

An Analysis of the outcomes of the Agreements in Agriculture : Demand for flexibility in tariff bindings by developing countries

By

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1.0 Introduction

In Hong Kong:

- The process illustrated:
 - o the manipulative prowess of few but powerful trading countries/groupings;
 - o the vulnerability of the majority WTO member-states;
- In the former (Industrialised nations) :
 - o protection of their constituencies (farmers, consumers, agri-businesses, and any other agricultural-linked entrepreneurs) was paramount;
- In the later (Developing countries) expectations include:-
 - o to redress agricultural development challenges;
 - o a pro-poor agricultural trade regime;
 - o to redress their global marginalisation; economic structural deficiencies; and internal class contradictions all of which have for years generated massive hunger, poverty, begging syndrome, underdevelopment, etc..

2.0 Issues and Group positions prior to Hong Kong

These positions are summarised in the table below.

Country/ Groupings	Prior Hong Kong positions	Issues
EU	<p>Eager to maintain its domestic support to farmers (the concepts of blue and green boxes);</p> <p>Want real market access of its agricultural products, especially in Africa (link with the EPAs negotiations);</p> <p>Want minimal movement in correcting distortions in the agricultural agreement;</p> <p>Ready to negotiate the amber box;</p> <p>Want to shift its domestic support to the green box;</p>	<p>Profitability crises at home;</p> <p>Protection of constituencies (farmers & consumers);</p>
US	<p>Want to maintain the status quo of the green box though agreed to review its criteria, especially non-trade distorting development policies;</p> <p>Set the limit of US\$19.1 billion to cover marketing loan benefits, milk and sugar; counter-cyclical payments; and crop insurance;</p> <p>Want minimal movement in correcting distortions in the agricultural agreement;</p> <p>Want a cap of 2.5% of the total value of agriculture product instead of the July Framework ceiling of 5%;</p>	<p>Profitability crises at home;</p> <p>Protection of constituencies (farmers & consumers);</p>
Developing countries:- G20; G33; G90; Africa Group; LDC Group;	<p>Want agriculture to be in line with the Doha Mandate;</p> <p>Want firm commitments on “special and differential treatment” in order to preserve their food and livelihood security while addressing rural needs of their societies;</p> <p>Want a real cut in all trade-distorting domestic support as well as effective new disciplines;</p> <p>Want to review existing domestic support in order to ensure “no” or at most minimal trade-distorting trade regime on production;</p>	<p>Food insecurity;</p> <p>Limited resources to develop and subsidise their farmers;</p> <p>Socio-economic structural deficiencies and internal class contradictions leading to de-agriculturalisation & de-industrialisation;</p> <p>Vulnerability and dependence syndrome;</p>

3.0 Hong Kong issues for developing countries

3.1 Food security

A “safe box” was adopted in order to ensure that food for emergencies is not disrupted. But:

- Other non-emergency food aid would be disciplined unless they are:
 - demand-driven; in full grant form (not on credit); be untied; take account of local market conditions; address development objectives; not be tied to the donor's market objectives; only exceptionally be "monetized" (sold to raise cash) and only related to the delivery of food aid or to procure agricultural inputs; and would not be re-exported.

However, the above do not address the agricultural development of developing countries;

3.2 Agricultural support

Food Security Box which allows governments to provide without limits:-

- support such as general services ranging from infrastructural, research and marketing services etc.;
- direct payments or decoupled payments or payments which are not related to production etc.;

However, this form of outright financial support is not feasible for developing countries because;

- they do not have financial resources;
- they require other non-financial means to protect and support their farmers.

3.3 Special and Differential Treatment clause

Which allows developing countries to provide:

- investment subsidies (credits at favourable interest rates);
- input subsidies generally available to low income and resource poor producers.

These supports are not subject to reduction though limited to 1992 levels (due restraint clause).

For developing countries, this is again limited in usage, especially as countries may lack the administrative capacity to put the targeting into practice.

3.4 Elimination of export subsidies by 2013;

Developing countries:

- gain the date for the final phase-out of export subsidies in agriculture;
- but, this nevertheless left the structure of EU and US agricultural subsidization largely intact.
- can not lessen the prevailing poverty in developing countries caused by:
 - high protection of developed countries' markets;
 - massive subsidies that have led to years of dumping of artificially cheap agricultural products which have affected the products and livelihoods of farmers in the developing world.

3.5 Other issues:

- request for bound duty and quota free market access to rich countries' markets for all LDC products and countries were not fulfilled;
- possibility for developed countries to continue protecting "sensitive products" that are of export advantage to LDCs, such as textiles and clothing, rice, sugar, leather products and fishery products.
- De Minimis Support which allow countries to maintain a certain level of agricultural support (5% for developed countries and 10% for developing countries).
- Again, this assumes that developing countries support agriculture through financial means.
- The LDCs are only given rights in areas where they cannot realise these rights.

4.0 Implications to the future of the agricultural sector

- Food insecurity to continue;
- Developmental challenges to persist;
- Socio-economic structural deficiencies to persist;

- Internal class contradiction to generate more conflicts;
- Marginalisation on the global market for developing countries to persist;
- Poverty and socio-economic & cultural underdevelopment to persist;

5.0 Conclusion and the Way forward

- Rebuilding of constituencies that are pro-agricultural development;
- Consistent engagement on pro-poor agricultural trade regime at both the bilateral and multilateral levels;
- Revamping synergies on pro-poor trade participation;
- Forming or building alliances for robust involvement in both bilateral and multilateral trade negotiations;
- Bringing the poor constituencies at the centre of trade negotiations;
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