

**SUMMARY of the IFAP session on agriculture
WTO Public Symposium, Geneva
21 April 2005**

“Outstanding Issues in Agriculture and Impacts on Farm Policies”

The International Federation of Agricultural Producers (IFAP) organised a session on agriculture entitled “Outstanding Issues in Agriculture and Impacts on Farm Policies” during the WTO Public Symposium 2005 held in Geneva 20-22 April. More than 300 participants attended the session, including a delegation of 75 IFAP’s farm leaders. In this session, leaders from farmers’ organizations from the five continents examined with leaders of the main negotiating groups (Australia for Cairns Group, Bangladesh for LDCs, European Communities, Switzerland for G-10, and USA) the issues that have yet to be agreed in the WTO negotiations on agriculture, and how these impact on present farm policies and farmers in different regions.

The IFAP challenged government leaders to find a path for a positive conclusion in the trade negotiations of the WTO while taking into account farmers concerns.

In his opening remarks, IFAP President Jack Wilkinson said that farmers represented by the IFAP want a set of equitable rules for international trade in the WTO. He insisted that multilateral trade agreements must bring real benefits for farmers to enhance farm income and develop national agriculture.

Mr. Wilkinson welcomed the five ambassadors who were representing the major currents of interest of the governments in the agricultural negotiations. He outlined the process of the session, based on a dialogue between ambassadors, farm leaders and other participants.

Identifying the issues from the governments points of view

Australia (Cairns Group) – WTO Ambassador David Herbert Spencer, said that market access was at the heart of the negotiations and the area of least progress. First, the actual levels of border protection should be assessed, and for that there is a need to agree on a formula to convert fixed tariffs into ad-valorem equivalents before any agreement on a tariff cutting formula.

Bangladesh (LDCs) – WTO Ambassador Dr. Toufiq Ali, mentioned that in the LDCs, most of the population live in rural areas and is dependent on agriculture for their survival. As a group, the 49 LDCs account for less than 5% of world agricultural trade.

Many of them have limited options for agriculture exports because the average tariff in most developed countries is still very high. Trade distortions in the cotton market were a particular issue of LDCs, as was the erosion of trade preferences.

European Communities – WTO Ambassador Carlo Trojan, said that the EU was the largest world importer of agricultural products, but it also has export interests. Thus it was seeking a balance between market access and trade rules in agriculture, as well as increased market access for industrial goods and services. The EU's position is also to extend the geographical indications (GIs) to all agricultural products so that consumers can be sure of products origin.

Switzerland (G-10) – WTO Ambassador Luzius Wasescha, recalled that the G10 countries were large net importers of agricultural products and had no export vocation. They strongly supported the 'green box' which allowed for a speedy transformation of trade-distorting subsidies into minimally trade-distorting types of support to farmers. G-10 is also concerned about export support (food aid, export credits and export subsidies) and the protection of their agriculture. The group is not for full liberalisation of agriculture and is favourable to the Uruguay Round formula for tariff cuts based on the vulnerability of their producers to low-cost imports. G-10 is also concerned that the new agreement should enable them to adequately address non-trade concerns, including food security. However, the G-10 does not defend the status quo.

USA – WTO Ambassador Ms. Linnet F. Deily, said that the Chair of the Agricultural Trade Negotiations Committee, Ambassador Tim Groser, had identified 35 outstanding issues in agriculture. Of these, market access was a 'gateway issue' and so critical to the success of the Round. The USA was seeking significant market opening with a minimum number of "sensitive products". In addition, the disciplines on food aid should prevent commercial displacements but not be too narrow so as to prevent donor countries' ability to "respond to people in difficult situations that need our help".

In reaction, the Swiss Ambassador shared the EC view on GIs, while the US Ambassador said that the system of patents and trademarks could cover agricultural products, so there was no need for a WTO solution. The EU Ambassador agreed that food aid for humanitarian relief is not being questioned but said that rules should be developed so that food aid does not displace local production. Finally, the Bangladesh Ambassador said that the negotiators from the large trading countries were not really discussing the LDCs agenda and he called for more 'policy space' within the WTO negotiations for LDCs.

Reactions of farmers' organisations

Canada -Robert Friesen, President of the Canadian Federation of Agriculture said that farmers were facing severe income problems, and it was necessary to ensure that the WTO negotiations gave rise to benefits that accrued back to the farm gate. Market access has to be profitable to producers, and this means that market organisation of farmers must not be negotiated away.

EU-Gerard Doornbos, Vice-President of the Committee of Agricultural Organisations of the EU (COPA) said that the WTO negotiations should be for the well-being of the whole world, including farmers. He pointed out that the EU had made a substantial offer and had put it on the negotiating table. The 11 million farmers of the EU would make sure that negotiators do not ‘cross the line’ to make more concessions. Farmers in EU (and worldwide) should meet society demand on food quality, environment, but it will not be possible if pressure on prices continues. WTO should give tools to farmers to address these issues through sensitive products, GIs, etc.

New Zealand -Tom Lambie, President of the Federated Farmers of New Zealand, said that world agricultural markets were incredibly distorted and the Doha mandate was to create a more market-oriented trading system. He said that New Zealand had been through a reform and farmers had learned to respond to customers and agriculture had become more dynamic. The world needs to use its resources efficiently, he argued, in order to create wealth. “This means opening trade and unlocking agriculture”, he said.

Uruguay - Fernando Lopez, President of the Comisión Nacional de Fomento Rural of Uruguay, said that during the five years of the implementation of the Uruguay Round agreements the level of poverty has increased and inequalities have grown. WTO measures that were designed for the developed countries (different boxes) cannot be applied to resource-poor countries. He insisted that there is a need to protect family agriculture in order to ensure food security and sovereignty using own resources.

Philippines - Raul Montemayor, General Manager, Federation of Free Farmers Cooperatives of the Philippines, highlighted the existing imbalances in the WTO agreements that should be corrected. Indeed, while developed countries maintain high levels of border protection and subsidies, developing countries are asked to reduce their protection. One way to solve this dilemma is to give developing countries the right to protect themselves from subsidised exports e.g. through special products and special safeguard measures. He also pointed out that Special and Differential Treatment (SDT) was designed to bridge the gap in the level of development between developed and developing countries, but it has unfortunately become in practise a quid pro quo for the continuation of developed country protection.

Zambia - Ajay Vashee, Chairman, Southern African Confederation of Agricultural Unions (SACAU) insisted that the WTO structures need to address the negative effects of food aid that should be corrected and disciplined. He also pointed out the need for a compensation mechanism in order to face the potential effects of the erosion of preferential systems. Finally, he noted that more developing countries are participating in this round and therefore their position has to be considered.

Discussion

JA Zenchu from Japan supported the call of developing countries farmers in Asia for the designation of ‘special products’ and a ‘special safeguard mechanism’ for their food and livelihood security and rural development needs. He stressed the importance of recognising support for the ‘multifunctionality’ of agriculture, for clear disciplines on all types of export support, and for transparent and fair decision-making. However the most

important issue for Japanese farmers was ‘sensitive products’. To put maximum tariff caps on tariffs for sensitive products was fundamentally unacceptable for them. WTO had to allow for the co-existence of different agricultures. In addition, he observed the lack of transparency in the WTO negotiations, especially of the drafting of the July framework.

USP from Switzerland said that since the Uruguay Round agreements farmers’ incomes had fallen. WTO negotiations should take care to improve the farmers’ income. They recalled that 90% of food production is eaten in the country of origin, and so did not enter into trade. Swiss farmers also found it unacceptable that only five countries (the FIPs) were dictating the outcomes of the negotiations, a complaint echoed by several other participants.

Concerning **Trade and Development**, all ambassadors agreed that developing countries and LDCs concerns were an important part of the July framework but the details still needed to be negotiated and therefore, developing countries should take the initiative on the new DDA. EC and US have presented initiatives to assist LDCs (EBA and AGOA). But many developing country participants pointed out that the “cotton initiative” has not been addressed properly and that in general there is an urgent need to give more policy space within the WTO negotiations for LDCs.

IFAP President Jack Wilkinson said that the WTO negotiations are only part of the solution to development problems, and he urged the World Bank, IMF, donor agencies and national governments of developing countries should link closely with the WTO negotiations in order to address more properly the issue of trade and development. This remark was widely shared by the audience, and the issue of external as well as internal policy coherence was raised. One illustration of lack of coherence was given by the Ambassador of Bangladesh. He reported that Bangladesh received a 78 million US dollar loan from IMF through its international market integration system, while their estimations are that Bangladesh may lose more some 750 million dollars. LDCs are net losers from the international trading system and the lack of coherence among international organisations does not facilitate their integration to the world market due to their high dependency on basic commodities.

Jack Wilkinson pursued the discussion with the following question “**farm incomes have not increased and how to deal with this issue when negotiating liberalisation?**”

To answer this question, the US ambassador replied that farmers’ concerns are taken into account within the negotiations and the issue of the effects of the outcomes of the negotiations on countries is considered. According to the Australian ambassador the issue of farmers’ incomes is strongly related to the coherence between national and international policies and among international organisations policies. Farmers’ incomes within a sector depend heavily on market structure which in turn depends on competition policy regulation, the Australian ambassador said.

One participant pointed out that the issue of **industrial concentration and multinational power in the value chain and price formation** within the fruit and vegetables sector was one main cause of low price to producers and should be addressed. This is an on going debate within IFAP and it would need further negotiations on competition policy,

“negotiations that developing countries are refusing”, the Australian ambassador replied. The EC ambassador linked the issue of farmers’ incomes to the fact that international trade policy concentrates only on distortive measures while issues such as the environment or food safety and quality remain at the national level. This situation makes it difficult to consider all the aspects of trade.

Finally, **the issue of lack of transparency within WTO** was raised many times by participants, based particularly on the process used for drafting the July framework. Many participants argued that the negotiating process should be more transparent and inclusive, which recognising the difficulties of negotiating among 148 nations. The establishment of informal groups with key representatives could serve as a more flexible system that allows discussions to reach a potential agreement. In addition, there is an effort of the FIPs to inform the others but the process should remain efficient and for that there is a need to agree in an informal discussion first.

Conclusion

In conclusion, Ambassadors were hopeful about obtaining a final agreement by the Ministerial Conference in December 2005 once the issues of ad valorem equivalents had been settled and the key issue of market access was addressed in earnest. The farmers still emphasise the need to be sensitive to farmers’ incomes as the negotiations progress.

With respect to particular attention to the needs of developing countries in this ‘Development Round’, this should be done within the global negotiations framework e.g. special products, special safeguard measures, SDT. However, it is important to find a global response to the fact that South–South trade is increasing - protection is not only an issue related to developed countries products but also, and in future more and more, to developing countries products as well. Advanced developing countries should also make efforts to reduce support and protection for their agriculture. For EC Ambassador Trojan, to complement a WTO global agreement, it was important for bilateral donors and development organisations to address the supply-side constraints facing agriculture in developing countries e.g. in many ACP countries.

In his closing remarks, Jack Wilkinson, the IFAP President again stressed that trade opportunities are a critical part, but only a part of an integrated strategy for global economic development. The WTO round needs to be balanced with increased priority for agriculture in World Bank and other development lending, with more substantial effort to build capacity of institutions in developing countries, and with competition policy. Only with policy coherence will the WTO be able to make its full contribution to placing agriculture on a sustainable path for global economic development.

Mr. Wilkinson concluded by stressing that “This is a development round and farmers from developing countries count on WTO to help them to grow as food producers. In a global economy, rules need to be global. However, farmers do not accept that globalisation of the agri-food system is a reason for governments to no longer assure sound domestic agricultural policies for farmers adapted to specific country conditions.”

The IFAP will judge the adequacy of the WTO agricultural commitments in the DDA on whether they meet six critical objectives for farmers:

1. An improvement in world agricultural trade that brings real benefits to all farmers;
2. Significant progress and balanced commitments over all three pillars;
3. Sufficient flexibility in the modalities framework allowing countries to use the most appropriate instruments according to their specific national circumstances to meet agreed, measurable and equitable outcomes;
4. Space for farmers to receive domestic support, so long as that support has no, or at most minimal, distorting effects on production and trade;
5. Improvements in market access for all farmers, in particular those in developing countries and Least-Developed Countries;
6. Due prominence and recognition of the broad role that agriculture plays in many countries, ensuring not only food production but also many other functions, including the sustainability of rural areas and environmental protection.

For the 6th WTO Ministerial Conference in Hong Kong, IFAP is organising a similar discussion between farmers' organisations and government negotiators on December 12, 2005.