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Institutional Models for Agricultural Negotiations in the FTAA and the WTO

Background

The countries of the inter-American system are preparing to undertake negotiations on agricultural trade as part of the process to build the free-trade area of the Americas (FTAA) and in the new round of World Trade Organization (WTO) negotiations.

The Negotiating Group on Agriculture was created within the FTAA to address agricultural disciplines and the application of sanitary and phytosanitary measures, but other groups have also been set up to deal with topics that also affect agricultural trade, such as competition, anti-dumping, safeguards, technical barriers to trade, and others. Article 20 of the WTO Agreement on Agriculture calls for the continuation of the reform process and the topics of negotiation.

It is worth recalling that although agriculture was a key subject of the Uruguay Round negotiations, only the ministries of agriculture (MoAs) of the largest countries of the Americas participated as members of GATT. On the other hand, for the negotiations on the North American Free Trade Agreement (NAFTA), an "agricultural table" was set up, with the ministries of agriculture represented on the negotiating teams; the parameters established at the Uruguay Round were followed. Later, in negotiating "new-generation" agreements in the region (i.e., Mexico with the Central American countries), the practice of establishing a negotiating table on agriculture has continued.

Research objective and methodology

With this in mind, this study was designed to determine how the countries of the region are organizing themselves to participate in the two agricultural negotiations, and to identify organizational models and ways that international technical cooperation can provide support.

The information was collected through a survey sent to IICA's 34 offices throughout the hemisphere. Complementary information was collected from official documentation available in the countries, the secretariats of integration processes, and papers written by national specialists. The results of the consultation were processed to provide an inter-American and a subregional perspective, corresponding to IICA's geographical grouping of countries (Northern, Central, Caribbean, Andean and Southern).^{1[1]}

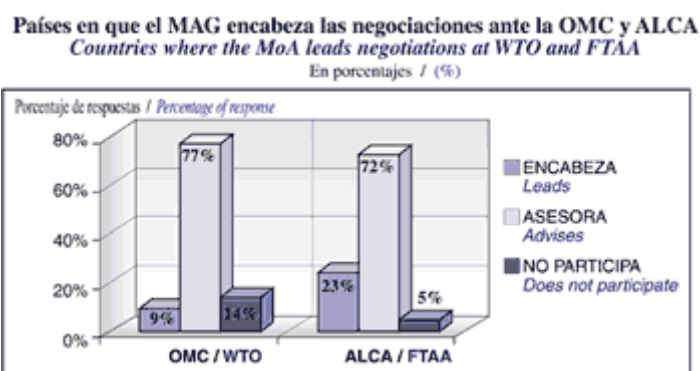
How do the ministries of agriculture participate in WTO and FTAA negotiations?

The objective of the first part of the study was to determine which institutional bodies participate in multilateral and FTAA agricultural negotiations, as well as the role played by different public sector organizations. More specifically, the aim was to determine which body was responsible for conducting the agricultural negotiations, what role does the ministry of agriculture (MoA) play in same as the sector's representative, and what other government bodies participate in the process.

Results show that, as opposed to the agricultural negotiations of the Uruguay Round, the MoAs are highly and directly involved in the agricultural negotiations of the new WTO round and the FTAA Negotiating Group on Agriculture (86% and 95% of the countries consulted, respectively). Greater participation in the second forum is explained by the fact that while the MoAs of Costa Rica and Uruguay do not participate in the WTO, they do participate in the FTAA. The MoA of only one country (Barbados) does not participate directly in either of the negotiations.

Nonetheless, only 9% of the MoAs of the countries consulted head the agricultural negotiations at the WTO while 23% do at the FTAA. Negotiations are headed by the MoAs of Ecuador and the Dominican Republic at the WTO, while at FTAA they are led by the MoAs of those countries plus of Argentina, Paraguay and Uruguay. For two south American countries (Bolivia and Chile), although the ministry responsible for the negotiations is the Ministry of Foreign Relations, in practice, agricultural negotiations are led by the vice minister of agriculture (Bolivia) and the International Relations Division of the Ministry of Agriculture (Chile).

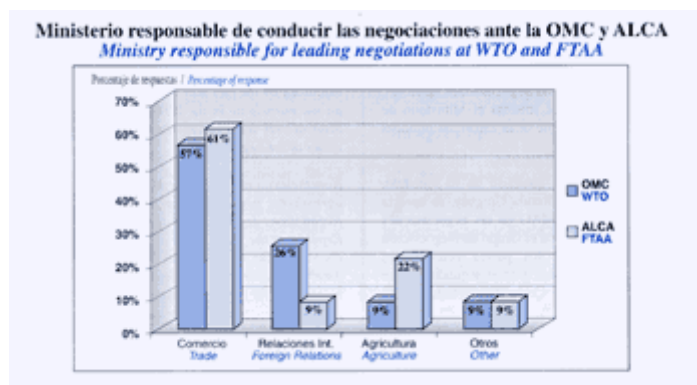
The MoA participates primarily as an advisor in WTO and FTAA agricultural negotiations (77% and 72% of the countries, respectively). In the remaining cases, the MoA either leads the negotiations or does not participate in them at all, as indicated in the graph. Differences in the percentages are explained by the fact that Costa Rica participates in the FTAA and not in the WTO, while the opposite is the case for Argentina and Paraguay, which participate in the WTO and not the FTAA.



Institutions responsible for or providing support to negotiations

As the MoAs are responsible in only a few countries for leading agricultural trade negotiations, it is worth finding out which institutions are directly responsible for conducting the negotiations.

In the case of the WTO, responses indicate that in most of the countries it is the ministry responsible for trade (57% of the cases) that leads agricultural negotiations (in Canada, it is a responsibility delegated by the Ministry of Foreign Affairs). In other countries, it is the ministry of foreign affairs (26%, especially in the South American countries) and agriculture (9%), while "others" (9%) was the response in countries where a particular situation applies. In Brazil, for example, responsibility falls to a body called the Foreign Trade Chamber (CAMEX), which is subordinate to the Council of Government, presided over by a minister of the House of Government and comprised of five other ministers, including agriculture. The other special situation is the case of the member countries of the Caribbean Common Market (CARICOM), which have a regional team of negotiators under the Council of Heads of State and not the Ministers of Trade. Also, in the case of Venezuela, the Production and Trade Ministry shares responsibility with Foreign Relations.



The participation of the Ministry of Trade is even greater in FTAA negotiations (61%), followed by agriculture (22%) and less by Foreign Affairs (9%); other ministries and institutions total 9%.

Results also indicate that 71% of the time, the ministry responsible for negotiating on behalf of its country was the same for both the hemispheric and the multilateral negotiations. The exceptions are Peru, Venezuela, Argentina, Paraguay and Uruguay.

At the WTO negotiations, other ministries including Treasury, Foreign Relations, Integration, Health, Economic Development and Environment also participate in addition to the leading ministry. The ministry with the strongest participation is Treasury (eight countries, 45%), followed by Economy and Trade (seven countries, 32%) and Foreign Relations (six countries, 27%).

In FTAA negotiations, the ministry having the strongest participation after the leading ministry is also Treasury (36%), although here followed by Foreign Relations (32%). In descending order of importance come agriculture and economy-trade. Agricultural health, customs and health have the least participation. Others represented, but with only one country mentioning them are: economic development, planning, tourism, integration, environment, department of state and defense.

The ministries of agriculture and the negotiating positions

The principal means by which the MoAs participate in defining negotiating positions in WTO and FTAA negotiations is through their **participation on commissions** where such positions are defined. Next in importance is through the **provision of information necessary for decision making**. Other, less frequently mentioned involvement include: **by serving to channel the positions of the private sector**; **by defining the negotiating position and communicating it**; and **by issuing an opinion when requested**.

Action taken by the MoAs to support the development of negotiating positions both for the WTO and FTAA consists primarily of **providing key information for decision making**, followed in order of importance by **reaching agreement on negotiating positions with the private sector**, and **conducting studies on competitiveness**. The provision of negotiations-related **training** is more important in the case of the WTO than FTAA, while the opposite is true with regard to **promoting the creation of producers' organizations** for increasing their participation in the process.

Formas en cómo el MAG se relaciona para influir en posiciones de negociación en agricultura y acciones que ejecuta, según foro de negociación
How MoAs bring influence to bear on negotiating positions for agriculture and actions they take, by negotiating forum

| Modalidad de relacionamiento de los MAGs <i>MoA form of involvement</i> | OMC / WTO | | ALCA / FTAA | | Acciones que Ejecuta el MAG <i>MoA action</i> | OMC / WTO | | ALCA / FTAA | |
|---|-----------------------------------|-----------------------|-----------------------------------|-----------------------|--|-----------------------------------|-----------------------|-----------------------------------|-----------------------|
| | No. de países No. of countries | Prioridad Priority | No. de países No. of countries | Prioridad Priority | | No. de países No. of countries | Prioridad Priority | No. de países No. of countries | Prioridad Priority |
| Participa en comisiones que definen posición negociadora <i>Participates on commissions to define negotiating position</i> | 21 | 1º | 21 | 1º | Suministra información clave <i>Provides key information</i> | 20 | 1º | 19 | 1º |
| Aporta información para toma de decisiones <i>Provides information for decision making</i> | 21 | 2º | 20 | 2º | Concerta posiciones con sector privado <i>Reaches agreement with private sector</i> | 20 | 2º | 21 | 2º |
| Sirve de medio para canalizar posiciones del sector privado <i>Serves as a means to channel position of private sector</i> | 19 | 3º | 18 | 3º | Realiza estudios de competitividad <i>Conducts studies on competitiveness</i> | 17 | 3º | 16 | 3º |
| Define posición negociadora y la comunica <i>Defines negotiating position and communicates it</i> | 10 | 4º | 10 | 4º | Brinda capacitación <i>Provides training</i> | 13 | 4º | 11 | 5º |
| Reacciona emitiendo opinión cuando ésta es solicitada <i>Issues its opinion when requested</i> | 17 | 5º | 11 | 5º | Promueve la for de productores para que participen <i>Promotes the creation of producers' organizations to foster their involvement</i> | 7 | 5º | 7 | 4º |

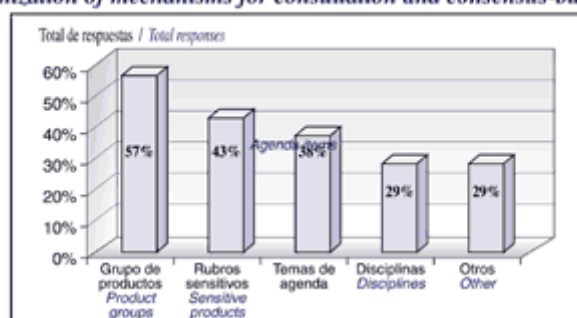
Nota: Total de países en que contestaron las preguntas 22.
 Note: 22 countries answered the questions.

Mechanisms of consultation with the private sector

Ninety-five percent of the countries surveyed indicated that they had such mechanisms of consultation, including meetings and consultations with producers' and exporters' organizations; national committees for agricultural negotiations; standing meetings with trade associations and chains; articulation of positions; forums, periodic meetings; integration commissions; ad hoc consultations.

A total of 12 countries consulted (57%) responded that their consultation mechanisms are organized around groups of products; organization by sensitive item is also important (43%), and by special agenda item (38%), in 9 and 8 of the countries, respectively. Five members conduct consultations by trade discipline, and of least importance is consultation by chain (included in "others"). Two of the countries replying to the question indicated that they have no consultation mechanism (10%).

Organización de los mecanismos de consulta y concertación
Organization of mechanisms for consultation and consensus-building



The organizations that play the most active role are the leading sectoral organizations and product-specific organizations, in 90% of the countries consulted. They are followed in order of importance by chains (67%), influential businesses (52%), and other organizations, such as cooperatives, campesino associations, consumer groups and the academic sector (10%).

How are the MoAs organized to participate in negotiations?

The second part of the survey looked at how agricultural trade negotiations are treated within the organizational structure of the MoAs, as well as what technical and material resources at their disposal; training needs were also identified.

Ninety-five percent of the countries (20 of the 21 countries consulted) responded that within the internal organization of the MoA, a unit is responsible for participating in negotiations; one of the countries responded that this unit had not yet been officially recognized (Peru). Two countries (Barbados and Honduras, or 10% of the sample) stated that they do not have a specific MoA unit in charge of trade negotiations, although the latter indicated that one was being organized.

The units within the MoAs responsible for trade negotiations are different in nature. Some are directly subordinate to the ministers of agriculture, some are subordinate to offices of third hierarchical level (for example, part of a planning or agricultural markets division), some are single-person units serving in a special advisory capacity to the minister or vice minister. Results also showed that international trade and/or international affairs divisions are responsible for the matter in 7 of the 22 countries responding to the question (31.8% of the total), as can be seen in the table below. Also mentioned were sectoral planning divisions and/or policy divisions, as well as specific trade negotiations units, in 5 of the 22 countries (22.7% each). Three countries indicated that the matter is handled by their marketing or agricultural markets units (13.7% of the responses) and finally, two countries (Honduras and Barbados) indicated that no specific unit existed for the topic, although the former indicated it was considering creating one (9% of the responses).

Américas: Unidad responsable de negociaciones comerciales y jerarquía dentro de la organización interna dentro del MAG.
The Americas: Unit responsible for trade negotiations and hierarchical level within the structure of the MoA

| Nombre de Unidad Name of unit | Mención (Número de países) Mentioned by (# of countries) | Participación (Porcentaje del total) Participation (% of total) |
|--|---|--|
| Dirección Comercio Internacionales o Asuntos Internacionales <i>International Trade or International Affairs Division</i> | 7 | 31.8% |
| Dirección de Planificación o Políticas Agropecuarias <i>Planning or Agricultural Policy Division</i> | 5 | 22.7% |
| Unidad de Negociaciones Comerciales Internacionales <i>International Trade Negotiations Unit</i> | 5 | 22.7% |
| Unidad Comercialización Agropecuaria o Mercados Agropecuarios <i>Agricultural Marketing or Agricultural Markets Unit</i> | 3 | 13.7% |
| No dispone / Non existent | 2 | 9.1% |
| Total / Total | 22 | 100.0% |
| Dependencia Jerárquica de Unidades Responsable de las Negociaciones <i>Unit responsible for negotiations subordinate to:</i> | Mención (Número de países) Mentioned by (# of countries) | Participación (Porcentaje del total) Participation (% of total) |
| Despacho del Ministro / Minister's Office | 7 | 31.8% |
| Despacho del Viceministro / Vice Minister's Office | 7 | 31.8% |
| Unidad de menor Jerarquía / Lower ranking unit | 6 | 27.3% |
| No dispone / Non existent | 2 | 9.1% |
| Total / Total | 22 | 100.0% |

Regarding hierarchical level within the MoAs, in most of the countries, the units responsible for monitoring agricultural trade negotiations answer directly to the minister or vice minister (each of these cases was mentioned by 7 of the 22 countries consulted). In the remaining countries that have a special unit for this matter, the unit was subordinate to a lower-ranking unit than the aforementioned, primarily to offices ranked as general divisions (27.3% of the responses).

Within the MoAs, or the rest of the agricultural sector, other units provide support to negotiation processes and in some cases form part of the negotiating teams. The technical unit with the greatest participation is agricultural health, in 17 of the 21 countries (81.8%) responding to the question. Other technical units that participate are: planning/economic studies, livestock, each in five of the 21 countries (23.8%); marketing/markets, in four countries (19.0%); and research and technology transfer, in three countries (14.3%). The MoA units responsible for agricultural production, fisheries, forestry, seeds, export credit and international cooperation were mentioned two or less times.

The technical teams of the units responsible for negotiations

The MoA teams that are directly involved in international agricultural negotiations vary in terms of their composition and number of specialists. They can be grouped by size of office: large (from 10 to 20 specialists) in the larger countries; intermediate (from 4 to 9 specialists) generally in the mid-sized countries, although with certain exceptions; and small (with three or less specialists) [2]. The extreme values obtained in the responses were from Argentina (largest, with a group of 20 specialists) and Barbados and Nicaragua (smallest, with only one specialist responsible within the ministry of agriculture). The average size of the negotiating team is 6.5 specialists.

Américas: Unidades técnicas de Agricultura que colaboran en el proceso de negociación agrícola

The Americas: technical units of agriculture that collaborate with the leaders of the agricultural negotiations process

| Unidad Técnica <i>Technical Unit</i> | Mención (Número de países) <i>Mentioned by</i> (# of countries) | Participación (Porcentaje del total) <i>Participation</i> (% of total) |
|---|---|--|
| Sanidad Agropecuaria / <i>Agricultural health</i> | 17 | 81.0% |
| Planificación / <i>Planning</i> | 5 | 23.8% |
| Estudios Económicos / <i>Economic studies</i> | 5 | 23.8% |
| Ganadería / <i>Livestock</i> | 5 | 23.8% |
| Comercialización/Mercados / <i>Marketing/Markets</i> | 4 | 19.0% |
| Investigación y Transferencia de Tecnología <i>Research/Tech. Transfer</i> | 3 | 14.3% |

Regarding the area of specialization of members of the technical negotiating teams, it was found that the prevailing professionals are economists (68), followed by 26 agricultural science specialists, 11 specialists in negotiating techniques and international trade, seven attorneys, five foreign affairs specialists, four specialists each in business and agricultural economics. A smaller number of other specialists was also represented, including information technology specialists, engineers and political scientists.

Relations with the academic sector and training needs

A question was posed to identify whether ties had been established with universities for research and consultation purposes, as a means of strengthening the capabilities of the units in charge of negotiations.

In responding to this question, 16 of the 22 countries responding to the question (72.7% of the sample) indicated that they do not have formal and ongoing relations. Only six countries (27.3%) stated that they do.

Most of the 21 countries responding to this question³ indicated that they had training needs for their human resources (81%). Only four countries (USA, Mexico, Chile and Uruguay, or 19% of the total of countries) indicated that they did not.

The training needs most frequently specified were "specific topics of the agreements," and greater knowledge of "negotiating techniques" (11 and 10 of the surveyed countries, or 52.4% and 47.6% of the total, respectively), as required for complying with agricultural and general WTO rules. With regard to the latter, reference was made to subsidies and countervailing duties, notification mechanisms, safeguard measures, harmonization of sanitary measures, dispute settlement, administration of domestic support, calculations for determining injury.

Next in importance was the demand for training for the "analysis of markets and trade flows," which was mentioned in 33.3% of the responses, followed by training in "trade policy." Other less frequently mentioned topics were: studies on competitiveness, legal aspects of international rules and negotiations, quantitative methods, technical English, information science and overall skills development.

Américas: Identificación de necesidades de capacitación en países en temas de comercio
The Americas: identification of trade-related training needs in the countries

| Necesidades de capacitación / Training needs | Número de países que lo citan # countries mentioning it | Porcentaje sobre No. Respuestas % of the number of responses |
|--|--|---|
| Temas específicos de acuerdo agrícola y otros acuerdos Specific aspects of agricultural and other agreements | 11 | 52.4% |
| Técnicas de negociación / Negotiating techniques | 10 | 47.6% |
| Análisis de mercados y flujos de comercio agrícola Market analysis and agricultural trade flow | 7 | 33.3% |
| Política comercial, teoría y práctica del comercio internacionales Trade policy, theory and practice in international trade | 4 | 19.0% |
| Estudios de competitividad / Studies on competitiveness | 3 | 14.3% |
| Aspectos jurídicos de acuerdos y negociaciones Legal aspects of agreements and negotiations | 3 | 14.3% |
| Métodos cuantitativos / Quantitative methods | 2 | 9.5% |
| Inglés técnico / Technical English | 1 | 4.8% |
| Informática / Information science | 1 | 4.8% |
| Formación de recursos humanos / Human resource development | 1 | 4.8% |

Evaluation of material resources available

Respondents were asked to assess the material resources available to the ministries of agriculture for participating in trade negotiation processes. The following alternatives were offered: acceptable, slight shortcomings, serious shortcomings. Twenty-one of the countries surveyed replied to this question.

Only 2 countries (9.5% of total respondents) indicated that they had acceptable material resources for all items listed; two others replied that conditions were "acceptable" for most of the items. The remaining respondents showed a variety of situations.

To obtain an overall assessment of the status of material resources, 3, 2 and 1 points were assigned for each of the aforementioned alternatives and ranges were established for purposes of classification.

In analyzing the situation by country and by type of material resource (see table below) in accordance with the established criteria and after calculating a weighted index, it can be observed that the only material resources available and considered acceptable throughout the

hemisphere are "information on domestic aspects of production for the principal products traded" (output, costs, yields, etc.) and "information on the status of negotiations." However, the information in the table shows that the first of the resources is considered acceptable in 16 of the 20 countries (76.2%), while in the second, it was only considered acceptable in 10 of the countries (47.6% of total responses). Slight shortcomings were noted in 10 countries and only 2 countries noted severe shortcomings in the availability of these two resources.

Resources with slight shortcomings, in descending order of classification with the weighted index, are:

- Connection to internet and other networks
- Monitoring mechanisms for notifications under the WTO
- Statistical information on foreign agricultural trade flows
- Internationally recognized national certification systems for technical standards
- Computer equipment capable of storing and processing statistical information
- Resources for traveling to meetings abroad

Nonetheless, within the subgroup of slight shortcomings, several important differences can be noted. The first concerns a resource that has become vital in communications and for accessing up-to-date information, where half the responding countries indicated that their connection to Internet and other networks was acceptable, while 28.6% responded that it was seriously deficient. The second refers to statistical information on foreign agricultural trade flows, a resource that is indispensable for conducting analyses of impact on products under negotiation, and which is considered acceptable in only six countries (28.6% of responses) and a problem (serious shortcoming) in only two countries (9.5% of the responses). The third are the resources needed for traveling abroad to attend meetings, which is essential for an active presence in negotiations. It is considered a serious limitation (serious shortcoming) in half of the countries surveyed, and acceptable in only 23.8% of countries responding to the question.

Overall, only one resource was considered throughout the hemisphere to have serious shortcomings: internal organization to support use of dispute settlement mechanisms. This resource is of key importance for protecting national interests when the time comes to enforce the agreements being negotiated. This resource is considered to have serious shortcomings in 62% of responding countries; only one quarter of the countries considered that it was acceptable or had slight shortcomings, each with 19% of the responses.

Conclusions

As opposed to the case of the Uruguay Round, the ministries of agriculture are now more deeply involved both in the multilateral (WTO) and hemispheric (FTAA) negotiations. However, agricultural negotiations are the responsibility of the ministries of agriculture in only a few countries and the matter continues to be primarily the domain of the ministries responsible for trade and/or foreign relations, as is the case in the southern cone countries and in the WTO forum.

Most noteworthy among the institutional structures established for negotiations are: the Chamber of Foreign Trade (CAMEX) in Brazil, comprising six ministers (including agriculture), and which comes under the Government Council; and the Regional Negotiating Machinery, created in April 1997 by the member countries of the Caribbean Common Market (CARICOM), which responds directly to the Heads of State and not the ministers of trade, and which is supported by contributions from the governments, the private sector, the Regional Integration Bank, and a group of international donors.

Most of the countries (71% of responses) make use of the same structure for negotiating on both forums; in the remaining 29% of the countries, the ministry responsible for negotiations at the WTO is different from the one conducting negotiations at the FTAA. Also, at least one country has a single institutional structure but different negotiating groups for each of the forums.

