

# **PECC POSITION ON AGRICULTURE TRADE NEGOTIATION**

PECC Trade Forum  
Agriculture Trade Study Group (ATSG)  
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# 1. Why PECC Position Paper

- All APEC/PECC member economies supports the WTO/DDA but their diverse interests in individual issues impede negotiation progress on schedule
- Agriculture represents the most difficult issue resulting from conflicts between exporters, importers, and developing members
- ATSG consisting of experts of 6 members, China, Japan, Korea, NZ, Thailand, & USA

# 1. Why PECC Position Paper (Continued)

- ATSG studied individual members' positions and identified common interests and conflicts, thereby gaining a PECC overview
- And it searched for a possible consensus package of liberalization and regulatory reform

## 2. UR Agreement on Agriculture

- URAA aimed to establish a fair and market oriented agricultural trading system
- It provides for substantial progressive reduction in agriculture support and protection
- Commitment should be made to achieving specific binding commitments in market access, domestic support, export competition
- Special and differential treatment for developing economies is an integral element

### **3. How Much Has URAA Achieved**

- URAA achieved 36% tariff reduction, 20% reduction of AMSs, and partly reduce export subsidy, but
- High peak tariffs and non-tariff border measures still remained, while domestic support need to be reduced and export subsidy be eliminated
- Some agricultural product trade has expanded only marginally to the disappointment of exporters

## Table 1 Increase of Export of Agricultural Products by Product Groups

	unit	Increase from 1886-90 to 1996-98	Share in total (US\$)
Total agricultural products	US\$	66.00%	100%
Rice	tons	77.60%	Cereal* 11.40%
Wheat and wheat flour	tons	** 3.9%	
Coarse grains	tons	** 5.0%	
Sugar	tons	30.50%	3.40%
Fruit and vegetables	US\$	74.70%	14.20%
Oilseeds	tons	50.40%	4.30%
Butter and butter oil	tons	-5.10%	0.50%
Cheese	tons	51.40%	1.20%
Whole milk powder	tons	46.40%	0.90%
Skim milk powder	tons	-10.20%	0.60%
Bovine meat	tons	38.30%	3.20%
Pig meat	tons	74.10%	2.20%
Poultry meat	tons	240.70%	2.10%
Other agricultural products	US\$	66.50%	55.80%

Source: WTO, Committee on Agriculture, *The Effects of the Reduction Commitments on Agriculture*, G/AG/NG/S/11, 9 June 2000. These data were sourced from FAO and other agricultural organizations.

# 5. DDA Agriculture Trade Negotiation

- URAA Article 20 set the continuation of the reduction and reform process
- Agri. Negotiation has started since Feb 2000. Major participants submitted proposals as well as Harbinson's overview paper by end'02
- It was schedule to establish the modalities by the end of March 2003
- First Harbinson's modality paper was discussed at the informal MM Tokyo on Feb 14-16, without any result

## **5. DAA Agri Tr Negotiation (cont'd)**

- Second Harbinson modality paper was discussed at the Agri. Trade Negotiation Group meeting in Geneva on March 24-31 but failed again.
- The next target is the WTO Ministerial Meeting in Cancun in September 2003

## **6. PECC Position Package (1): General Elements**

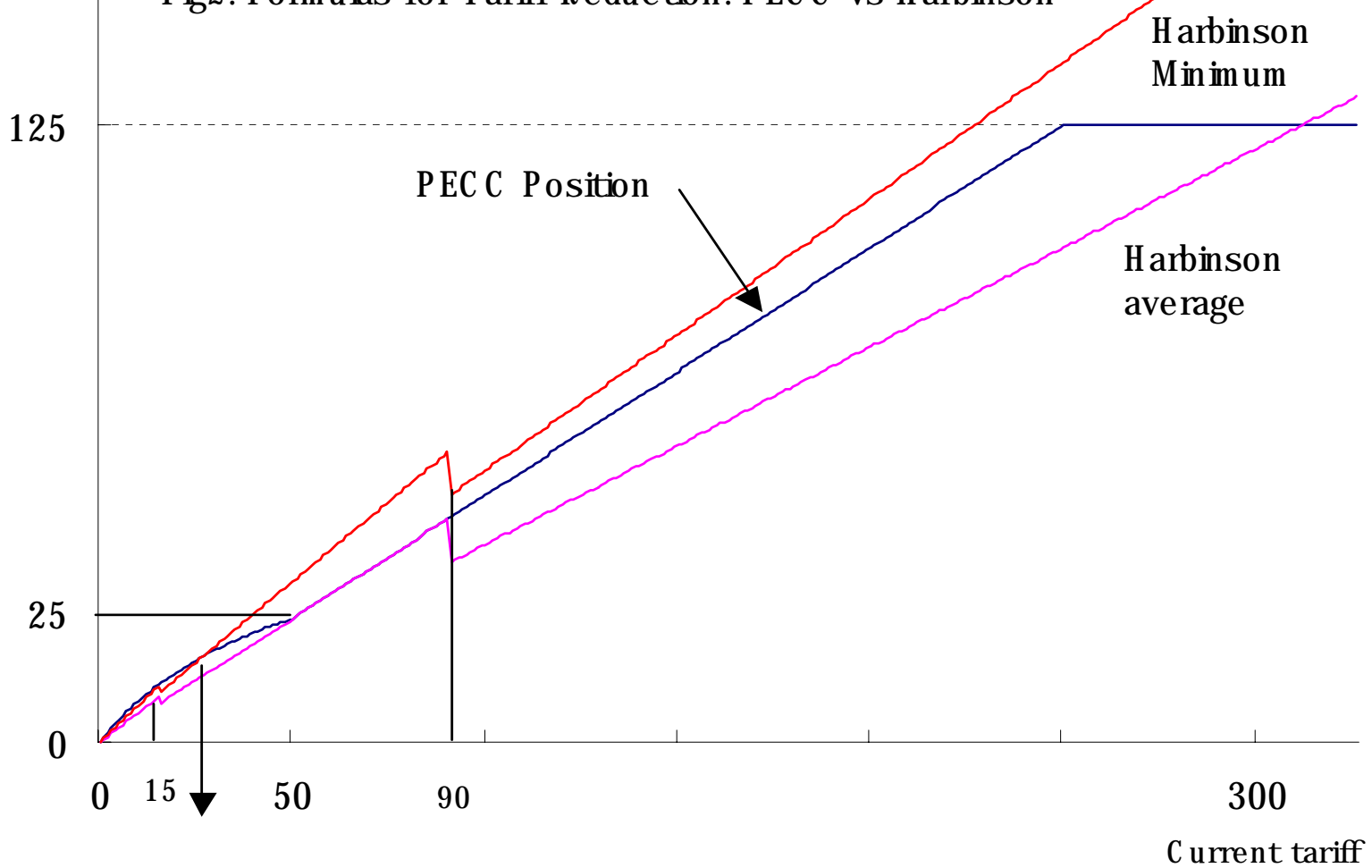
- Bringing agriculture into Competition, by establishing the disciplines and rules in agriculture trade
- It should promote structural reform of agriculture in food-importing economies
- Developing economies be given flexibility in implementing liberalization but not in a manner admitting double standard

# 7. PECC Position Package (2): Market Access

- Tariff reduction: combine the Swiss Formula and the UR approach
- Apply Cairnes Group formula for developing economies to all members (close to the Harbinson's. Fig 2)
- Tariff quotas be increased by 20% over 5yrs
- Minimum access and special safeguard shall be allowed only as temporal measures
- Import STEs: be monitored transparently

NEW tariff

Fig2. Formulas for Tariff Reduction: PECC vs Harbinson



$y = 50 x / (x + 50)$

Harbinson Minimum

Harbinson average

PECC Position

Current tariff

# 8. PECC Position Package (3)

## Domestic Support

- Basic criterion of the Green Box items shall be re-examined.
- Blue box shall be eliminated
- Amber Box: UR formula be applied to reduce the total AMS, 20% over 5 yrs for developed and 9 yrs for developing econ.
- Importing economies make reform efforts transparent and expenditures monitored

# 9. PECC Position Package (4): Export Competition

- Export subsidies shall be reduced to zero through equal installments over 5 yrs
- Quarterly notification shall be required for export STEs
- Strengthened rules and disciplines on food aid
- Export restrictions and/or prohibitions be quantified and shall be reduced

# 10. PECC Position Package (5): Non-Trade Concerns

- Multi-functionality of agriculture, such as land conservation, natural environment, rural community, is now recognized
- But its relationship with agricultural production is not straightforward and make quantitative assessment difficult
- Direct subsidies are encouraged to achieve it.

# 11. PECC Position Package (6): Food Security and Safety

- Food security cannot be pursued through self-sufficiency from domestic sources but through relying also on imports
- Limiting trade is not the correct measure to achieve it at a minimum social cost
- Stockpiling is a short time measure
- Safety is consumers' legitimate concern, while too strict standard tend to impede food trade: compliance to SPS and need for capacity building for developing exporters

# 12. PECC Position Package: S&D Treatment for Developing Exp.

- Developing economies shall be excluded , on appropriate thresholds criteria for graduation, from the disciplines on border measures, domestic support and export competition, in order not to cause excessive burden
- Capacity building and other assistance need to be provided in order to mitigate their handicaps