



Seventy-ninth Meeting of the Agriculture Committee of the World Trade Organization

The objective of this note¹ is to report on the main topics discussed during the Seventy-ninth Regular Meeting of the Committee on Agriculture of the World Trade Organization (WTO)², in which the Inter-American Institute for Cooperation on Agriculture (IICA) participated as an Observer.

During this meeting, other than the topics that are discussed regularly with respect to notifications on agricultural issues that countries must provide to the WTO, the following issues were highlighted: the Annual Monitoring of the Follow-up to the Marrakech Decision on Net Food Importing Developing Countries (NFIDC), which consists in donor countries and observer members (such as IICA) presenting information on their activities relating to food aid for the NFIDCs; the annual consultation with respect to participation by Members in the normal growth of world trade in agricultural products (export subsidies); and the application of agricultural results of the Decision from the Nairobi Ministerial Conference, held in December 2015.

1. Topics addressed during the Seventy-ninth Regular Meeting of the Agriculture Committee of the WTO held in March 2016

The role of the Committee on Agriculture at these meetings consists of ensuring that the Member States of the WTO meet the commitments established in the Agreement on Agriculture. During these meetings, the country delegates examine and discuss the trade measures that have been notified to the WTO within the framework of this Agreement.

The notifications of agricultural trade measures presented by the Member States of the WTO focus on some of the following topics:

- a) **Quotas:** this is a possible limitation to export or import of a good, with a given quantity of the good or over a given period of time. A tariff quota is applied when, for a certain period of time and for a maximum amount of goods, exports or imports will be exempt from payment of customs duties, or a preferential tariff will be applied to them.
- b) **Special safeguard:** Safeguards are exceptional protectionist measures that a country uses to temporarily protect certain local industries that have been harmed or which are facing a threat of severe harm, due to a significant increase in the goods flowing into the domestic market under conditions of fair competition. A special safeguard is a temporary increase in an import duty in order to cope with import growth or with a drop in prices, in view of the special provisions of the Agreement on Agriculture.
- c) **Internal assistance:** Within the framework of the Agreement on Agriculture of the WTO, any internal assistance for agricultural producers is subject to regulation. Consequently, there are basically two categories of internal assistance: assistance that does not have the

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² Held on March 9 and 10, 2016 in Geneva, Switzerland

effect of distorting trade, or has a very limited effect (known as the green box measures); or assistance that has the effect of distorting trade (known as amber box measures). In the terminology of the WTO, subsidies are generally identified by “boxes” to which the colors of traffic lights have been ascribed: green (permitted), amber (restrain-should be reduced), red (prohibited).

- d) Export subsidies:** this refers to the economic advantage that a government provides, directly or indirectly, to the producers of certain goods or services in order to improve its competitive position. There are measures of economic assistance that are prohibited because they distort trade and cause harm; for example, the *export subsidies* and other subsidies that are subject to a commitment for reduction.

These notifications must be presented annually by countries to the WTO.

1.1. Agriculture notifications that were discussed during the Meeting of March 2016

During the Meeting, the countries discussed topics related to export subsidies and domestic support. Of the countries in the Americas, two Member States of IICA (the United States and Canada) raised questions to other countries on issues related to domestic support, marketing systems and subsidies. As shown in detail below, Brazil, Costa Rica, and Canada had to respond to specific questions raised by the United States. Additionally, the United States had to respond to questions raised by India, while Canada responded to questions from New Zealand, as shown in detail in the following table:

Table 1. Topics raised with respect to implementation of commitments

Countries raising questions	Country consulted	Topic of consultation
European Union	China	Subsidies to the maize sector.
	Japan	Increase in assistance to pig producers through income protection. Domestic support and export subsidies.
	Turkey	Support scheme to certain agricultural sectors. Rice support. Fruit and vegetable export subsidies.
India	Australia United States	Farm insurance advice scheme. Assistance programs for the agricultural sector.
United States	Brazil Canada Costa Rica India Thailand Turkey	Domestic support. Wine sale policy Compliance with the commitments under the Aggregate Measurement of Support (AMS). Export assistance programs . Rice policies. Destination of wheat flour sales.
New Zealand	European Union Canada India	Policies with regard to dairy products. New milk ingredient class. Apple importation.
Canada	China India Japan	Agriculture policy. New crop insurance scheme. MARUKIN Stabilization Program.
Indonesia	France	Amendment n.º 367 to the proposed Law on Biodiversity.
Australia, European Union	India	Sugar export subsidies.
Ukraine	Russia	Trade measures affecting Ukrainian transit of agricultural products to Kazakhstan.
Indonesia	France	Amendment n.º 367 to the proposed Law on Biodiversity.

Source: Meeting of the Committee on Agriculture of the WTO of March 2016.

In addition, Brazil raised questions to the United States on its soybean programs, and to Peru, concerning its price band system.

Additionally, during this Meeting, notifications presented by certain countries were reviewed; these are shown in Table 2. From the Americas, six Member States of IICA (Brazil, Costa Rica, Ecuador, Guatemala, Mexico and the United States) had to provide details on the notifications that they had presented this year with regard to access to markets, domestic support and export subsidies.

Table 2. Topics raised with regard to agricultural notifications

Countries consulted	Topic of notification
China, Costa Rica , Guatemala , and Ukraine	Notifications related to imports within the framework of commitments on tariff quotas and other types of subsidies.
Australia, Botswana, Brazil , China, European Union, India, Mauricio, Mexico , Norway, Switzerland, Tunisia, United Arab Emirates, and United States	Notifications regarding commitments to domestic support.
Brazil , China, Ecuador , Hong Kong, China, Israel, Russia, and Ukraine	Notifications on commitments to export subsidies.
Russia and United States	Notifications within the context of the NFIDC Decision.

Source: Meeting of the Committee on Agriculture of the WTO of March 2016.

Finally, there were notifications that had been sent to the Secretariat of the WTO, but for which no questions were raised by any other country during the Meeting (See Table 3). However, it was not ruled out that these notifications could be reverted to for review at later meetings of the Committee on Agriculture. On this occasion, seven Member States of IICA (Brazil, Costa Rica, Ecuador, El Salvador, the United States, Honduras and Guatemala) did not receive any requests for clarification from other Members of the WTO when they presented their reports.

Table 3. Notifications presented that were not subject to review

Countries notifying	Topic of notification
El Salvador	Notifications relating to the administration of the tariff quotas and to other types of subsidies.
Brazil , Costa Rica , Ecuador , El Salvador , Malaysia, Norway, Switzerland, Taipei Chinese	Notifications relating to imports within the framework of commitments on tariff quotas and other types of subsidies.
Botswana, Costa Rica , Ecuador , El Salvador , Japan, Norway, Switzerland, Taipei Chinese, United States	Notifications on special safeguards.
Brazil , Chad, Congo, Cuba, Ecuador , European Union, Honduras , Russian Federation, Singapore, Sri Lanka	Notifications on commitments to domestic support.
Botswana, Congo, Cuba, Guatemala , Honduras , Malaysia, Norway, Senegal, Singapore, South Africa, Taipei Chinese, Zimbabwe	Notifications on export subsidies.

Source: Meeting of the Committee on Agriculture of the WTO of March 2016.

On the importance of notifications

Mr. Michael Wamai, Chairperson of the Committee on Agriculture, reminded the Members of the WTO that the role of that body was to promote transparency among its members, since it enabled them to see how their trading partners were implementing the rules in order to trade in agricultural products. Hence, compliance with agriculture notifications was essential.

At this Meeting, he also emphatically underscored the importance of fulfilling the notification obligations that each member country of the WTO has; there was also an appeal for country delegations to answer the questions of other members in an effective and efficient way.

Similarly, he lauded the work carried out by countries in order to complete their notifications both in terms of quality and quantity, and to remain updated, as required in their respective cases; however, he also underscored the importance of improving compliance with notification, especially with regard to domestic support and export subsidies.

2. Other items on the agenda of the Seventy-Ninth Regular Meeting of the Committee on Agriculture of the WTO of March 2016

Other matters of interest discussed at this Meeting are described below.

2.1. Annual monitoring exercise on the follow-up to the Marrakech NFIDC Decision, under the Agriculture Agreement of the WTO

This annual exercise was carried out based on the contributions of the Members, including notifications of support by the countries and contributions by the observer organizations to the Committee on Agriculture, such as IICA.

During the Meeting, note was taken of the background note that the Committee prepares each year, and which is reviewed by the Secretariat. This note refers to the export competition pillar of the Agreement on Agriculture which contains provisions for food aid, including concessionality of food aid the internal assistance and the differential treatment within the framework of the agreement on export credits.

The countries of the African Group, of which Morocco and Egypt are a part, declared that the Nairobi Decision (2015) in export competition and the provisions that it contains relating to food security, especially the review process that it establishes, would add value to the annual discussions on the implementation of the Marrakech Decision.

Furthermore, they pointed out that, for them, the implementation of the provisions on food aid had been unsatisfactory and that the Committee on Agriculture should review their effectiveness. The WTO and the decisions of the Doha Round have been important for food security in terms of reducing the barriers to trade. Importantly, the Marrakech Decision had made it possible to improve food security and productivity in the NFIDCs. However, according to data from the WTO, food assistance has fallen 65% since 2005 and the Members should strengthen the Decision by placing emphasis on increasing technical assistance and on establishing a mechanism to fully implement its provisions.

2.2. Contributions by Members and international organizations

The Committee took note of the notifications by Australia, Russia, Norway, the United States, and the European Union. Additionally, IICA and United Nations Food and Agriculture Organization (FAO), as Observers to the Committee, also made their respective contributions. FAO emphasized the trends of the NFIDCs in food import bills; the price volatility of food, as well as the market trends in basic foodstuffs. For its part, IICA reported on its technical cooperation in 2015 to support countries in Latin America and the Caribbean in food security and nutrition. Further details can be accessed via the following link, which shows the note prepared by IICA: <http://www.iica.int/es/publications/decisi%C3%B3n-of-marrakech-and-safety-alimentaria-contribuci%C3%B3n-of-the-institute-Inter-American>.

2.3. Inclusion of Qatar in the list of WTO net food importing countries

During the course of the Meeting, the Secretariat of the WTO reported to the Member States on the application of Qatar to the Committee on Agriculture for inclusion in the list of WTO net food importing

countries. In addition, it submitted information to the Division of Agriculture and Commodities of the WTO for review. In 2015, nearly 90% of food was imported, making Qatar one of the largest food importing countries on a per capita basis.

The United States questioned how a member with a high per capita income could be aligned with the NFIDC group. Some Members requested more time to analyze the request and its corresponding data, which means that the subject will be reviewed at future meetings.

2.4. Annual consultation with respect to Members' participation in the growth of world trade in agricultural products within the framework of the commitments on export subsidies

The Committee on Agriculture took note of the document submitted to the WTO by Australia, Argentina, Canada, Chile, Costa Rica, New Zealand, Pakistan, and Thailand on the growth of world trade in agricultural products, within the framework of the commitments on export subsidies. Australia pointed out that the Secretariat's note showed how exports grew or contracted for some members in particular, especially in terms of volume for some *commodities*. In contrast, Australia's document examined those trends in terms of the value of trade, but replicating the same methodology used by the Secretariat of the WTO. Its document showed that the percentage of growth over the last 10 years changed for each Member. Australia was therefore calling on the Members to submit their export subsidies notifications and also evaluate whether their growth in exports was due to subsidies or to their competitiveness.

The Members pointed out that both documents contained a great deal of information, which would make it possible for them to include upcoming trends in the agricultural products market. Also, both documents showed an increase in the participation of developing countries in the global agriculture trading system and that market share was distributed more widely. The United States mentioned that the most dramatic change was seen in the emergence of new Members such as the Russian Federation, Ukraine, and Kazakhstan. Uruguay and Argentina stressed that their positive performance was due to their competitiveness and not to the use of subsidies or other measures.

Some Members noted trends in the trading patterns for specific products. The European Union pointed out that trade increased in the majority of the sectors, both in quantity and in volumes, while the United States noted that the developing countries had increased their gains in products such as wheat, coarse grains (especially corn), rice, oilseeds, sugar, and beef. At the same time, the traditional exporters were losing market in these products. The United States share of coarse grain, wheat, rice, and oilseeds has fallen, while its share of beef, fruits, and vegetables had gained ground. It was also noteworthy that the least developed countries (LDC) had begun to participate in world trade, such as Cambodia and Benin, with rice; and Yemen with butter, among others. Canada noted a fall in its share in bovine meat (2010-2013), while India showed a consistent increase in its bovine meat exporters. Meanwhile, Ukraine and India increased their share in coarse grains.

2.5. Matters related to the implementation of the commitments undertaken at the last ministerial conferences

On this point in particular, the President of the WTO Committee on Agriculture, as well as the Members, referred to the progress made during the Ministerial Conference held in Nairobi, Kenya in December 2015, since the Ministerial Decision on export competition indicates that the Committee on Agriculture should monitor the implementation of this issue within the notifications that its Members must present to the WTO, within the context of the Agreement on Agriculture.

Additionally, reference was made to the Bali Ministerial Declaration (2014) on export competition, where the Members of the WTO would continue to provide information to the WTO on export subsidies, export credit, export credit guarantees or insurance programs, international food aid and agricultural

exporting state trading enterprises. This information will continue to be reviewed during an annual monitoring exercise that will be carried out by the Secretariat of the WTO Committee on Agriculture. The chairman of the Committee reported that the annual exercise to which the Nairobi Decision relates would be done at the meeting to be held in June of this year.

Furthermore, several Members with scheduled export subsidy reduction commitments indicated how they intended to implement the Decision. The European Union noted that the Nairobi Decision on the elimination of export subsidies had been automatically incorporated into its domestic legislation. Australia, Canada, New Zealand, Norway, and Switzerland are involved in legislative processes in order to adapt to the Decision and to amend their commitment schedules, or eliminate the remaining subsidies.

Brazil, in turn, is in internal consultations to eliminate the export subsidies for cotton at the beginning of 2017, and the end of 2018 for other commodities. Other countries such as Mexico and Colombia will make the necessary adjustments for adapting to the Decision. Uruguay indicated that it had never used its rights to subsidize exports, but that it would modify its schedule.

Finally, it was pointed out that constant monitoring was of the utmost importance, as was the continuity that the Nairobi commitments provides to the Bali commitments. India referred to the role of the annual monitoring exercise that the Committee on Agriculture should carry out, while Brazil reiterated that Members should meet their Bali commitments and be transparent with respect to the administration of tariff quotas. Brazil also stressed that its reports for 2014 were starting to become available, and that the WTO Secretariat could update the information on quota fills, based on the notifications submitted by Members. This information could be used in the monitoring process.

3. Institutional contact points

For further information, contact Adriana Campos Azofeifa, Trade Specialist at IICA, via email adriana.campos@iica.int or by telephone (506) 2216-0170; or Nadia Monge Hernández, Trade Expert at IICA via email nadia.monge@iica.int, or by telephone (506) 2216-0358.