

Main Topics Addressed at the January 2014 Regular Meeting of the Committee on Agriculture of the World Trade Organization

The Agribusiness and Commercialization Program of the Inter-American Institute for Cooperation on Agriculture (IICA) has prepared this note¹ on the main topics addressed at the Seventy-second Regular Meeting of the Committee on Agriculture of the World Trade Organization (WTO), held on January 29, 2014, in Geneva, Switzerland.² To facilitate comprehension, the note also contains general information on the multilateral scope of international trade.

I. The context

As has been mentioned in earlier bulletins, the WTO focuses on the rules that govern trade among its member countries at the multilateral level.³ In Geneva, the governments of these countries come together to address trade-related issues that arise between producers of goods and services and between importers and exporters. Therefore, the WTO is viewed as the forum for negotiation in which the countries establish legal rules, which take the form of agreements signed by the governments to regulate trade.

This, however, does not mean that the WTO establishes guidelines to be followed by the governments. Rather, it is a member-driven organization in which any agreements reached are the results of rules negotiated by the member countries. These agreements are then ratified by the legislative body of each country. In addition, all decisions are reached by consensus.

¹ Prepared by Adriana Campos Azofeifa, Specialist in Policies and Trade Negotiations and Coordinator of the WTO Reference Centre at IICA, and Nadia Monge Hernández, Technical Assistant of the WTO Reference Centre at IICA. March 2014. San Jose, Costa Rica.

² IICA is an observer member of the WTO Committee on Agriculture. Each time the Committee meets, the Institute prepares a bulletin on the topics addressed. Information on previous meetings is available at:

<http://www.iica.int/Esp/Programas/AnalisisEstrategico/Paginas/Normativacomercial.aspx>.

³ The term “multilateral” is used rather than “global” or “world” because not all countries have joined the WTO.

The WTO also assists in settling trade disputes, via an impartial process established in the WTO agreements to ensure an accurate interpretation of what has been negotiated by the parties.

The WTO Agreements: The Agreement on Agriculture

The WTO operates on the basis of negotiated agreements which cover goods, services and intellectual property. These agreements:

- a) Establish the commitments assumed by the countries vis-à-vis the reduction of customs duties and other barriers to trade, and the opening of service markets.
- b) Establish procedures for settling disputes and grant special treatment to developing countries.
- c) Require governments to make their policies transparent. The countries must notify the WTO of all laws in force and measures adopted with respect to trade.

Accordingly, the Secretariat publishes periodic reports on the trade policies of the member countries.

The WTO does not advocate free trade at any cost; it is really a question of what countries are willing to negotiate. It is true that one of the principles of the WTO system is for countries to lower their trade barriers and to allow trade to flow more freely, but it is the countries themselves that negotiate the desired level of reduction. The goal of the WTO is simply to provide a forum for negotiating liberalization.

In sum, the agreements of the WTO share a common three-part outline that begins with a statement of broad principles, followed by extra agreements and annexes, and concludes with schedules (or lists) of commitments made by the countries. These agreements address the following sectors:

- **Goods:** There are agreements on agriculture, sanitary and phytosanitary measures, textiles and clothing, technical barriers to trade, trade-related investment measures, antidumping measures,⁴ customs valuation methods,

⁴ The WTO defines antidumping measures as those intended to offset the trade imbalances caused by the unfair trade practice known as dumping. Dumping refers to the export of a product at less than its normal value. In other words, the product is sold at a lower price in the importing country than in the exporting country, or in third countries at a price below the cost of production.

pre-shipment inspection, rules of origin,⁵ import licensing procedures,⁶ subsidies and countervailing measures,⁷ and safeguards.⁸

- **Services:** There are agreements on movement of natural persons, air transport services, financial services, maritime transport services and telecommunications.

The Agreement on Agriculture, which took effect on January 1, 1995, states that the long-term objective of the Reform Programme of the Uruguay Round is to establish a fair and market-oriented agricultural trade system. This program includes specific commitments aimed at reducing aid and protection in the areas of domestic support,⁹ export subsidies and market access. The Agreement also addresses non-trade concerns, including food security and the need to protect the environment, and calls for granting special and differentiated treatment to developing countries, in particular a major improvement in terms of opportunities and access conditions for agricultural products of special interest to those countries.

Annex 1 lists the agricultural products covered under the Agreement, based on the Harmonized Commodity Description and Coding System. The list includes not only basic agricultural products such as wheat, milk and live animals, but also products derived from them, such as bread, butter and meat, as well as all

⁵ Laws, regulations and administrative procedures that Members apply to determine the country of origin of a product, service, or investment. Rules of origin vary from country to country and the customs authorities use them to determine whether a good (or tariff heading) qualifies for a tariff preference, is subject to an antidumping duty, or falls within a tariff quota.

⁶ Official document that authorizes an economic agent to import goods. It may establish the quantity authorized and the country of origin of the goods to be imported. It is used as an instrument for regulating and supervising the flow of imports.

⁷ An economic benefit granted by a government, directly or indirectly, to producers of certain goods or services to strengthen their competitive position. Some economic support measures (export subsidies and local content subsidies) are prohibited because they distort trade, while others must include a commitment to reduce them. A subsidy may cause injury even though it is permitted. A subsidy can cause harm even if it is allowed. Distortion: As situation in which price and production levels are higher or lower than those that would normally exist in a competitive market.

⁸ Emergency corrective mechanism used temporarily to impede imports of a product that may cause injury or constitute a threat of severe injury to domestic production. It affords producers an opportunity to adjust the competitive level of the product or focus their efforts on another sector of production.

⁹ In agriculture, any domestic subsidy or other measure which acts to maintain producer prices at levels above those prevailing in international trade. For example, the direct payments that a government makes to encourage producers, or input and marketing cost reduction measures available only for agricultural production. The Agreement on Agriculture establishes two categories of domestic support: i) support that causes little or no trade distortion, and ii) support that distorts trade.

processed agricultural products such as chocolate and cured sausage. Also included are wine, spirits and tobacco products and fibers such as cotton, wool and silk and hides used in the production of leather. Fish, fish products and forestry products are not included.

II. The January 2014 meeting of the Committee on Agriculture

The Committee on Agriculture was created under this Agreement and given responsibility for overseeing the application of the Agreement on Agriculture and providing the member countries with an opportunity to question any matter related to the implementation of commitments, including those based on rules. To fulfill this responsibility, the Committee meets four times a year in regular session, or as needed in special session.

Below are the main topics addressed at the January 2014 meeting of the Committee on Agriculture:

- a. The implementation of commitments assumed by the countries under the Reform Programme of the Uruguay Round. This is based on the notifications submitted by the members, based on the topics listed in Table 1.
- b. Notifications submitted by certain WTO members and which were questioned. Table 2 shows the specific topics questioned.
- c. Notifications submitted by some countries, but on which no questions were asked during the meeting. These notifications are contained in Table 3.

Table 1. Issues raised by the countries regarding the implementation of commitments assumed under the Reform Programme of the Uruguay Round.

Country raising issue	Country in question	Topic
United States	Brazil	Domestic support programs.
United States	Canada	Canada's proposed changes to tariff schedule
United States	China	China's cotton domestic support
Canada and United States	Costa Rica	Costa Rica's compliance with AMS commitments ¹⁰
United States	Ecuador	Ecuador's import licensing of certain agricultural products
United States	Egypt	Egypt's export restriction on rice
Canada	European Union	European Union's levy on fruits and vegetables
Canada	European Union	European Union's sugar production levies
Pakistan	India	India's rice exports
Canada	India	India's wheat stocks and exports
Canada	Japan	Japan's new agricultural policy
United States	Santa Lucia	Saint Lucia's domestic purchase requirements for poultry and pork
Canada and United States	Thailand	Thailand's paddy pledging scheme ¹¹
United States	Turkey	Destination of Turkey's sales of wheat flour

Source: Proceedings of the Meeting WTO, s.p.

¹⁰ An indicator used to deal with domestic support under the Agreement on Agriculture. Domestic support refers to benefits which governments grant to certain productive sectors. The AMS is calculated on a product-specific basis for each basic agricultural product receiving market price support, non-exempt direct payments, or any other subsidy not exempted from the reduction commitment.

¹¹ Unhulled rice.

Table 2. Issues raised with respect to notifications submitted by some countries.

Countries raising issue	Topic notification
El Salvador, Panama and the European Union	Imports under tariff and other quota commitments ¹²
Chinese Taipei	Special safeguards ¹³
United States, Georgia, Honduras, India, Indonesia, Jordan, Lesotho, Panama, Switzerland, Vietnam y Zambia	Domestic support commitments
Brazil and Honduras	New or modified domestic support measures
Vietnam	Export subsidy commitments

Source: Proceedings of the meeting WTO, s.p.

Table 3. Notifications not questioned during the meeting.

Countries submitting notification	Topic of notification
Tunisia	Imports under tariff and other quota commitments
Japan, Norway and Chinese Taipei	Special safeguards
Australia, Burundi, United States, Guatemala, Jamaica and Switzerland	Domestic support commitments
Australia	New or modified domestic support measures
Australia, Burundi, Georgia, China, Lesotho, Montenegro, Norway, Pakistan and Togo	Export subsidy commitments

Source: Proceedings of the meeting WTO, s.p.

¹² Refers to the application of a lower tariff for a specific quantity of an imported good. When a country wishes to import more than that amount, it may do so but must pay a higher rate. The WTO allows this type of quota.

¹³ Used for the agricultural sector. A temporary increase in import duty to deal with import surges or price drops, under provisions that are special to the Agriculture Agreement.

For further information, please contact Adriana Campos Azofeifa, Specialist in Policies and Trade Negotiations and Coordinator of the WTO Reference Centre at IICA, at adriana.campos@iica.int, or by phone (506) 2216-0170; or Nadia Monge Hernández, technical assistant of the WTO Reference Centre at IICA, at nadia.monge@iica.int, or by phone (506) 2216-0358.