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The **E15** Initiative

STRENGTHENING THE GLOBAL TRADE SYSTEM



Transparency and Monitoring in Agricultural Trade: Policy Options for the Post-Bali Agenda

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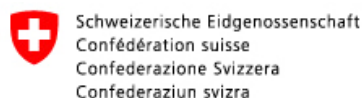
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ABSTRACT

Transparency is essential to the smooth functioning of a trade system. Improved transparency in agricultural policies and markets will allow trade to play a full role in achieving global food security. The situation has improved since the Uruguay Round, with extensive monitoring activities embedded in WTO Agreements. Monitoring of the obligations under the Agreement on Agriculture (AoA) has led to the collection of considerable data on the policies of WTO Members. This data provides the basis for a deeper understanding of the extent to which policies are consistent with the smooth functioning of the trade system. The monitoring has, however, been tardy and Members' classification of policies has been inconsistent. Certain policies that are crucial to food security, including biofuel subsidies and export restrictions, have not been adequately notified to the relevant WTO Committees. The 2008 Draft Modalities contains a revised Article 18 of the AoA that would strengthen rules on notification and encourage more scrutiny by the Committee on Agriculture of country policies. It would also improve transparency if the notifications relating to obligations under the AoA were to be aligned with notifications of the same subsidies under the Agreement on Subsidies and Countervailing Measures. This should include the notification of biofuel subsidies. Notification and binding of export restrictions for non-agricultural products has been discussed in the Non-Agricultural Market Access talks in the Doha Round—if this were instituted for agricultural products the transparency of the trade system would improve. Coordination of the WTO and OECD databases would lead to a more useful basis for policy evaluation. In addition, more information on agricultural policies could be integrated with the Trade Policy Reviews of WTO Members.

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LIST OF ABBREVIATIONS

AoA	Agreement on Agriculture
AMIS	Agricultural Market Information System
AMS	Aggregate Measure of Support
ASCM	Agreement on Subsidies and Countervailing Measures
DS	Domestic Support
DSU	Dispute Settlement Understanding
EC	European Commission
EU	European Union
FAO	Food and Agricultural Organization
G-20	Group of Twenty
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
IFPRI	International Food Policy Research Institute
MPS	Market Price Support
NGO	non-governmental organization
OECD	Organisation for Economic Co-operation and Development
PSE	Producer Support Estimate
PTA	Preferential Trade Agreement
SPS	Sanitary and Phytosanitary
SSM	Special Safeguard Measure
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TPRM	Trade Policy Review Mechanism
TBT	Technical Barriers to Trade
WTO	World Trade Organization

INTRODUCTION

Transparency is an essential aspect of a well-functioning trade system. The need for transparency is particularly acute in the area of agricultural trade, as lack of information about the policy environment can interfere with the ability of markets to react to supply shocks and may exacerbate instability. Food security hinges on adequate information about stockpiles and exporter policies. Adequate information on domestic farm and food policies can also reduce trade tensions and facilitate improvements in the rules under which such policies operate.

There is little doubt that transparency has improved in the trade system as a whole in the past two decades, along with more exhaustive monitoring and surveillance activities. Transparency in the specific area of agricultural trade has also improved, though many issues remain to be addressed. The Secretariat, through the World Trade Organization (WTO) website, provides information on the Agreement on Agriculture (AoA) and related negotiations. However, coverage of the details of national policies is more problematic.

The monitoring of obligations by the Committee on Agriculture has generated a considerable amount of information on agricultural policies. The strong point of the domestic support (DS) notifications is their inclusion of supporting tables that together enable a relatively detailed picture of the type and extent of support offered by the notifying country. The weakness is that the categories into which the support is classified neither provide adequate information on the trade impacts of the policies nor give detailed descriptions of the policies themselves. Moreover, the ways in which different countries choose to notify policy measures are inconsistent.

The topic of improving the monitoring and surveillance of agricultural trade rules has been raised in the Doha Round. The most recent "modalities" document includes the text of a new version of Article 18 of the AoA. Proposed changes to Article 18 would significantly increase transparency. Under the heading of "objectives," the new Article calls for "effective surveillance of compliance with obligations" through ensuring transparency and an opportunity to Members to "assess the contribution of the [AoA disciplines] to the long-term objective of a fair and market-based agricultural trading system." The Agriculture Committee could establish subsidiary bodies (subcommittees) to look more in depth at particular issues. In addition, there is the possibility of submitting a provisional notification pending the final notification.

The proposed Article 18 would require one-off notification of the administration of its tariff rate quota commitments as well as annual notifications of the imports entering under those commitments. Members would also be required to notify the use of the Special Safeguard Measure (and the current Special Safeguard if retained) along with triggers and remedies. In addition, the revision of notification rules "shall require that a Member that provides support that it claims is consistent with Annex 2 of the Agreement shall include in the initial notification a summary of the measure" (WTO 2008).

In addition to those changes, other improvements could be introduced. One of these could include the more complete notification of biofuel subsidies. As both the Agreement on Subsidies and Countervailing Measures (ASCM) and the AoA require notifications of such subsidies, one could coordinate the information and oblige countries to provide enough information to allow a reasoned view on the impact of the development of biofuels on agricultural markets.

With respect to changes in monitoring the Green Box, besides the more complete notification of the policies, a suggestion has been made that the Committee on Agriculture develop a "thematic work programme" on the topic. This could pave the way for more focused work on the trade policy implications of the shift in domestic support to such measures. The Green Box currently contains so many programmes with different output effects that the trade rules themselves may need to be revisited.

The Doha Draft Modalities also include suggestions for making the notification of export taxes more effective. The draft text provides for notification within 90 days of the application of an export restriction, including the reasons for such a measure, and periodic reporting to the Committee on Agriculture of the status of the restriction. Combined with better information on stock levels as a result of the Agricultural Market Information System (AMIS), which combines the resources of the Organisation for Economic Co-operation and Development (OECD), the Food and Agricultural Organization (FAO) and other institutions, information on export restrictions would benefit the smooth functioning of the markets for food and agricultural products.

The first step towards improving transparency could be to adopt the proposals on monitoring (detailed in Annex M) of the Doha Draft Modalities. Though negotiated as part of a package, there would seem to be no reason why it should not stand alone. The proposal does not involve changes in national regulations and would not seem to favour any country over others. It would merely replace the somewhat vague obligations in Article 18 with requirements that are more detailed. Resources could be made available for those developing countries that would have difficulty preparing notifications, though there could be a side-benefit to those countries of having to describe policy measures in an agreed format.

A similar action that would require little in the way of a formal negotiation would be to expand somewhat the amount of information included in the Trade Policy Reviews. This would seem to be preferable to initiating a separate review for agricultural policy as was suggested by the Group of Twenty (G20) in 2007. More radical would be the introduction of incentives for compliance with monitoring requirements and respecting deadlines. These could be based on the potentially useful concept that a specific "benefit" claimed by a Member has to be backed by evidence of eligibility.

More coordination within WTO could also improve transparency and reduce overlapping activities. The notifications of subsidies made under the SCM Agreement have much in common with those under domestic support under the AoA. The SCM notifications are more descriptive and lack some of the structure of the AoA tables. There may be a case for combining the two notifications and allowing each committee to consider the combined report from their viewpoints. This is particularly appropriate in the matter of biofuel subsidies, where coordinated information from the SCM and DS notifications, augmented by agreements on how such subsidies should be reported, would be valuable.

On export restrictions and taxes, WTO could play a useful role in acting as the focal point for information, though analysis of market effects would be undertaken elsewhere. Such information would be particularly needed if the Doha Round were to be concluded with new definitions of food aid and stronger disciplines on export prohibitions and restrictions.

Another suggestion that would require some institutional flexibility would be the broadening of the monitoring of agricultural trade policies to include some interpretation and analysis. This could, for instance, take the form of the integration of various databases (such as that maintained by the OECD for the purpose of monitoring policies among its members) with the information collected through the notifications. The WTO Secretariat has understandably avoided exceeding its mandate to monitor the rules of the multilateral system by engaging in general or specific policy advocacy and advice. But providing information in a way that is helpful to governments and the private sector in taking decisions is clearly within the scope of WTO. So institutional collaboration could over time improve the transparency of the trade system and the quality of decisions.

TRANSPARENCY AND THE TRADE SYSTEM

Transparency is an essential aspect of a well-functioning trade system. Providing transparency is an integral part of the agreements that set up the WTO, and the WTO Secretariat devotes much of its resources to monitoring compliance with obligations undertaken by member governments. Transparency is important to other trade agreements as well—many preferential trade agreements (PTAs) include explicit conditions designed to increase transparency on a bilateral or a regional basis (Lejarraga and Shepherd 2012). One author concludes that "transparency mechanisms appear to be a particularly cost-effective tool for avoiding unnecessary obstacles to trade" (Moise 2012).

In the area of agricultural trade the need for transparency is particularly acute, as lack of information about the policy environment can interfere with the ability of markets to react to supply shocks and may exacerbate instability. Food security hinges on adequate information about stockpiles and the availability of transportation. Adequate information on domestic farm and food policies can also reduce trade tensions and facilitate improvements in the rules under which such policies operate. This paper attempts to assess the strengths and weaknesses in the current system of monitoring and surveillance of trade and policies in agricultural trade, and suggest ways in which it could be improved.

A FRAMEWORK FOR EVALUATING TRANSPARENCY

Transparency is a broad term covering a number of different aspects. A framework is, therefore, useful for examining the current level of transparency in the trade system. Wolfe and Baddeley (2012) suggest three principle types of transparency that relate to the performance of a trade system—publication of rules and regulations related to trade ("right to know"); peer review of behaviour in the context of obligations ("monitoring and surveillance"); and public engagement in the evaluation of trade policies ("reporting on results"). The publication of rules that affect trade is fundamental to reducing uncertainty and offsetting

information asymmetries, both of which are significant components of transaction costs. Moreover, the disclosure of information about government regulations and policies contributes to open and responsive governance. Such disclosure may also have an educational value—countries may, on occasion, change behaviour as a result of legislative transparency.

Monitoring and surveillance is typically carried on among governments and is focused on the obligations that signatories to a trade agreement have undertaken. However, monitoring could also be undertaken by non-governmental actors where credibility is assured. Reporting on the results of trade policy has benefits of a different nature, allowing a more informed debate among governments (internal transparency), as well as in the media and among interest groups (external transparency). Governments may encourage this kind of external transparency, but it is likely to be mainly undertaken by the commercial, research, and education sectors.

GENERAL TRANSPARENCY OBLIGATIONS

The current system of transparency provisions for the WTO is based on Article X of the General Agreement on Tariffs and Trade (GATT) 1994 (Publication and Administration of Trade Regulations), which states (in part) that laws and regulations pertaining to trade be “published promptly in such a manner as to enable governments and traders to become acquainted with them” (WTO 1995a). Similar obligations are contained in the General Agreement on Trade in Services (GATS) Article III (Transparency), which requires prompt publication of measures that pertain to the operation of the agreement on services, and in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (Article 63), which covers the same ground for intellectual property protection. More specific requirements are included in the Technical Barriers to Trade (TBT) Agreement (Article 2.11) and in the Sanitary and Phytosanitary Measures (SPS) Agreement (Annex B). In the latter case, obligations to establish “enquiry points” and to follow detailed notification procedures are included.¹ The ASCM contains detailed requirements for notification (Article 25, and Article 26 for surveillance by the SCM Committee). Hoekman and Kostecki (2009, p. 71) report that there are about 200 notification requirements in WTO agreements.

1 For a fuller discussion of the experience with the SPS and TBT Agreements, see Collins-Williams and Wolfe (2010).

There is little doubt that transparency has improved in the trade system as a whole in the past two decades, along with more careful monitoring and surveillance activities. For information about the WTO, its website (www.wto.org) gives easy access to all (derestricted) documents and provides interpretive notes on such issues as the stage at which trade negotiations are. Trade disputes coming under the Dispute Settlement Understanding (DSU) are fully covered on the website, with summaries provided.

The dispute settlement mechanism is an important part of the process of transparency, shining a spotlight on particular issues, but adding to the collective wisdom of trading partners. The spotlight can be turned on the issue of transparency itself: Lejarraga (2012) notes an increase in transparency-related claims under the DSU. The establishment of the Trade Policy Review Mechanism (TPRM) has contributed significantly to the understanding that countries have of each other's policies, and is particularly useful for small countries that lack the resources in their own trade ministries to undertake the necessary research. The process of notification to specialized committees and the ability to ask for clarification from the notifying country may also have taken some of the burden off the dispute settlement mechanism.

The lack of coordinated information on the trade provisions in the multitude of PTAs that have been signed in the past two decades has made any overall view of trade issues difficult. This is being rectified. The WTO Committee on Regional Trade Agreements has thrown light on the trade policies of countries participating in preferential agreements falling under Article XXIV (relating to free trade areas and customs unions). The Committee on Trade and Development performs a similar function for agreements that include developing countries and are authorized under the Enabling Clause. There is a clear overlap between information on multilateral trade policies and those that operate at a bilateral or regional level. As governments, civil society, and private sector actors become more familiar with multilateral trade rules, the interaction between these and regional and bilateral agreements becomes more apparent.

TRANSPARENCY OBLIGATIONS IN AGRICULTURAL TRADE

The range of transparency obligations and activities in this area is shown in Table 1. The categories follow those of Wolfe and Baddeley, with the specific application to the agricultural sector added. With respect to the provision of information on trade-related rules, the general obligations mentioned above apply equally to agricultural regulations and decisions. The Secretariat, through the WTO website, provides information on the AoA and related negotiations. However, coverage of the details of national policies is more problematic. Three problems hamper full transparency in this area—the policies change frequently and in ways that could significantly impact trade; the details of the policies are often complex and their implementation (often the key to understanding their trade effects) is subject to local administrative decisions that are not always publicly available; and the sensitivity of farm policies may prevent governments from making programme details widely available.

The basic architecture of the AoA rests on the schedules of commitments, incorporating tariff cuts, tariff-rate quota obligations, domestic support reductions, and export subsidy limits. The schedules are readily available, though in document form rather than as a database. Other aspects of transparency noted by Wolfe and Baddeley appear to be missing in the case of agriculture. There are no specific requirements for publishing details of agricultural policies and no “enquiry points” for access to such information. Independent adjudication for agricultural controversies has not been suggested, but this may not be so important as in other aspects of policy. New agricultural policies are supposed to be notified if they are said to be consistent with Green Box, Blue Box, or with development programmes (see below), but there is no general obligation to report trade-related agricultural policy changes.

The main vehicle for monitoring and surveillance in the area of agricultural trade is the notification to the Committee on Agriculture (established in Article 17, AoA) of the levels of domestic support, along with parallel notifications on export subsidies, tariff-rate quotas, and new Green Box measures. The obligation of WTO Members to submit notifications is contained in Article 18 (Review of the Implementation of the Commitments) of the AoA. The Committee on Agriculture is charged with reviewing progress in the implementation of commitments.² The document includes guidelines on

² The notification requirements were adopted at the second meeting of the Committee on Agriculture in June 1995, and are found in WTO 1995b. They have essentially remained the same since then.

TABLE 1:
Transparency components in the WTO Agreement on Agriculture

Source: Wolfe and Baddeley (2012) (columns 1 and 2) and author (column 3).

Principle	Components	Agreement on Agriculture
Publication and access	Publication of obligations	Schedules of support reductions
	Publication of laws and regulations	No specific obligations
	Inquiry points	None specified for agricultural policies
	Independent administration and adjudication	None specified in AoA
	Notification of existing and new measures	New green box measures need to be notified
Monitoring and surveillance	Policy clarity	Clarity needed in several areas: Panel reports have provided interpretation
	Peer review	Notification of TRQs, export subsidies and Domestic Support. Discussion in Committee on Agriculture
	Third party adjudication	None incorporated
Reporting and engagement	Internal transparency for governments	OECD, TPRM
	External transparency for citizens and economic actors	OECD, WB, FAO, IFPRI, etc.
	Role for NGOs	No formal role but several NGOs active

the intended frequency and timing of notifications, but apparently these carry insufficient legal weight to override the reluctance of Members to provide information that can lead to criticism (Brink 2010, p. 34). The main DS notifications are due “no later than 90 days” after the close of the reporting period (unless provisional), with a window of only 30 days for those parts of the notification that pertain to new measures under the AoA Annex 2 (Green Box), and Articles 6.2 and 6.5 (Development Programmes and Blue Box). This review “should be based on the notifications by Members” and by any additional documents requested of the Secretariat. No third-party adjudication is mentioned in the case of agricultural monitoring issues.

EVALUATION OF THE TRANSPARENCY OBLIGATIONS IN AGRICULTURE

Transparency in the specific area of agricultural trade has improved, along with the general improvements noted above, though many issues remain to be addressed. The monitoring of obligations by the Committee on Agriculture has generated plenty of information on agricultural policies. The strong point of the DS notifications is their inclusion of supporting tables that together enable a relatively detailed picture of the type and extent of support offered by the notifying country.³ The weakness is that the categories into which the support is classified neither provide adequate information on the trade impacts of the policies nor give detailed descriptions of the policies themselves. Moreover, the ways in which different countries choose to notify policy measures is inconsistent. This implies that any aggregation across countries is suspect, and even notifications by the same country over time can be rendered less useful by changes in the allocation to support categories. The problems stem in part from a lack of clarity in the agreed notification procedures (and in the terms of the AoA) and in part from the desire of governments to show their compliance with the schedules.

The problems that should be addressed in the DS notifications include the following:

- The definition of non-product-specific support and hence the significance of *de minimis* allowances is unclear. Questions have been raised about the categorization of crop insurance premium support, and other subsidies as non-product-specific when, to the individual farmer, the support is product-specific.

- The level of *de minimis* allowances for developing countries, particularly those with no notified base-period Aggregate Measure of Support (AMS), is dependent on the value of production used. No definition of value of production exists, and countries have used different concepts in their notifications.
- The treatment of input subsidies in some developing countries is controversial. Some countries include these as development programmes (Article 6.2), but the definition of the measures falling under this heading is not clear.

The measurement of market price support (MPS), including the use of administered prices, reference prices and eligible quantities, gives rise to a number of ambiguities. Administered prices have been changed by some countries with no corresponding changes in domestic producer prices. Reference prices can be out of line with current market conditions, leading to misleading interpretations of MPS. The MPS can even be negative when domestic prices are below these historical reference prices, though border support still benefits the producer. The reporting of eligible quantities for MPS calculations is currently inconsistent among countries. Moreover, relatively small changes in policy can be reflected in large changes in the “eligible quantity” reported.

These and other examples of the lack of clarity in the way in which domestic support is defined and consequently notified give considerable scope for countries to present their policies in an inconsistent way (Orden, Blandford and Josling 2010).

The value of the notifications as a way of tracking the effectiveness of the AoA disciplines over time is seriously compromised by the lag in notifications to the Committee. Though several of the major countries have made an effort to bring their notifications more up to date, many still lag behind, mainly developing countries. Notification of domestic support has slipped the most, with 43% of the required notifications for the period up to 2011 missing. Almost 40% of required notifications on export subsidies over that period have not been supplied.⁴

Some of these issues stem from that concern with the trade effects of domestic support has been focused almost exclusively on industrial countries. These countries have traditionally been the major players in support for agriculture, by maintaining high prices and giving generous subsidies. In contrast, developing countries commonly taxed their agricultural sectors in the past, and were deemed to be

3 | Brink (2010) describes the structure of the notification process and the relationship between the required tables.

4 | The corresponding figures for missing notifications of tariff quotas and special safeguards are a more modest 11% for each category. A recent report by the WTO Secretariat (WTO 2013a) documents the status of notifications in several areas of reporting on agricultural trade obligations. The results were discussed at the 26 March meeting of the Agriculture Committee, along with ways to improve the situation.

less likely to engage in costly subsidy programmes for their large farm populations. As a result, the constraints included in the AoA have not been onerous on developing countries and they, in turn, have not appeared to take the notification requirements seriously. This situation may change in the future. As Brink points out (2010, p. 51), if the Doha Round Draft Modalities are eventually incorporated into a revised AoA, the bulk of allowable trade-distorting support will be available to developing countries as a result of the larger *de minimis* limits applied to the large value of agricultural production.

Among the most pressing issues in the notification of agricultural policies is that of spending under the Green Box (AoA, Annex 2). At present, countries have to report spending under the 12 main headings of Annex 2, but are not required to justify their classification decision, unless requested to do so in a meeting of the Committee on Agriculture. Cerda (2009) has suggested that this is in part because the Green Box criteria are not being enforced (and, therefore, there are no penalties for mislabelling) and in part because the emphasis has been on monitoring reductions in support (in particular, the AMS) rather than those categories that are not subject to reduction. Compared to the detailed reporting required for subsidies by the SCM Agreement, the requirements for notifying a Green Box under the AoA are relatively undemanding.⁵ In some cases, the SCM reporting includes policy details pertaining to agricultural subsidies (which are covered by that agreement as well as the AoA). Policy changes since the introduction of the AoA (and supported by the AoA disciplines) have led to a greater interest in the Green Box, and new policy instruments have been introduced that may not fit conveniently into the categories in Annex 2.

In the area of "reporting on results" and the consequent engagement of the public and stakeholders, much of the recent work has taken place outside WTO, though the TPRM contributes to transparency by including a section on agriculture in its sector-specific policy reporting. For intergovernmental work (internal transparency), the activities of the OECD have sometimes been useful as a complement to the WTO notification process. But the OECD has played a major role in external transparency by conducting studies and making available the information collected in its database of Producer Support Estimates (PSEs) for all members and a small number of other countries. However, inconsistencies between the OECD calculations of indicators that are common to the PSE and the WTO domestic support systems, such as the level of market price support, hamper comparability.⁶ Work by institutions such as the World Bank, the International Food Policy Research Institute (IFPRI), the FAO, and Regional Development Banks has also contributed to a significant improvement in the understanding of the trade implications of agricultural policies.

Though there is no formal role for non-governmental organizations (NGOs) in the field of reporting, several such institutions have made valuable contributions to

the understanding of issues and the distribution of results from trade negotiations. These bodies have been able to track issues that are not adequately covered in the AoA monitoring. One such area is export restrictions and taxes for agricultural goods. This topic received attention in 2008, when the first of two price surges for food commodities hit agricultural markets. Governments in several exporting countries began to limit supplies, leading to rapid increases in prices. Importing countries faced the prospect of being unable to secure adequate supplies from abroad. But until this point, WTO Members had little in the way of consistent data on available stocks, and were unable to assess the significance of exporter policies. Obligations on exporters to take into account the impact of export restrictions on the food security of importing countries is explicit in Article 12 of the AoA, along with the requirement that advance warning be given "as far as is practicable" to the Committee on Agriculture and that importing countries that "have a substantial interest" in the matter be consulted. In 2008, and again in 2010, notice was not given and consultations do not appear to have been undertaken.⁷

A further issue that arose in the context of the sharp price increases of basic foodstuffs in 2008 and 2010 was the growing use of maize and soybeans as biomass for ethanol and biodiesel. This matter was also not illuminated by WTO notifications, as the subsidies paid to companies that used biofuels were not consistently reported to the Committee on Agriculture, according to Josling, Blandford and Earley (2010). They conclude that "WTO notifications provide little insight into the magnitude of biofuels subsidies. In both the agricultural support and industrial subsidies contexts, US, EU and Brazilian notifications of biofuel support have fallen far short of their potential in terms of coverage, timeliness and transparency."

5 Under the ASCM, any specific subsidies must be notified to the SCM Committee no later than 30 June each year, and notifications must be sufficiently detailed "to enable other Members to evaluate the trade effects and to understand the operation of the notified subsidy programs."

6 In contrast to the MPS included in the AMS, the OECD definition compares producer prices (not administered prices) with trade prices (not reference prices) aggregated overall production (not eligible quantities). So the OECD measure of MPS is much more useful as an indication of current trade effects from policy instruments.

7 The WTO Secretariat has summarized the somewhat limited information contained in the notifications called for by Article 12 (WTO 2013b). Since 1995, eight members have notified 14 export prohibitions and restrictions, including four new members of the European Union (EU). The notifications largely relate to wheat and wheat flour.

MOVEMENT TOWARDS IMPROVEMENT IN MONITORING

The improving the monitoring and surveillance of agricultural trade rules has been raised in the Doha Round. The most recent "modalities" document, dating from December 2008, includes the text of a new version of Article 18 of the AoA in Annex M. The proposed changes to Article 18 would significantly increase transparency (WTO 2008). Under the heading of "objectives," the new Article calls for "effective surveillance of compliance with obligations" through ensuring transparency and giving an opportunity to Members to "assess the contribution of the [AoA disciplines] to the long-term objective of a fair and market-based agricultural trading system." The Agriculture Committee could establish subsidiary bodies (subcommittees) to look more in depth at particular issues. In addition, there is the possibility of submitting a provisional notification pending the final notification.

With regard to specific aspects of notification, the proposed Article 18 would require one-off notification of the administration of its tariff rate quota commitments, as well as annual notifications of the imports entering under those commitments. Members would also be required to notify the use of the SSM (and the current Special Safeguard if retained) along with triggers and remedies. In addition, the revision of notification rules "shall require that a Member that provides support that it claims is consistent with Annex 2 of the Agreement shall include in the initial notification a summary of the measure" (WTO 2008).

These changes could bring clarity to the monitoring process, though ambiguities in the rules are unlikely to be resolved in this way. In the realm of changes in practice, one change could include the notification of biofuel subsidies, as discussed above. As both the ASCM and the AoA require notifications of such subsidies, one could coordinate the information and oblige countries to provide enough information to allow a reasoned view on the impact of the development of biofuels on agricultural markets.⁸

With respect to changes in monitoring the Green Box, besides the more complete notification of the policies themselves, one suggestion has been made that the Committee on Agriculture develop a "thematic work programme" on the topic (Cerda 2009, p. 577). This could pave the way for more focused work on the trade policy implications of the shift in domestic support to such measures. The Green Box currently contains so many

programmes with different output effects that the trade rules may need to be revisited. In this respect, the data collected by the OECD for the PSE calculations already includes relevant information on the administration of direct farm payments, particularly the extent to which they require production to maintain eligibility.⁹

The Doha Draft Modalities (WTO 2008) include suggestions for making the notification of export taxes more effective.¹⁰ The draft text provides for notification within 90 days of the application of an export restriction (paragraph 172), including the reasons for such a measure and periodic reporting to the Committee on Agriculture of the status of the restriction. Such restrictions would "not normally be longer than 12 months" unless an extension was agreed to by "affected importing Members" (paragraph 179). Combined with better information on stock levels, such as is emerging as a result of the AMIS that combines the resources of the OECD, the FAO, and other institutions, information on export restrictions would benefit the smooth functioning of the markets for food and agricultural products.

CONCLUSIONS

The need to improve transparency in the area of agricultural trade and policy has been widely recognized. The opportunity for making some constructive changes has led to the negotiation of revised provisions in the AoA as part of the Doha Round. As the eventual fate of the round is still in doubt, there is a case for taking up some of these issues as part of an early harvest. The Bali Ministerial provides an opportunity, though not necessarily the only one, for such action.

The most immediate improvement to transparency would follow from adopting the proposals in Annex M of the Doha Draft Modalities. Though negotiated as part of a package, there would seem to be no reason why it should not stand

8 | It would not be appropriate for the WTO Committees themselves to quantify the impact of biofuels on markets—that is the province of governmental and non-governmental organizations.

9 | This issue is explored in Josling and Mittenzwei (2012), which illustrates the use of OECD data to examine compliance with the various criteria for the Green Box categories.

10 | In the Non-Agricultural Market Access talks in the Doha Round, the EU proposed additional disciplines on export taxes. To increase the predictability of export taxes, the European Commission (EC) proposed that WTO members "undertake to schedule export taxes on non-agricultural products in their Schedules of Concessions and bind the export taxes at a level to be negotiated" (Korinek and Bartos 2012). The same change would greatly improve transparency in agricultural markets as well.

alone. The proposal does not involve changes in national regulations and would not seem to favour any country over others. It would merely replace the somewhat vague obligations in Article 18 with requirements that are more detailed. Resources could be made available for those developing countries that would have difficulty preparing notifications, though these countries could benefit from having to describe policy measures in an agreed format.

A similar action that would require little in the way of a formal negotiation would be to expand the amount of information included in the Trade Policy Reviews. This would seem to be preferable to initiating a separate review for agricultural policy, as was suggested by the G20 in 2007.

A more radical change would be the introduction of incentives for compliance with monitoring requirements and respect for deadlines. These could take the form of assumptions of ineligibility for benefits (such as that of excluding Green Box and Development Programmes from the AMS) until eligibility has been affirmed. This would certainly require more than just a simple monitoring decision and could change the legal interpretation of the obligations to notify. It would in effect reverse the current assumption of "compliant unless successfully challenged." But it would also introduce the potentially useful concept that a specific "benefit" claimed by a Member has to be backed by evidence of eligibility.

More coordination within WTO could also improve transparency and reduce overlapping activities. The notifications of subsidies made under the SCM Agreement have much in common with those under DS under the AoA. The SCM notifications are more descriptive and lack some of the structure of the AoA tables. There may be a case for combining the two notifications and allowing each committee to consider the combined report from their different viewpoints. This is particularly appropriate in the matter of biofuel subsidies, where coordinated information from the SCM and DS notifications, augmented by agreements on how such subsidies should be reported, would be valuable. The time is ripe for an initiative to clarify both the status of biofuel subsidies in WTO rules and the magnitude of such subsidies. The alternative is "continued contention and confusion" (Josling, Blandford and Earley 2010).

On export restrictions and taxes, WTO could play a useful role in acting as the focal point for information, though analysis of market effects would be undertaken elsewhere. A recent paper has made a suggestion that WTO be involved in multilateral action "to develop constructive cooperation in the area of market information with the FAO and other agencies responsible for the Agricultural Market Information System (AMIS)." This would be "in order to better define food security emergency situations in countries considering to impose export restrictions and to evaluate their likely impact on other vulnerable countries" (Howse and Josling 2012). Such information would be particularly needed if the

Doha Round were to be concluded with new definitions of food aid and stronger disciplines on export prohibitions and restrictions.

Another suggestion that would require some institutional flexibility would be broadening the monitoring of agricultural trade policies to include some interpretation and analysis. This could, for instance, take the form of the integration of various databases (such as that maintained by the OECD) with the information collected through the notifications. As attention switches slowly from a focus on the farm policies of rich countries to the agricultural development strategies of emerging and developing countries, the need for well-sourced information will expand. Both the World Bank and the FAO have considerable experience in this area. The WTO Secretariat has understandably avoided exceeding its mandate to monitor the rules of the multilateral system by engaging in general or specific policy advocacy and advice.

But providing information in a way that is helpful to governments and the private sector in taking decisions is clearly within the scope of WTO. So, institutional collaboration could, over time, improve the transparency of the trade system and the quality of decisions.

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