



Trade in Agriculture: What can research and policy advisors do after the failure of Doha (and Bali)?

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Common values and interests – or riding on the soybean rocket?

- > “La agricultura tiene una presencia social, política y económica trascendente en América Latina”
- > “Todos los países compartimos algunas preocupaciones y desafíos: la seguridad alimentaria, el cambio climático, la pobreza rural, el potencial de la ciencia aplicada a la agricultura, las cuestiones de propiedad intelectual, la modificación de la cadena de valor en la agricultura, entre otras.”

Preocupaciones y Desafíos

- > For international trade in agriculture and food, what matters is not the objective but the **measure**.
- > My question is: **how** does it improve food security, mitigate climate change, reduce rural poverty, handle intellectual property issues, and regulate the global value chain?
 - ✓ Empiric impact assessment («good ag practice»)
 - ✓ Legal analysis («WTO-compatible»)
- > What can we as scholars say about the **policy space constraints** from multilateral trade rules and of regional trade agreements, or the **spillover effects** of national policies?

Overview

1. WTO: A job half-done
2. The Doha failure
3. The Bali conundrum
4. Why does WTO matter?
 - The case of food security
5. Way forward

1. WTO: a glass half full for ag trade

- > All *tariffs* are bound (= limited at the top)...
 - but with non-transparent tariff-rate quotas and allocation methods
- > All *domestic subsidies* are classified in (limited) “Amber” and (unlimited) “Green” according to their potential for trade and production distortions...
 - but considerable distortion possibilities remain for rich countries: agro-dumping continues, and even increases!
- > All *export subsidies* are reduced, new ones are prohibited, new Members have none...
 - but those who had them can continue
 - export credits, state trading, food aid unaddressed

An uneven-playing field

- > When the last food crisis occurred, many commodity markets closed down without developing countries being able to buy their food import requirements on the world market.
- > Rich countries did not face such problems. By reducing their applied import tariffs they were usually able to import food and feed at affordable prices and without hurting their own producers.
- > Big variations in *producer supply response capacity*.

2. Doha has failed (not mainly for ag)

- > To call this a “Development Round” was the first killer of the DDA!
- > «Impasse» declared at MC8 (2009) and MC9 (2011). [MC10 in Bali needs some success!]
- > Main bone of contention: too high ambitions requiring too many flexibilities:
 - should Doha safeguards be allowed to exceed Uruguay Round binding levels?
- > WTO and today’s main trade issues (investment, competition and services) are off-screen.
 - regional trade agreements so far without «WTO+»

3. Bali should fail

- > Topics on the agricultural agenda:
 - G33/India: Farm support for food security: stockpile food purchases from poor farmers at above-market prices to **shift to Green Box?**
 - G20/Brazil: Codification of tariff-rate quota fill procedures (+ mandatory enquiries into low fill rate situations): good idea **without TRQ fill obligations**

G33 Proposal on stockpiles

- > Amend Green Box para 2 (AMS exemption):
 - “policies and services related to farmer settlement, land reform programmes, rural development and rural livelihood security in developing country Members”
 - “governmental stockholding programmes for [...] acquisition of stocks of foodstuffs by developing country Members with the objective of supporting low-income or resource-poor producers”
 - “acquisition of foodstuffs at subsidised prices when procured generally from low-income or resource-poor producers”
 - “lowering prices to more reasonable levels”

G20 for TRQ Admin

- > Just a consolidation of COA and DSU?
 - “As regards paragraph 6 of Article 1 of that Agreement, applicants for scheduled tariff quotas shall apply to one administrative body only.”
 - (Allocation) “first-come, first-served only basis [...] or an automatic, unconditional license.”
 - “Such documentation may include information [...] the existence of any SPS measures for the product in question”
 - “The Committee on Agriculture shall review and monitor the implementation.”

Proposals for Bali already out

- > **Duty-free, quota-free access for LDC** exports to developed countries (2005: 97%): veto by US and Haiti and Lesotho (AGOA!)
- > G-20/China: developed countries to **cut their export subsidy commitments in half** by the end of this year
- > New disciplines for **cotton subsidies**: veto US
— but Brazil sits in the Farm Bill negotiations in US Congress

4. Why does WTO matter?

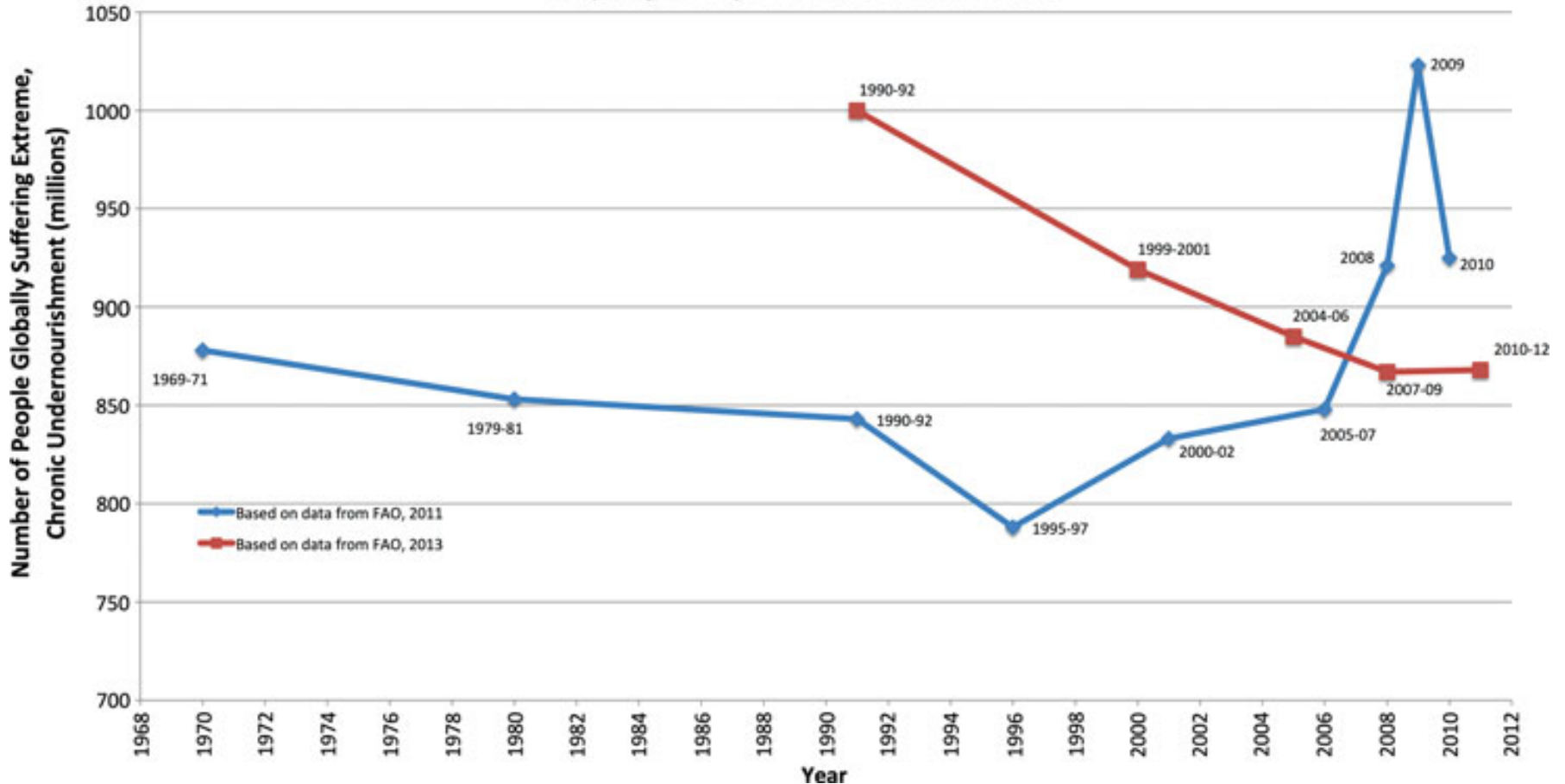
The case of food security

- > FAO, IBRD, UNDP, OECD:
 - overall progress toward ending hunger with a return to pre-recession economic growth
 - the Millennium Development Goal of cutting the prevalence of hunger by half is likely to be met.

FAO, State of Food Insecurity 2012

The end of hunger?

The FAO's Indicator for Extreme, Chronic Undernourishment
Comparing Results from Previous and New Methods



FAO, The State of Food Insecurity in the World 2012, p.9, Figure 1

How We Count Hunger Matters

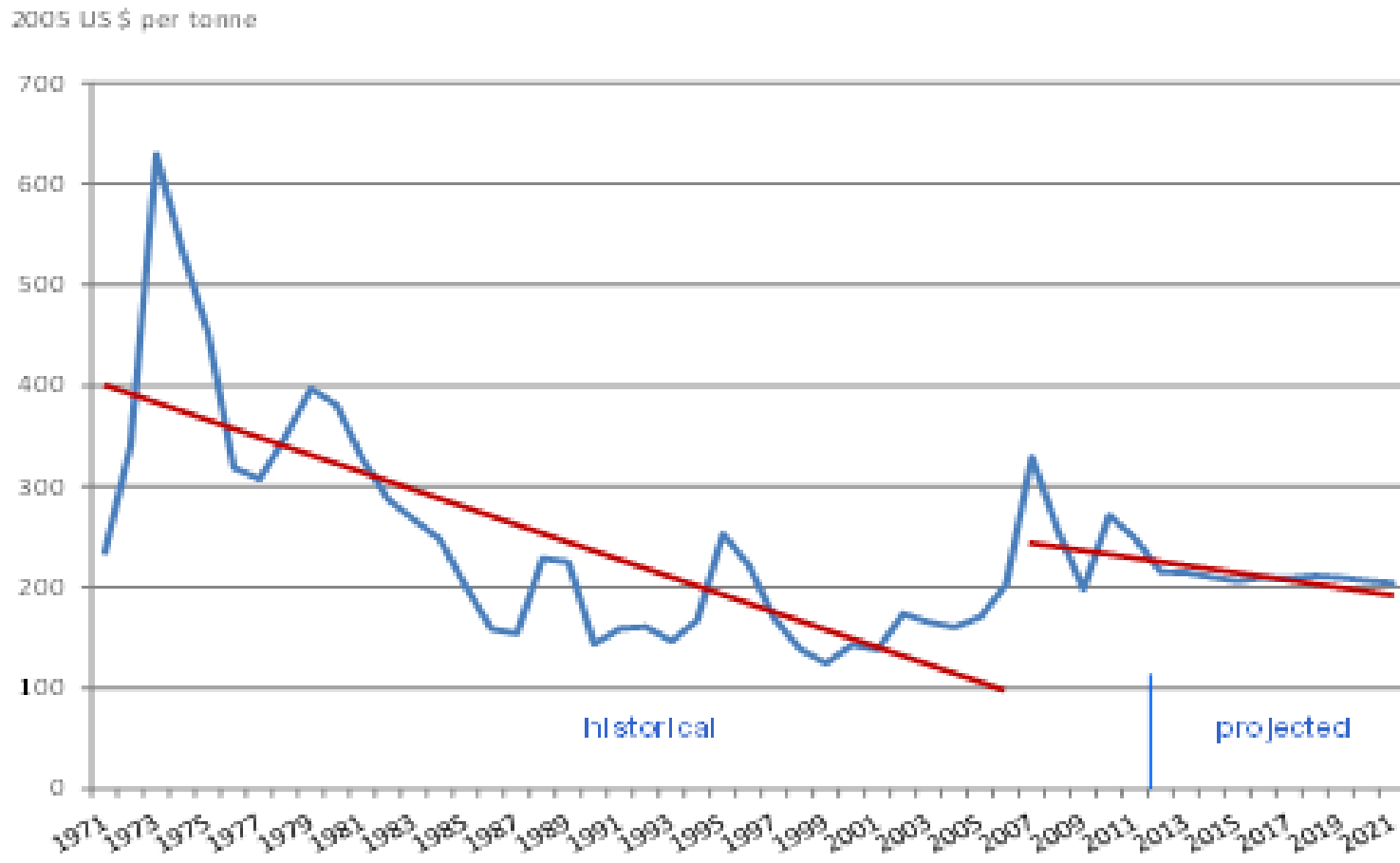
- > Global food supply is more-than-adequate equal to 2'800 kilocalories for every person every day
- > But the FAO's primary measure does not capture the full extent of hunger.

F. M. Lappé et al. (2013)

- > Global food productivity gains have declined from 2% between 1970 and 2000 to 1% today and continue to decline.

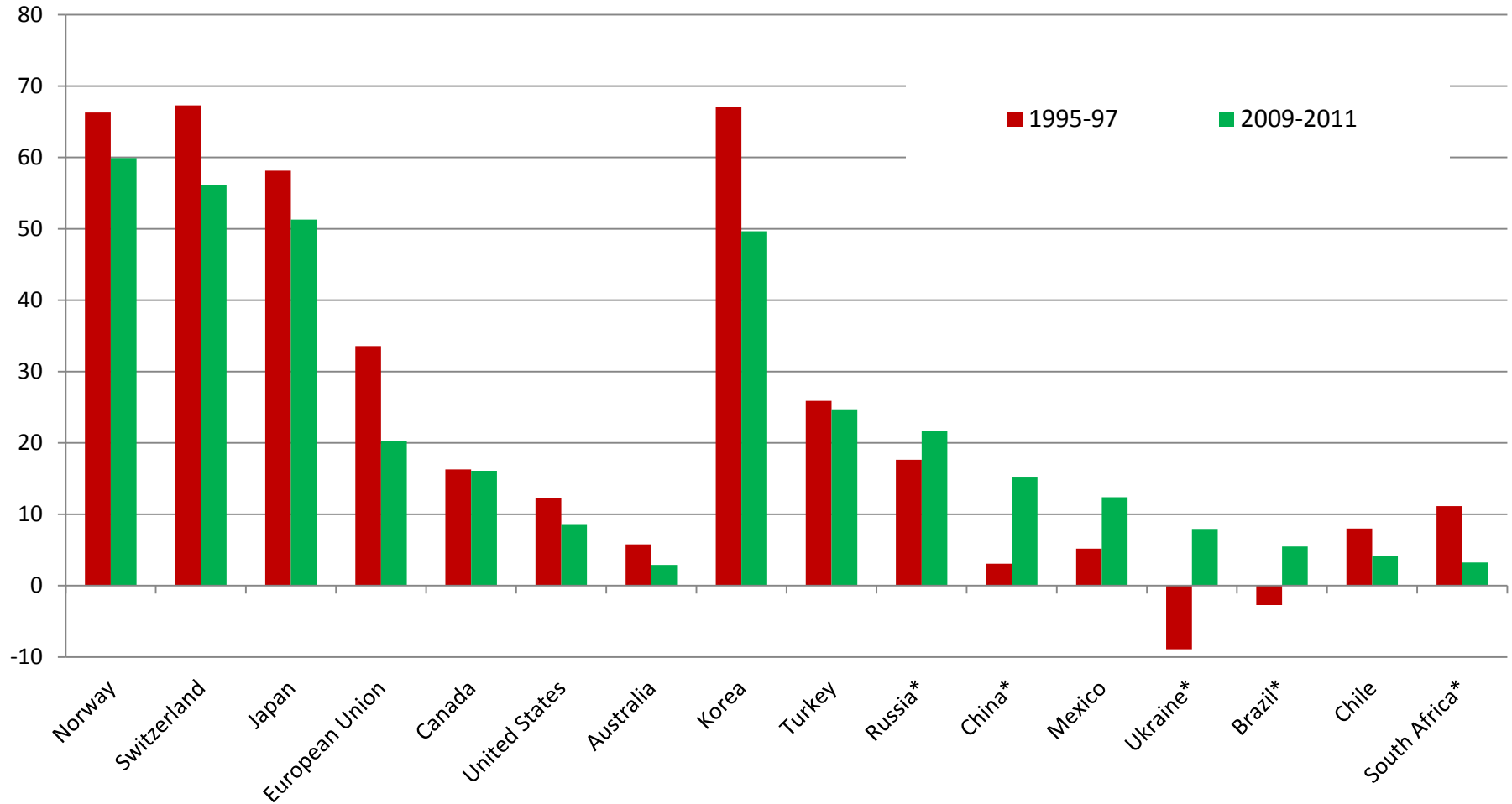
Desker (2013)

Price of Wheat in International Trade in Real Terms (Adjusted for Inflation)



OECD-FAO (2012); U.S. Department of Commerce (2013)

Producer Support Estimates 1995-97 and 2009-11, % of Gross Farm Receipts



OECD (2011, 2012). *2009-10 instead of 2009-11

Post-Doha Litigation in Agriculture

- > *Peru—Additional Duty on Imports of Certain Agricultural Products (DS457)*
- > *Indonesia—Importation of horticultural products, animals and animal products (DS455)*
- > *Argentina—Measures Affecting the Importation of Goods (DS451)*
- > *China—Measures Relating to the Production and Exportation of Apparel and Textile Products (DS446)*
- > *United States—Certain Measures Affecting Imports of Poultry from China (DS392)*
- > *China—Grants, Loans and Other Incentives (390, 388, and 387)*
- > *European Communities—Certain Measures Affecting Poultry Meat and Poultry Meat Products (DS389)*

Resilience

- > World trade is expanding, and DC gain market shares, also for ag. So how bad is this failure?
- > But the problems will not go away, certainly not for agriculture, even though present high prices mask the problem.
- > Climate change likely to exacerbate supply problems – but today no governance improvements are in view.

International Investment Law

- > The dichotomy between human rights and economic law is bigger for FDI than for trade.
 - WTO offers no investment disciplines in a food security context. The relevant, mostly bilateral investment treaties protect even investors who violate human rights and environmental norms and who can benefit from the over-protection and under-regulation provided for in these agreements.
 - Neither the home nor the host governments can have an interest in so-called ‘land grab’ investment projects: A valid argument could be made in favour of ‘public interest’ protection under these treaties.

International Economic Law (preliminary assessment)

- > Overall it appears that present international trade and investment rules are ill-suited to address food trade issues which have a negative impact at the national and household levels.
- > These shortcomings can be said to violate the right to food obligations of each state as laid down in the human rights treaties.

5. A way forward

1. Three «low-hanging fruits» for Bali
2. RTAs
3. Return of the Jedi?

1. What could have been achieved at Bali

- 1) Enshrine the G-20 proposal on TRQ fills – but without requiring steps leading to higher fill rates.
- 2) Exempt WFP and other non-commercial food purchases from export restrictions and prohibitions (G20 Summits at Cannes 2011 and Los Cabos 2012)
- 3) WTO decision clarifying the Green Box compatibility of “virtual stockpiles” based on “regional solidarity mainly at market rates”

2. Can we wait for RTA (flops)?

- > TPPA/TTIP:
 - WTO+?
 - Regulators differences?
 - Domestic subsidy limits?
- > Andean divide: does it matter?

3. Return of the Jedi: «Regionalism»

- > This should affect RTA negotiations but surprisingly does not.
 - NAFTA has arguably depressed Mexican farm revenues by \$12bn
 - Wise 2011
 - Only one case where the Gvt protected its small farmers against dumping: ZAF-USA. That agreement has never been signed...
 - Zunckel 2011

- > We far away from the “level playing field” which UR/WTO was supposed to bring:
 - US Farm Bill, EU CAP reform and many others re-increase various support instruments.
 - Brazilian total farm support in 2009-10 was double the level that was seen three years prior, and had reached a high of US\$10 billion.
 - India: “Sonia-pushed Food Bill gets additional 10,000 crores” **01/03/2013 The New Indian Express**
- > Climate change and food security? Or farm support increase at the expense of competitive suppliers?

ICTSD 2013 and TPR Report 2013

Unilateral Regulations + Standards

- > (Stipulation of default values for “sustainable” palm oil): “EU RED is designed as a means of unjustified protectionism whose underlying purpose is actually to protect EU’s industry interest rather than environmental protection.”
 1. **Ajisatria Suleiman, Universitas Indonesia, TRANSNATIONAL PRIVATE REGULATIONS FOR SUSTAINABLE PALM OIL IN INDONESIA (Draft February 2013)**
 2. **Fredrik Erixon, How Europe’s Biofuel Policy and the Renewable Energy Directive Violates WTO Commitment, ECIPE Occasional Paper 1/2009**

WTO and RTA without Doha+

- > WTO's export bias: no instruments for net-food importing developing countries
- > We are in presence of a job half-done – and which even the results envisaged in the now dead Doha Round negotiations would only marginally have improved!
- > Some significant loopholes could still be getting even bigger, impairing both global and national food security especially in times of high food prices.
- > «Southern Solidarity» is pernicious

Thank you for your attention!

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