THE DOHA ROUND AND AGRICULTURE

The Doha Ministerial Conference of 14 November 2001 established a new, comprehensive agenda for agricultural negotiations.

LEGAL BASIS

Articles 207(3) and 218 TFEU.

The framework for the current agricultural negotiations was set by Article 20 of the Marrakesh Agreement on Agriculture (AAM). Under the terms of that article, World Trade Organisation (WTO) members confirmed that reducing agricultural support and protection was an ongoing and gradual process. Article 20(d) specifies that the negotiations should take account of non-trade concerns (such as environmental protection, food safety, rural development, animal welfare, etc.) and special and tailored treatment for developing countries.

OBJECTIVES OF THE DOHA ROUND

The Fourth WTO Ministerial Conference, held in Doha (Qatar) in November 2001, marked the beginning of the new agricultural negotiations. WTO members committed themselves to negotiations designed to secure substantial improvements in market access, the gradual withdrawal of all forms of export subsidies, and substantial cuts in trade-distorting domestic support, with due account being taken of the need for developing countries to be granted special and differential treatment and of the non-trade concerns referred to in the negotiating proposals submitted by Member States.

THE NEGOTIATIONS: FROM CANCÚN TO NAIROBI

A. Progress

Thus far, few of the agreed deadlines have been met. The Cancún Ministerial Conference (10-14 September 2003) ended in failure. This was due to several factors, in particular the lack of political will to reconcile members’ positions and the controversy surrounding the ‘Singapore issues’, namely trade and investment, competition policy, transparency in government procurement and trade facilitation. While agricultural issues, including the cotton initiative tabled by four African countries, were a major stumbling block, however, the refusal on the part of the developing countries to discuss the ‘Singapore issues’ also contributed to the failure of the conference.

The resumption of the process in early 2004 resulted in the General Council Framework Agreement of 1 August 2004, which set out the key principles for the negotiation 'modalities'. This decision also removed three of the ‘Singapore issues’ from the Doha Development Agenda (DDA). The Hong Kong Ministerial Conference of December 2005 went some way towards smoothing out the disagreements between members, but not all could be overcome. Finally, revised sets of draft modalities were tabled in 2008, providing an outline for the final agreement
to be reached in Geneva. The ‘July 2008 package’ (TN/AG/W/4/Rev.3) deals with the following matters:

a. Domestic support

— ‘Trade-distorting domestic support’ (amber box + blue box + de minimis provision) (5.2.7) would be reduced by 75-85% for the EU, by 66-73% for the United States and Japan and by 50-60% for other members (over a period of five years for developed countries and eight years for developing countries). An immediate reduction of 33% would be applied in the case of the United States, the EU and Japan, and 25% for other countries.

— The ‘amber box’ (or AMS) (5.2.7) would be reduced by 70% overall for the EU, 60% for the United States and Japan and 45% for other countries. Prices and support for individual products would be capped at a figure equivalent to the average amber box support recorded for the 1995-2000 period.

— The ‘blue box’ (5.2.7) would be expanded, but would be restricted to 2.5% of production for developed countries and 5% for developing countries, with caps set for each product.

— The ‘de minimis provision’ (5.2.7) would remain capped at 2.5% of production for developed countries and 6.7% for developing countries (but there would be no cuts for support provided mainly to subsistence or resource-poor farmers).

— The ‘green box’ conditions (5.2.7) would be tightened up.

b. Market access

— Custom tariffs would be cut on the basis of a formula stipulating steeper cuts on higher tariffs. For developed countries, the cuts would range from 50% for tariffs under 20% to 70% for tariffs higher than 75%, meaning an average minimum cut of 54% for developed countries and one of between 33.3% and 44-48% for developing countries. The least developed countries (LDCs) would be exempt from any cut.

— ‘Sensitive products’ (for all countries) and ‘special products’ (for developing countries) would be subject to smaller cuts. However, the reductions for sensitive products could be offset by preferential tariff quotas and special products could be exempt from all cuts.

— The ‘special safeguard clause’ (5.2.7) would gradually be abolished in developed countries. Developing countries would benefit from a new special safeguard mechanism (SSM) applicable to 2.5% of tariff lines, which would allow them to increase customs tariffs temporarily to help them cope when import volumes rose or prices fell.

c. Export competition

— Export subsidies (5.2.7) would be abolished by the end of 2013, including subsidies disguised as export credits, for example in the context of the activities of state trading export enterprises and non-emergency food aid.

On 6 December 2008, the chair of the Negotiating Group on Agriculture distributed his latest revised draft modalities. In an attempt to break the deadlock, the Eighth Ministerial Conference of 2011 took a different approach and decided that members should choose which issues they could agree on more quickly than others. In keeping with this approach, the Ninth Ministerial Conference of December 2013 in Bali selected a number of farming issues with a view to achieving partial agreements. Finally, the Tenth Ministerial Conference, which took place in Nairobi (Kenya) from 15 to 18 December 2015, resulted in an agreement based on the work programme drawn up in Bali.
B. The Nairobi Package

The Ministerial Conference in Nairobi adopted four new decisions on agriculture concerning:

— Export competition. This decision grouped export subsidies together with other kinds of subsidy, which might distort competition. The key role the EU played in the negotiations on this agreement, which paved the way for a common position with the world’s biggest exporters, should be highlighted. Developed countries are committed to the immediate removal of export subsidies (with the exception of some processed product subsidies, the removal of which has been postponed to 2020). Developing countries must also remove all export subsidies by the end of 2023. The agreement will speed up the removal of cotton subsidies. The decision states that the repayment deadline in the case of export credits will be 18 months for developed countries and may (provisionally) be as much as 36 months for developing countries. The decision also commits the WTO members to doing all they can to ensure that any export monopoly powers of state trading enterprises do not cause trade distortions. Finally, the decision ensures that food aid in kind to developing countries will not have a negative impact on local or regional production. Constraints are also placed on the monetisation of food aid;

— ‘Public stockholding for food security purposes’ in developing countries. Under pressure from the G33 (see below), at the 2013 Ministerial Conference in Bali, the WTO members agreed that they would not mount a legal challenge to these food security programmes. The new text prolongs this situation until a permanent solution can be found;

— Cotton. In the absence of negotiations on domestic agricultural support in Nairobi, the new agreement stipulates that developed countries must, under their respective preferential regimes, grant duty-free and quota-free market access to cotton exports from least-developed countries starting from 1 January 2016. Similar commitments will subsequently be made by developing countries, in particular China;

— ‘Special safeguard mechanism for developing countries’. Exporters of agricultural products such as Australia, Brazil and the US have always opposed any increase — even temporary — in customs duties by developing countries in response to sudden surges in imports or price reductions. The new decision states that these countries will be entitled to a special safeguard mechanism based on trigger thresholds determined by the quantities imported and prices.

In addition, the preferential rules of origin for less-developed countries were simplified in the Nairobi Package and the current derogation for services in these countries was extended to 31 December 2030.

The Nairobi Conference represents a new approach in trade negotiations, favouring as it does partial agreements. In addition, the ministerial declaration acknowledges that WTO members do not share the same opinion on the question of whether to pursue the trade negotiations under the Doha structure.

C. Post-Nairobi situation: positions on the remaining Doha chapters

1. European Union

Relying at times on support from a group of countries (the ‘Friends of Multifunctionality’), the EU is essentially seeking a more market-oriented multilateral trading system, but one which takes due account of social, economic and environmental sustainability, on the basis of the efforts made in the areas of domestic support [CAP reforms (5.2.3.)] and market access [‘Everything But Arms’ initiative (6.2.3.)]. The reductions planned for domestic support are
not, in fact, a major problem. In 2012-2013, total EU support in the amber and blue boxes and under the de minimis provision amounted to some EUR 10 billion (G/AG/N/EU/26), below the threshold laid down in the last set of draft modalities on trade-distorting domestic support (EUR 22 billion) (5.2.7).

Furthermore, in its latest proposals on the modalities for commitments, the EU agreed to an average tariff reduction of 60% to improve market access, which is undoubtedly the most sensitive area for the EU agricultural sector. The EU also reaffirmed its desire for balance in the ongoing reform of the agricultural trading system, in the form of special treatment for developing countries, specific commitments for sensitive products and due regard for non-trade concerns (5.2.7).

2. The United States

The latest draft by the chairman of the agriculture negotiations asked the United States to bring down its subsidies to between USD 13 and 16.4 billion. The United States, however, ignoring previous criticism of its counter-cyclical payments, has increased domestic support under the 2014 Farm Bill, which has distorted trade. In addition to this, there is good reason to believe that the Trump administration will turn its back on ongoing world governance processes (in particular the WTO negotiations, the UN Sustainable Development Goals for 2030 and the COP 21 climate agreement concluded in Paris in December 2016), step up protectionism and set a radical new course for US agricultural policy in the 2018 Farm Bill.

3. The Cairns Group

This group, which brings together 17 exporting countries with a common interest in reducing obstacles to trade that are harmful to agriculture, is very critical of the developed countries which maintain a high level of subsidies. It is also very sceptical about the concept of multifunctional agriculture favoured by the EU.

4. The developing countries

Developing countries, which make up three-quarters of the WTO’s members, seek to safeguard their own crops and highlight non-trade concerns (food security, means of subsistence, poverty, rural employment, etc.). They are also calling for special and differential treatment tailored to their specific situation. They have organised themselves into new alliances in order to promote their interests more effectively.

— The alliance of 20 countries (G20) formed in 2006 has grown to 22, led by India and China, and seeks to protect both the millions of peasant farmers in their countries and their flourishing industry from too sharp a reduction in customs tariffs.

— A new alliance was formed in 2003 between the African Union, the ACP countries and the least developed countries (G90); it has a set of common negotiating positions on agriculture, market access for non-agricultural products, the Singapore issues and development.

— Lastly, an alliance of developing countries (G33) was formed to promote recognition of strategic products and a special safeguard mechanism for developing countries (which was finally included in the Nairobi Package).

ROLE OF THE EUROPEAN PARLIAMENT

The European Parliament has voiced its opinion on the Doha round negotiations on several occasions. While scrutinising the Commission to ensure that it abides by the negotiating mandate issued to it, Parliament has always supported the efforts of European representatives

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