability and equitability of , custom procedures
<b>Environment</b>	Reduction and elimination of tariffs, etc. on environmental goods

# ● WTO Agriculture Negotiations and Japan's Basic Position

- WTO Ag Negotiations started in March 2000, conforming with the Uruguay Round agreements.
- The Ag Negotiations in Doha Round consist of (1) Market Access, (2) Domestic Support and (3) Export Competition.
- Japan aims for the establishment of trade rules that keep balance between exporting and importing countries, with a fundamental principle of “coexistence of various types of agriculture.”

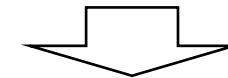
## 3 areas in Ag Negotiations

Areas	Objectives
<b>Market Access</b>	<u>Substantial improvement in market access</u>
<b>Domestic Support</b>	<u>Substantial reductions in trade-distorting domestic support</u>
<b>Export Competition</b>	<u>Elimination of all forms of export subsidies</u>

## Japan's basic position

“coexistence of various types of agriculture”

- Ensuring food security
- Consideration of multifunctionality of agriculture

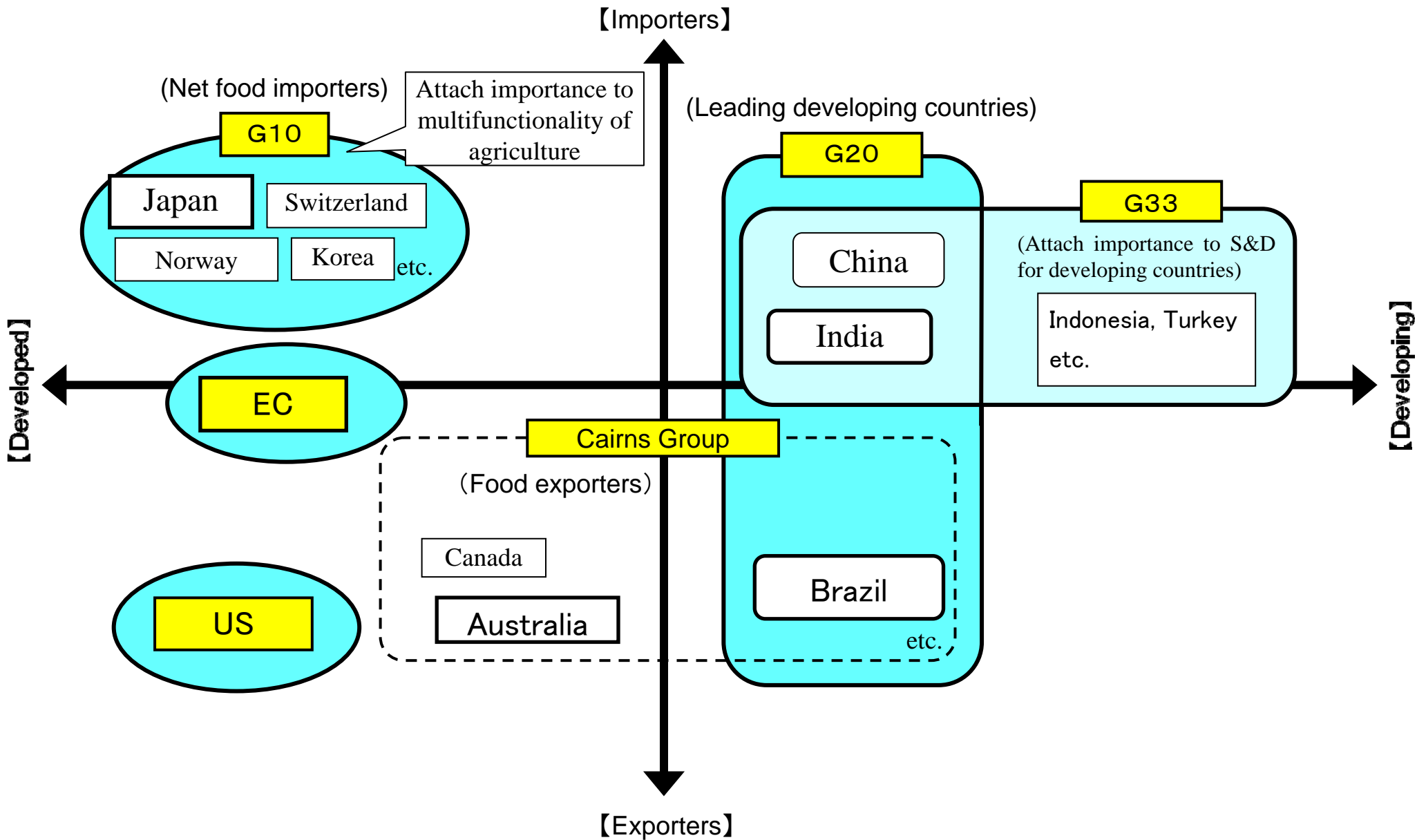


Domestic agricultural policy reform

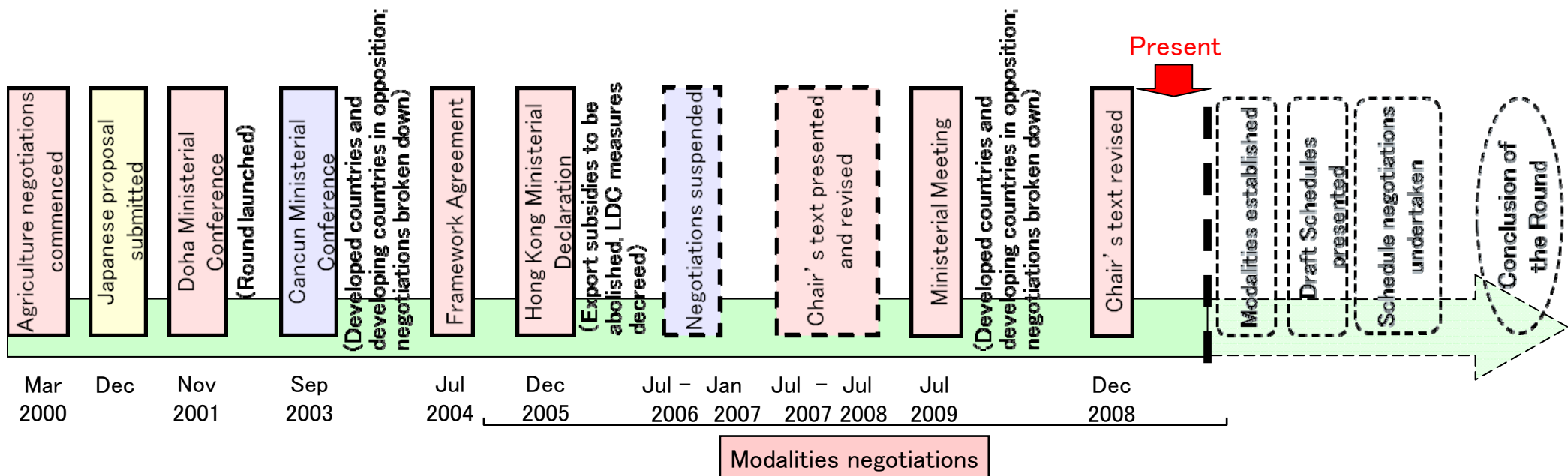
Establishment of balanced trade rules

Contribution to development of developing countries

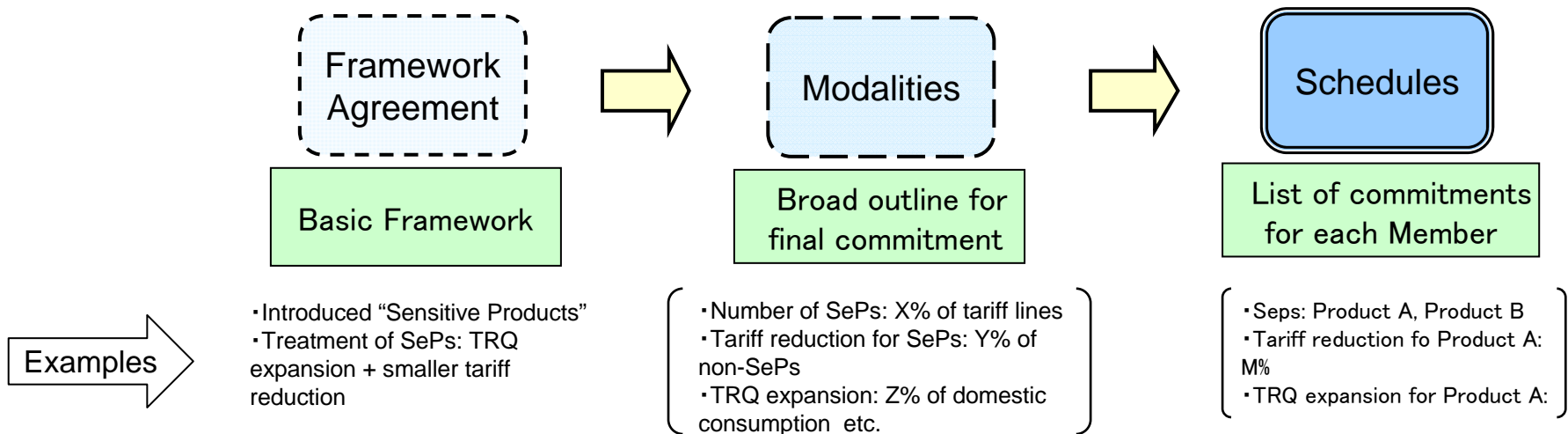
# Main Players in Ag Negotiations



# Development of WTO Agriculture Negotiations

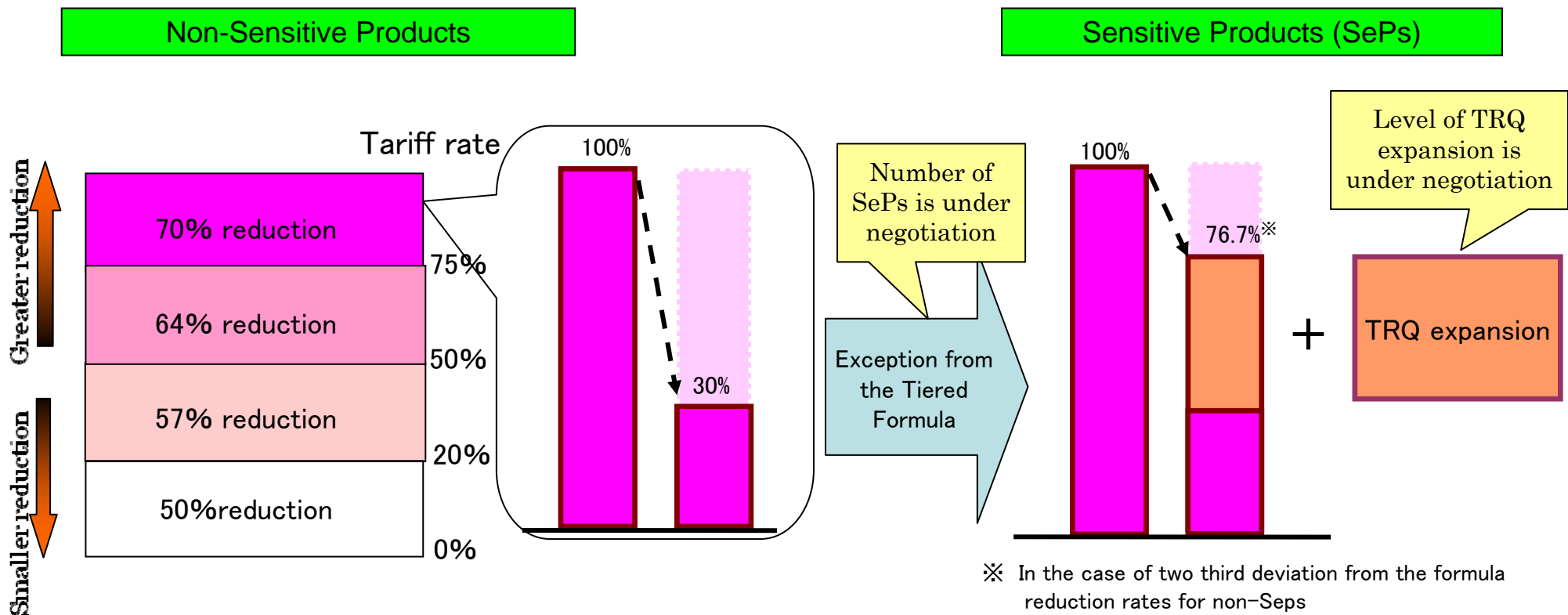


## What is Framework Agreement, Modalities and Schedules?



# ● Market Access

- Principle: Expand trade opportunity through tariff reductions
- Tariff reduction formula for non-Sensitive Products: Put tariff lines into 4 bands according to the tariff rate. Higher the tariff, greater the reductions (Tiered Formula)
- Treatment of Sensitive Products (SePs): Allowed to apply smaller reduction rates than the Tiered Formula, with TRQ expansion. Number of Sensitive Products is limited.

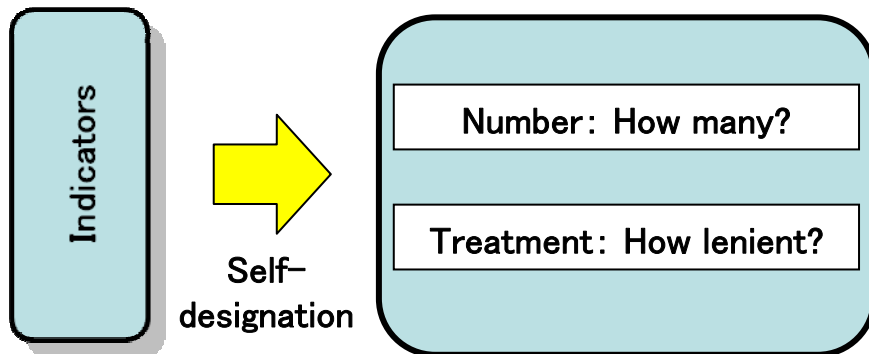


# ● Special & Differential Treatment for Developing Countries (S&D)

- S&D: Flexibilities for developing country Members (e.g. Smaller reduction rates for tariff and domestic support, longer implementation period)
- US vs India/China over Special Products (SP) and Special Safeguard Mechanism (SMM)

## SP (Special Products)

- Smaller tariff reduction (smaller than Seps)



- Chair's draft modalities (Dec. 2008)

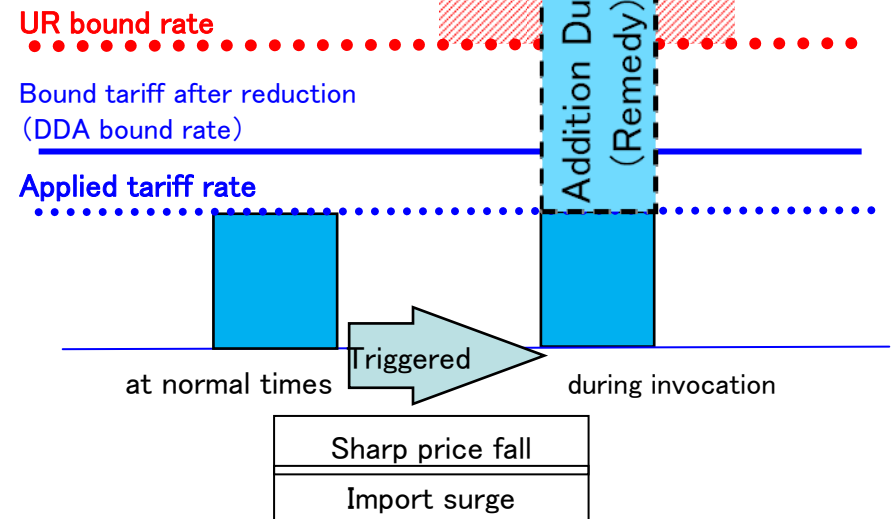
Number	12% of tariff lines
Tariff reduction	<ul style="list-style-type: none"> <li>○ Overall average reduction for SP: 11%</li> <li>○ 5% of tariff lines: No reduction is required</li> </ul>

## SSM (Special Safeguard Mechanism)

- Allowed to raise tariff against import surge and sharp price fall
- India, China, Indonesia (G33) seek a flexible mechanism easy to apply
- US & other exporters seek a restrictive mechanism which is not easily hinder normal growth of trade

US & India/China are in opposition over the condition under which the remedy can be "above" the UR bound rate

Area of issue in hot dispute



# ● Domestic Support

## Overall Trade-Distorting Domestic Support (OTDS)

- UR** N.A.
- DDA** OTDS to be reduced substantially  
(70% reduction for US, 75% for Japan, 80% for EC)

### Amber Box (AMS)

- Nature** Most trade-distorting support  
(Any domestic support except *de minimis*, Blue Box and Green Box)  
  - Market price support, deficiency payment, etc.
- UR** 20% reduction from base level (1986-88)
- DDA** Substantial reduction (greater than UR)  
(60% reduction for US, 70% reduction for Japan, EC)  
Product-specific limits (Ave. of 1995-00)

### *De minimis*

- Nature** Minimal support (5% of agricultural production)
- UR** Allowed not to be included in AMS
- DDA** Threshold to be reduced 50% (5% → 2.5%)

### Blue Box

- Nature** Direct payments with certain conditions (Less trade-distorting than Amber Box)
- UR** Exempted from reduction (Direct payments under production limit program)
- DDA** Included direct payments which do not require production (New Blue Box)  
Overall Blue Box limit (2.5% of total Ag production)  
Product-specific limits  
  - Old Blue: Ave. of 1995-00
  - New Blue: Proportionately divide overall limit according to the legislated maximum permissible expenditure + 10-20% "head room"

### Green Box

- Nature** Not distort trade, or at most cause minimal distortion
  - Research
  - Infrastructure
  - Decoupled income support etc.
(Annex 2, Agreement on Agriculture)
- UR** Exempted from reduction
- DDA** Exempted from reduction (Maintained current basic structure)



# ● Export Prohibitions & Restrictions

Current Agreement on Agriculture	Chair's draft modalities
<ul style="list-style-type: none"> <li>▪ Scope: Limited to only developed countries and net-exporting developing countries of certain products</li> <li>▪ Before instituting new measure, Member shall give notice, as far in advance as practicable, to Committee on Ag</li> <li>▪ Members may maintain the measures as long as they like (No provision on duration of the measures)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Developing countries are also disciplined</li> <li>▪ Existing measures shall be eliminated in 1st year</li> <li>▪ New measure shall not be maintained more than 1 year</li> </ul> <div style="border: 2px solid black; background-color: yellow; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> <li>▪ Member which intends to institute new measure shall consult with interested importers, and report the progress of consultations to Committee on Ag ✘</li> <li>▪ Committee on Ag will have strengthened mechanism to monitor the measures ✘</li> </ul> </div>

Countries introducing export restrictions on Ag products (as of Nov. 2011)

