



## Seventy-seventh Meeting of the Committee on Agriculture of the World Trade Organization

The purpose of this note<sup>1</sup> is to provide information on the main topics that were discussed at the Seventy-seventh Regular Meeting of the Committee on Agriculture of the World Trade Organization (WTO),<sup>2</sup> in which the Inter-American Institute for Cooperation on Agriculture (IICA) participated as an Observer Member.

At this Meeting, the Members elected Mr. Michael Wamai of Uganda as the new Chair of the Committee on Agriculture of the WTO. A topic of great importance relating to export competition was also discussed. Additionally, topics related to the application of the Agreement on Agriculture and to the application of the agreements reached at the Ninth Ministerial Conference, held in Bali, Indonesia, in December 2014, were dealt with.

### 1. Topics addressed during the Seventy-seventh Regular Meeting of the Committee on Agriculture of the WTO held in June 2015

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

The notifications on trade measures in agriculture presented by the Member Countries of the WTO highlighted the following topics:

- a) **Quotas:** this is a possible limitation imposed on the export or import of a good, in physical terms or for a specific period of time. A tariff quota is applied when, for a certain time period and for a maximum amount of goods, exports or imports are exempted from the payment of customs duties, or a preferential tariff is applied to them.
- b) **Special safeguard:** Safeguards are exceptional protection measures that a country uses in order to give temporary protection to certain local industries that have been damaged, or which face the threat of severe harm due to a significant increase in goods in the domestic market under conditions of loyal competition. A special safeguard is a temporary increase in an import duty in order to cope with a growth in imports or with a fall in prices, based on the special provisions of the Agreement on Agriculture.
- c) **Domestic support:** Within the framework of the Agreement on Agriculture of the WTO, any domestic support for agricultural producers is subject to regulations. As a result, there are basically two categories of domestic support that does not have the effect of distorting trade or has minimal

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<sup>1</sup> Prepared by IICA's Flagship Project entitled Competitiveness and Sustainability of Agricultural Chains for Food Security and Economic Development.

<sup>2</sup> Held on 4-5 June 2015 in Geneva, Switzerland.

effect (referred to as green box measures); or support that distorts trade (known as amber box measures). In the terminology of the WTO, these subsidies are generally identified as “boxes” and are described using the colors of the traffic lights: green (permitted), amber (restricted-should be reduced), red (prohibited).

**d) Export subsidies:** This refers to the economic advantage that a government gives directly or indirectly to producers of certain goods or services in order to improve their competitive position. There are economic support measures that are prohibited because they distort trade and cause damage; for example, *export subsidies* and other subsidies subject to reduction commitments. These notifications must be presented annually by the countries to the WTO.

### 1.1. Notifications of commercial measures in agriculture that were discussed during the Meeting of June 2015

Of the countries of the Americas, there were two Member States of IICA (Canada and the United States) which raised questions with other countries on topics related to domestic support and quotas. Additionally, Argentina, Brazil, Canada, and Costa Rica had to respond to specific questions from the European Union, the United States, New Zealand, Switzerland, and Canada. The following table provides details of the topics on which questions were raised:

**Table 1. Matters relating to the implementation of commitments**

Countries raising questions	Country with which questions were raised	Topic of questions
European Union	<b>Argentina</b>	Argentina's domestic support notifications.
<b>United States</b>	<b>Brazil</b>	Brazil's domestic support programs.
New Zealand, Switzerland	<b>Canada</b>	Canada's tariff quota for cheese.
<b>United States</b>	China	China's cotton policies.
<b>United States</b>	China	China's TQR under fill.
European Union	China	China's maize subsidies.
<b>Canada and United States</b>	<b>Costa Rica</b>	Costa Rica's compliance with AMS commitments.
European Union	Egypt	Egypt's domestic support notifications.
Australia and European Union	India	India's sugar export subsidies.
Australia	Indonesia	Indonesia's meat importation regulation.
Australia	Pakistan	Pakistan's wheat export subsidies.
Australia and New Zealand	Switzerland	Switzerland's export subsidy budget.
Australia and European Union	Thailand	Thailand's sugar policies.
European Union	Turkey	Turkey's domestic support and export subsidies.
<b>United States</b>	Turkey	Turkey's destination of wheat flour sales.
Australia	Turkey	Turkey's export subsidy programs.

Source: Meeting of the Committee on Agriculture of the WTO - June 2015.

Additionally, the Meeting also reviewed notifications presented by certain countries; these are shown in Table 2. From the Americas, six member countries of IICA (Argentina, Canada, Costa Rica, Panama, Paraguay and the United States) had to provide details on the notifications that they presented this year with regard to access to markets, internal assistance and export subsidies.

**Table 2. Questions raised in respect of agricultural notifications**

<b>Countries</b>	<b>Topic of notification</b>
Switzerland	Administration of commitments to tariff rate quotas and other types of quotas.
<b>Canada</b> and Japan	Imports within the framework of commitments to tariff quotas and other types of quotas.
Australia, <b>Canada</b> , China, <b>Costa Rica</b> , European Union, India, Jordan, New Zealand, Norway, Oman, Pakistan, <b>Panama</b> , <b>Paraguay</b> , Russia, South Africa, United Arab Emirates	Commitments to domestic support.
Australia, Norway, <b>Panama</b>	New or modified domestic support measures exempt from reduction.
<b>Argentina</b> , Russia, <b>United States</b>	Commitments to export subsidies.

**Source: Meeting of the Committee on Agriculture of the WTO - June 2015.**

Finally, there were notifications sent by countries to the Secretariat of the WTO and for which, during the meeting, no questions were raised by any other country (See Table 3). However, it is possible that these notifications are subject to review at subsequent meetings of the Committee on Agriculture. In this case, nine member countries of IICA (the United States, Chile, Nicaragua, Panama, Barbados, Canada, Uruguay, Saint Vincent and the Grenadines, and the Dominican Republic) presented their notifications, and did not receive any requests for clarification from any other country.

**Table 3. Notifications presented for which no questions were asked**

<b>Country notifying</b>	<b>Topic of notification</b>
United States	Administration of tariff quotas and other types of quotas.
Chile, Malaysia, New Zealand, Nicaragua, Panama, United States	Imports within the framework of commitments on tariff quotas and other types of quotas.
Barbados, Canada, European Union, Japan, Malaysia, New Zealand, Nicaragua, Panama, Taipei Chinese, Uruguay	Special safeguards.
Armenia, Cambodia, Cameroon, China, Saint Vincent and the Grenadines, Uruguay	Commitment to domestic support.
Armenia, Canada	New or modified domestic support measures that are exempt from reduction
Armenia, Cambodia, Cameroon, Chad, Dominican Republic, Japan, China, Malawi, Montenegro, New Zealand, Nicaragua, Oman, Saint Vincent and the Grenadines, Uruguay	Commitment to export subsidies.

**Source: Meeting of the Committee on Agriculture of the WTO of June 2015.**

## 1.2. Other agenda items at the Seventy-seventh Regular Meeting of the Committee on Agriculture of the WTO of June 2015

Two additional topics that were dealt with at this Meeting were:

- *Topics related to the application of the Agreement on Agriculture:*<sup>3</sup> More specifically, Argentina pointed out that work should be done towards establishing specific disciplines on export credit, as well as guaranteed export credit and insurance programs, and requested that this topic continue to be included in future meetings of the Committee on Agriculture.
- *Application of the Bali results:* President Wamai referred to the Bali Decision relating to the administration of tariff quotas, and called upon the Member Countries to present their notifications on this topic. Furthermore, countries were urged to follow the notification model proposed in 2014 and to use an additional column to communicate information related to fill rates.

## 2. Other relevant topics at the Meeting

The most relevant topic at this Meeting was that, at the Bali Ministerial Conference, the countries agreed that they would engage in specific annual discussions on the topic of export competition<sup>4</sup>, and that these discussions would be held during the June meetings of the Committee on Agriculture.

Since the negotiations of the Uruguay Agreement, the Members have not reached consensus on how they will reduce export subsidies, reduce quotas, and reform other trade measures that affect agricultural exports.

The objective of these debates is to increase transparency among the countries and improve monitoring in the WTO of export subsidies and trade measures related to export. This relates to the provisions of the WTO Agreement on Agriculture, which establishes that Members must work on reforms to this pillar and define the modalities<sup>5</sup> for applying these reforms.

In light of the foregoing, the first specific discussion was carried out at the June 2014 meeting of the Committee on Agriculture and was the first process of annual examination of the topic. Following this, in November 2014, the Chair of the Committee, Mrs. Miriam Chaves, asked the countries to complete a questionnaire related to notifications on export subsidies, financing of exports, international food aid, and State enterprises exporting agricultural products.

The second annual specific discussion on this issue was held during the June 2015 Committee meeting, at which the WTO urged the countries to increase the number of responses to the questionnaire and to improve the quality of these notifications.

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<sup>3</sup> WTO documents G/AG/16 and Add.1 y G/AG/22 refer to topics related to the application of the Agreement.

<sup>4</sup> The current Agreement on Agriculture of the WTO has been in existence since 1995 and has three pillars: access to markets, internal assistance, and export subsidies. The official name of the latter is "Export subsidies and competition".

<sup>5</sup> Modalities are the forms - calculations, formulas and flexibilities - for reducing tariffs, increasing quotas and reducing internal assistance. These are aimed at reforming trade in agricultural products, based on the provisions of the text of the Agriculture Agreement which outlines the topics that are still to be defined by the Members. The modalities will also establish the final date for elimination of export subsidies and align the disciplines of the agricultural trade policies. This responds to the goal of achieving the objectives stated in the Doha Ministerial Declaration of 2001. These modalities are contained in the document known as Rev.4

In this regard, the Cairns Group<sup>6</sup> submitted a proposal to improve notifications by the countries with regard to export competition, based on the modalities document “Rev.4.” This initiative was backed by many Members, who considered it necessary and viable; furthermore, other countries made an appeal for other Member Countries to eliminate all forms of export subsidies, especially those with negative consequences for poor producers in developing countries and for developing countries that are net importers of food products. Several Members pointed out that the Tenth Ministerial<sup>7</sup> Conference could provide an opportunity to achieve this goal.

With regard to information provided by the countries via the questionnaires, it was pointed out during this Meeting that the data submitted by the countries was more complete with regard to export subsidies, but that more information was needed with respect to export financing, State enterprises, and international food aid.

Finally, Chairperson Wamai reminded the countries of the agreement reached in Bali with respect to their duty to notify. He also pointed out that work in the specific discussions relating to export competition of the exports would depend on the outcomes of the Tenth Ministerial Conference in Nairobi.

### **3. Institutional focal points**

If you wish to obtain more information, kindly contact Adriana Campos Azofeifa, Trade Specialist at IICA, via e-mail [adriana.campos@iica.int](mailto:adriana.campos@iica.int), or telephone (506) 2216-0170; or Nadia Monge Hernández, Trade Technician at IICA, at e-mail [nadia.monge@iica.int](mailto:nadia.monge@iica.int), or telephone (506) 2216-0358.

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<sup>6</sup> Agricultural negotiating group within the framework of the WTO, comprising Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Philippines, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, South Africa, Thailand, and Uruguay. The majority of these countries are also Member Countries of IICA. .

<sup>7</sup> The Tenth Ministerial Conference will be held in Nairobi (Kenya) in December 2015.