

Agricultural Trade Negotiation: the Developing Countries

Positions

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1. Importance of Agriculture in developing countries

- Agriculture accounts for a greater proportion of the economy & employment than developed countries, but with some exception
- Developing countries as a group stand to gain significantly from agric trade reforms
- Nevertheless, the effects of liberalization will differ between individual countries

2. Wide differences in developing countries position

- The Cairns Group advocates strongly for more open market, tighter rules limiting domestic support and elimination of export subsidy
- Most LDC want DC to open their markets for their products
- Others want exemption from cuts to domestic & export subsidies, or less stringent rules governing the use of subsidy than apply for DC, while some call for a “Development Box”

Reasons for distorting measures

- Developing countries can't afford providing large domestic subsidy as in DC
- The only means to maintain food security are price stabilization and stockholding programs

- Many LDC failed to submit commitments in certain areas in the UR and fear that they could be unfairly constrained to use such measure in the future. (But this does not mean that they should be treated on the different standards without having to make any adjustments along other WTO members
- Despite the different positions, there is a common thread, ie they should be

But this Round faces another difficulties

- The Cairns Group is the only group that is pushing strongly for more liberalized agricultural market
- The Us which used to be the free market advocate has not only fail to show strong stand for more open market, but has acted in the opposite direction when it passed the new farm law
- In addition, the US, EU and Japan are

3. What are required for success in the negotiations?--

Substance & Strategies

- Substances: someone have to show how much the negotiations will enable both the exporting & importing LDC to benefit from trade and from producing the goods they have comparative advantage in
- Some developing countries fear that opening the agricultural sector would result in serious social disruption as poor farmers who are exposed to the

The weakness of the UK domestic support agreement (the Blair House

Accord)

- The BH Accord has allowed the US and the EU to reorient their support into forms of assistance that are exempted from reductions
- Such avenues for shuffling support to avoid agreed cuts must be cut because it is very unfair to the developing countries
- There is also definition weakness in AMS calculation

to convince some food deficit countries to reform their

agriculture

- Detailed studies of the benefit & adverse effect of liberalization
- measures to cushion the poor farmers from the abrupt shocks
- the development programs strongly committed by the DC
- LDC that shift resources from the declining agric into labor-intensive industries must not be denied access to the markets for their manufacturing

Strategies

- Trade negotiations should no longer be dictated by the official trade negotiators (& big business). Other civil society groups should be encouraged to play more active role
- In addition to the PECC role, academias should ally with the farmers and the consumers in the developing countries to voice their positions both within their their countries and jointly with other