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Achieving Progress in Multilateral Trade Negotiations on Agriculture

WTO: PATHS FORWARD

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The World Trade Organization's Eleventh Ministerial Conference ended without ministers providing clear direction for talks on agriculture—despite the need for urgent action to help advance Sustainable Development Goal 2 on ending hunger, achieving food security and improved nutrition, and promoting sustainable agriculture. Meanwhile, changing trade flows are reshaping markets for food and agriculture, along with preferential trade deals and national policy decisions. Together, these factors are likely to establish the contours of future negotiations on agriculture at the WTO. If countries are to build successfully on sustained engagement in 2017, progress between now and the twelfth ministerial conference in 2020 will require solid groundwork at the technical level. This brief explores a number of avenues to achieve multilateral progress.

1. Introduction

The World Trade Organization's Eleventh Ministerial Conference in Buenos Aires ended without providing any clear political direction for negotiations on agricultural trade, and without taking any collective decisions on outstanding issues. The guidance that WTO members have today includes the instructions provided by ministers when they met at the previous ministerial conference in Nairobi in 2015,[1] along with Article XX of the WTO Agreement on Agriculture, which provides an enduring legal basis for ongoing negotiations.

Despite the absence of concrete new outcomes on agriculture, a large number of new negotiating proposals and submissions were tabled during a period of sustained engagement among members before Buenos Aires (see Table 1). WTO members also have explicit instructions from world leaders in the Sustainable Development Goals (SDGs) that were agreed in 2015, including SDG 2 which commits governments to end hunger and malnutrition by 2030, notably through action to "correct and prevent trade restrictions and distortions in world agricultural markets" and to "ensure the proper functioning of food commodity markets."[2]

1 The Nairobi declaration refers to the "strong commitment of all Members to advance negotiations on the remaining Doha issues," mentioning explicitly agricultural domestic support, market access, and export competition.

2 SDG 2b and SDG 2c. Numerous other SDG commitments are also relevant: see analysis in Díaz-Bonilla and Hepburn (2016b).

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This policy brief first examines the context of the global agriculture and trade policy landscape. Secondly, it provides a succinct overview of seven negotiating areas identified in May 2018 by the chair of the special session of the WTO Committee on Agriculture, the negotiating body on farm trade issues, and explicitly identifies options for achieving progress in each one of these areas. The seven areas are: domestic support; public food stockholding; a "special safeguard mechanism" (SSM) for developing countries,[3] which would raise tariffs temporarily in the event of an import surge or price depression; export competition, including various measures considered analogous to export subsidies; export restrictions; market access; and cotton.[4] Thirdly, it examines negotiating proposals to date in each of these areas, including outstanding questions and possible options for resolving them. The final section offers some conclusions on paths forward for the WTO negotiations in the run-up to the WTO's twelfth ministerial conference in 2020.

2. The Global Agriculture and Trade Policy Landscape

Global frameworks for food and agriculture have evolved considerably in the post-war period, with intensive talks on how to update the multilateral rulebook taking place in recent years. Negotiators will need to ensure that efforts to achieve further progress build on what has taken place so far.

For much of the period since World War 2, agricultural trade has effectively been excluded from multilateral trade rules, initially as the sector was granted a series of waivers from commitments under the General Agreement on Tariffs and Trade (GATT), the forerunner of the WTO. During this period, high levels of border protection and trade-distorting support for agriculture became widespread in a number of high-income nations, including the United States, Canada, the European Community (later the EU), Japan, Norway, and Switzerland. During the 1986-94 Uruguay Round of the GATT, trade negotiators agreed to include agriculture under multilateral trade rules and to set limits on trade-distorting support and tariffs. They also agreed to convert non-tariff measures at the border into tariffs, in a process dubbed "tariffication" by trade officials.

Agricultural exporting countries in the Cairns Group, led by Australia but including a number of Latin American countries and also Canada, were instrumental in pushing for these new rules. A second group of countries, led by Egypt and known as the group of Net Food-Importing Developing Countries (NFIDCs), sought to minimise the potential impact of expected increases in food prices following liberalisation under the Uruguay Round. A third group of countries, known as the "Like Minded Group" and including India, Jamaica, and Zimbabwe, sought to guarantee "special and differential treatment" for developing countries during the talks. Trade tensions between the US and EU, both of whom were subsidising agriculture heavily during the 1980s, was also an important factor leading the negotiating outcome.

A provision in the WTO Agreement on Agriculture, which resulted from the Uruguay Round negotiations, committed members to the continuation of the reform process through further negotiations. Among other things, this recalls members' objective of a "fair and market oriented agricultural trading system." As provided for under this clause, negotiations began in 1999 with a view to building on the Uruguay Round outcome. Two years later, these talks were incorporated into the Doha Round of trade talks, a package of negotiations which were intended to be completed as a "single undertaking." In agriculture, talks aimed at "substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support." Trade ministers launching the talks also agreed that "special and differential treatment for developing countries shall be an "integral part" of all elements of the negotiations.

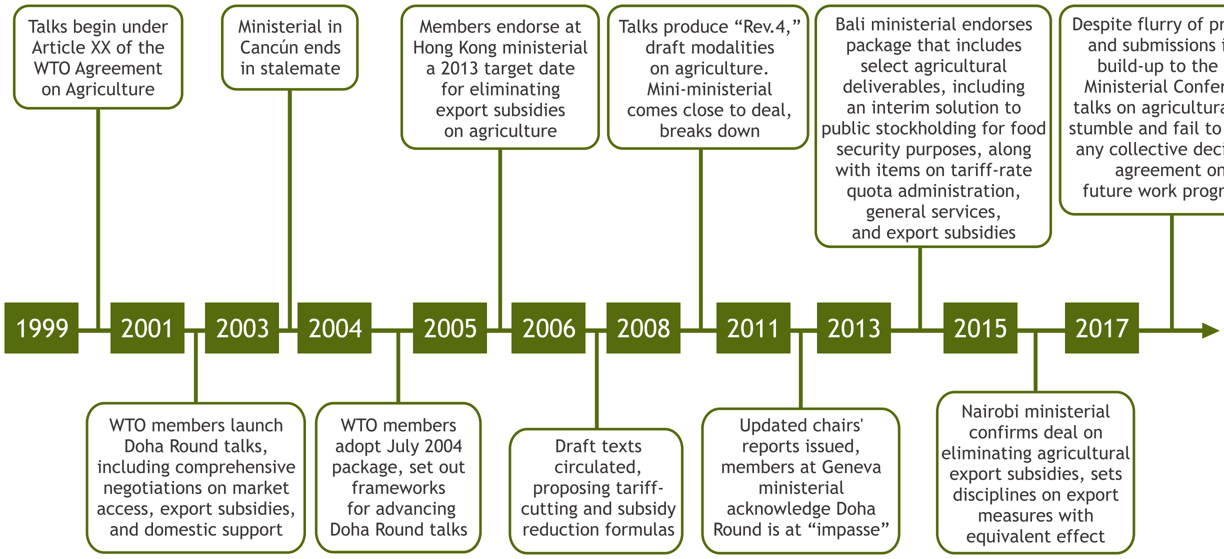
3 Countries can choose whether to designate themselves at the WTO as "developing" countries. In contrast, countries are recognised as least developed countries (LDCs) according to the criteria and methodology established by the United Nations.

4 Report by Ambassador J.R.D. (Deep) Ford to the WTO Committee on Agriculture in Special Session, JOB/AG/136, 24 May 2018.

Although the Doha talks were originally intended to lead to agreement on a framework for cuts in tariffs and subsidies—or "modalities"—by 2003, with talks concluded two years later, these and other deadlines were missed by negotiators. At the Cancún ministerial conference in 2003, a group of developing countries known as the G20 and including China, India, Brazil, and South Africa rejected a joint US-EU negotiating proposal which they argued was unacceptable. While the US and EU were among countries pushing for increased market access, especially in fast-growing markets such as China and India, many of their trading partners sought steep reductions in trade-distorting support as a precondition for cutting tariffs on farm goods. Meanwhile, the G33 group, including China, India, and Indonesia as well as numerous smaller countries in Africa and the Caribbean, sought increased flexibility for developing countries, both in the form of exemptions from average tariff cuts and through a new "special safeguard mechanism" that they would be able to use in the event of sudden import surges or price depressions. Japan, Switzerland, and other countries in the G10 group also sought to maintain flexibility to provide trade-distorting domestic support and high tariffs on farm goods.

Although Cancún ended with no consensus outcome, the Hong Kong conference in 2005 did see ministers agree to a joint declaration that provided the contours for further intensive talks around successive draft negotiating texts, leading up to a "mini-ministerial" conference in Geneva in July 2008. This however ended in stalemate when the US and "emerging" countries such as India and China were unable to agree on the extent to which a special safeguard mechanism should be allowed to breach pre-Doha tariff ceilings—alongside other critical questions such as cuts to tariffs on manufactured goods.[5]

Figure 1. Timeline of action on multilateral trade negotiations in agriculture



After recognising in 2011 that multilateral talks were at an "impasse," members began trying to fast-track progress on issues that were seen as "low-hanging fruit" in the negotiations. These efforts eventually led in 2013 to a trade facilitation agreement and a commitment not to challenge, under certain conditions, the compliance of developing countries' public food stockholding schemes under WTO farm subsidy rules. At the Nairobi ministerial two years later, members also agreed to eliminate agricultural export subsidies, while formally recognising that WTO members disagreed on whether to reaffirm the Doha negotiating mandates, and at the same time acknowledging the "strong commitment" of all members to advance negotiations on the remaining Doha issues—including agricultural domestic support, market access, and export competition.

5 Meanwhile, Cairns Group countries pushed for elimination of a separate safeguard, the Special Agricultural Safeguard (SSG) provided for under Article 5 of the WTO Agreement on Agriculture. Because this mechanism could only be used by countries that had undertaken certain commitments in the Uruguay Round, it was unavailable to many developing countries.

Table 1: Submissions on agriculture since the WTO's Nairobi ministerial conference in 2015

Date	Submitted by	Topic
General		
9 July 2018	G33	Reaffirming multilateralism and development
16 May 2018	15 Cairns Group members	The way forward
24 May 2018	US	Negotiations reset
17 May 2017	Cairns Group	Objectives for MC11
25 Apr 2017	G33	Reaffirming development
Domestic support		
11 July 2018	Canada, Argentina, Australia, Brazil, Guatemala, New Zealand, Paraguay, Peru, Uruguay	Domestic support
22 June 2018	China and India	Domestic support
29 Nov 2017	Russia	Domestic support
24 Nov 2017	Philippines	Domestic support
17 Nov 2017	Mexico	Domestic support
16 Oct 2017	New Zealand, Australia, Canada, Chile, Paraguay	Domestic support
5 Oct 2017	African, Caribbean and Pacific (ACP) group	Domestic support
18 July 2017	G10	Domestic support
17 July 2017	China and India	Domestic support
18 July 2017	Japan	Domestic support
17 July 2017	Brazil, EU, Colombia, Peru, Uruguay	Domestic support, PSH, cotton
10 May 2017	8 Cairns members	Domestic support
4 Jan 2017	LDCs	Domestic support
15 Nov 2016	ACP	Domestic support
11 Nov 2016	Argentina, Australia, Colombia, New Zealand, Paraguay, Uruguay, Vietnam	Domestic support
10 Nov 2016	Brazil, Argentina, Chile, Colombia, Paraguay, Peru, Uruguay	Domestic support
12 July 2016	Australia, Chile, Colombia, New Zealand	Domestic support
17 June 2016	Brazil, Argentina, Colombia, Paraguay	Domestic support
28 April 2016	15 Cairns Group countries	Domestic support
Public stockholding (PSH)		
20 Nov 2017	Norway and Singapore	PSH
30 Oct 2017	Russia and Paraguay	PSH
18 July 2017	G33	PSH
24 May 2017	G33	PSH
Market access		
13 July 2018	Paraguay and Uruguay	Market access alternatives
30 Oct 2017	Tunisia	Tariff simplification
24 May 2017	Paraguay and Peru	Market access
15 Nov 2016	Uruguay, Argentina, Australia, Colombia, Costa Rica, New Zealand, Paraguay	Market access
15 Nov 2016	Paraguay, Argentina, Australia, Colombia, Uruguay, Vietnam	Tariff overhang
13 July 2016	Paraguay	Market access
Safeguards		
29 Nov 2017	Philippines	Special safeguard mechanism (SSM)
12 Sept 2017	Russia	SSM
14 Sept 2017	G33	SSM
19 July 2017	G33	SSM
24 May 2017	G33	Price volatility / SSM
24 May 2017	G33	SSM
29 May 2017	Russia	Special agricultural safeguard (SSG)
11 Nov 2016	Paraguay, Argentina, Australia, Colombia, New Zealand, Pakistan, Uruguay, Vietnam	SSG
20 July 2016	G33	SSG
Cotton		
6 Oct 2017	C4 (Benin, Burkina Faso, Chad, and Mali)	Cotton
Export restrictions		
17 July 2017	Singapore	Export restrictions
26 May 2017	Singapore	Export restrictions
13 July 2016	Singapore	Export restrictions
Export competition		
4 May 2016	Canada	Export financing

Note: The table is intended to highlight the most relevant negotiating proposals and submissions, rather than representing a comprehensive overview of all such communications. In particular, a number of informal submissions were put forward by countries during or immediately before the Buenos Aires ministerial, which may not be reflected in this summary.
Source: Compiled by ICTSD.

Since then, dozens of new negotiating proposals and submissions have been tabled, especially in the area of domestic support, but without leading to any consensus outcome or agreed roadmap for future talks at the Buenos Aires ministerial conference in 2017.

Achieving progress in the agriculture negotiations will require WTO members to take account of the options that have been put forward to date and the history of talks in this area, while also adopting creative solutions to the changing policy environment, including new and emerging challenges such as climate change.

3. Avenues for Future Multilateral Progress

This section introduces the seven negotiating topics identified by the chair of the WTO agriculture talks, examines the state of play in the negotiations, and explicitly identifies potential options for achieving progress in each of these areas.

In his May 2018 report to WTO members, Ambassador Ford indicated that the seven major areas he identified for further work had emerged from his consultations as priorities for countries, although not all of them attached the same level of importance to all issues. Furthermore, some countries considered it desirable to establish linkages between different topics on the negotiating agenda, which in many cases were opposed by other countries. This section examines each negotiating topic and the state of play in WTO talks, before a more in-depth discussion of key questions, options, and approaches. In doing so, it draws upon the numerous negotiating proposals and submissions tabled at the WTO over the last two years (see Table 1), as well as those submitted previously at the global trade body. Drawing on ICTSD work, it seeks explicitly to identify options for achieving progress.

Domestic support

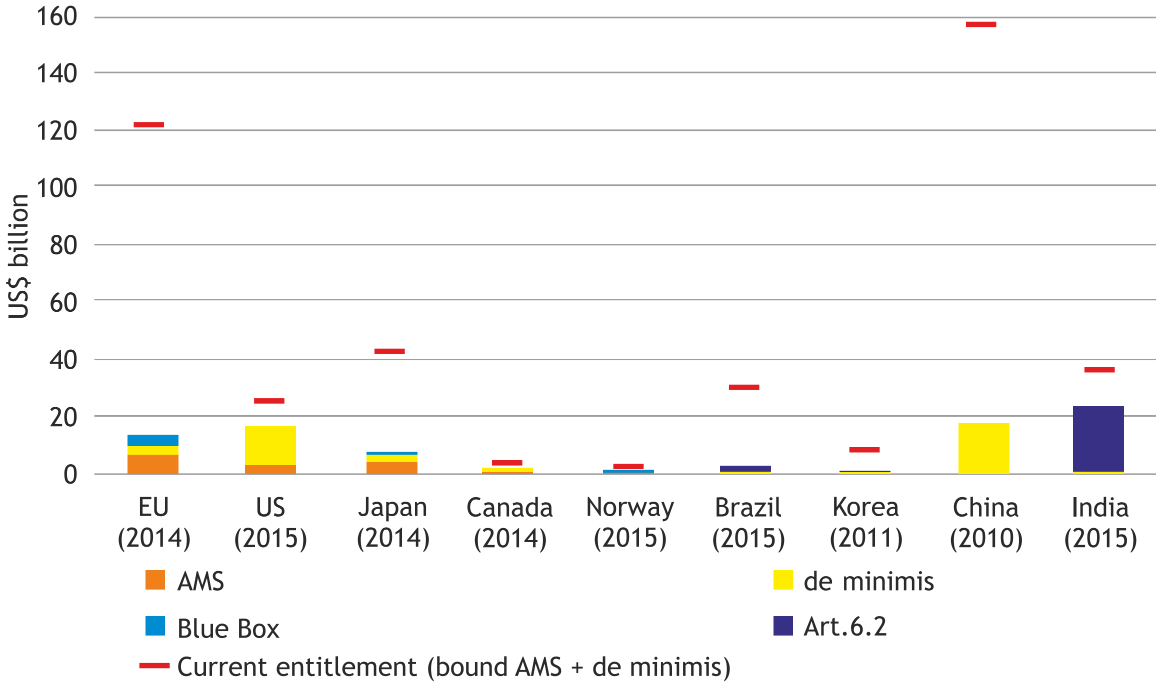
Addressing different ideas of what would constitute a fair and reasonable outcome of negotiations on agricultural domestic support remains particularly important to unblocking progress in the talks. Countries vary significantly in the types of support they provide their farmers, their objectives for doing so, and the distortionary impact of the policies they have implemented. The extent to which they are constrained by existing WTO rules and the degree to which they affect global markets also varies significantly (Figure 2).

Currently, article 6 of the WTO Agreement on Agriculture allows countries to provide highly trade-distorting domestic support so long as it does not exceed a previously agreed ("bound") limit. For many countries that have historically provided this kind of support, the limit is the ceiling on their "Aggregate Measure of Support" (AMS)—including support that is conditional on agricultural outputs and inputs, or market price support. These types of payments are dubbed "amber box" by trade officials.

However, all countries are allowed to provide this type of trade-distorting support up to a minimum threshold, known as "*de minimis*" at the global trade body. For developed countries, this is defined as five percent of the value of production for product-specific support, and another five percent of the value of production for non-product-specific support. Most developing countries are allowed to provide twice as much *de minimis* support as developed countries—China however accepted a lower threshold of 8.5 percent for both product-specific and non-product specific support during its negotiations to become a member of the WTO.

A few countries, such as the EU and Japan, provide production-limiting payments, known as blue box payments, which are allowed without limits at the WTO. Meanwhile, developing countries are allowed to provide input and investment subsidies for low-income and resource-poor producers under article 6.2 of the Agreement on Agriculture, also without limit. Not shown in Figure 2 is green box support, which is required to be no more than minimally trade-distorting under WTO rules: this covers general services payments, such as research and extension services; domestic food aid; and various direct payments to producers, including those made under environmental programmes.

Figure 2. Domestic agriculture notifications relative to current entitlements



Note: AMS refers to aggregate measure of support.
Source: ICTSD calculations based on WTO notifications

In negotiations, WTO members have discussed whether to cap overall trade-distorting support, and if so, how to define new limits in this area (see Table 2). Furthermore, some countries have also suggested that tighter disciplines are needed to prevent subsidies from being concentrated on a small number of products. According to recent ICTSD analysis, Korea, the EU, the US, and Japan are among WTO members concentrating support on products such as rice, dairy, maize, wheat, pork, and beef (ICTSD 2017b). Distortions affecting specific farm goods may have a particular impact on least developed countries (LDCs), for example in export markets such as cotton, sugar, and certain fruit, vegetables and nuts; in food staples such as rice, maize, and other coarse grains; and in import-competing sectors such as poultry (ICTSD 2017a). Options for addressing the concentration of support could include capping product-specific support as a fixed monetary value; setting a floating limit (e.g. as a share of the value of production); and phasing in cuts to maximum permitted support levels over an agreed period of time. By prioritising action on trade distortions that adversely affect LDCs, and in particular on support affecting products of importance to this group of countries, WTO members could ensure that progress in this area contributes to broader sustainable development objectives.

Public stockholding

A number of developing countries continue to seek negotiated outcomes on how current WTO farm subsidy rules affect their ability to procure food for public stocks, with the G33 coalition arguing for greater flexibility in this area. WTO members have agreed to pursue a “permanent solution” to the problems that countries say they face, following an initial agreement at the Bali ministerial conference in 2013 to refrain from initiating trade disputes in this area on condition that countries provide more detailed information about their programmes and respect a number of other criteria. However, some developing and developed countries have also argued that any long-term agreement should not allow procurement for public food stockholding programmes to distort trade or to undermine food security in other countries. While the G33 has favoured exempting domestic support for public stockholding programmes from any WTO ceiling, exporting countries have tabled several proposals based on the Bali outcome but with modifications to: programme coverage; beneficiary countries; linkages to the share of farm output, level of applied tariffs, or export share of the goods concerned; reporting and notification requirements; and anti-circumvention and safeguard requirements.

ICTSD (2016) analysis suggests that procurement prices for wheat and rice largely tracked international market prices up to 2012, thus limiting their potential trade-distorting effects. It also shows that countries vary considerably in how they procure, hold, and release stocks. This study found that about half of the countries examined import a significant amount of their stocks, especially African countries. However, as world prices have fallen since their peaks in 2011, high administered prices may potentially create distortions and push prices even lower.

With self-consumption by small farmers representing a significant share of farm production in many countries, the methodology for determining market price support at the WTO might need to be revisited (Montemayor 2014).[6] However, if countries are unwilling to engage on a more far-reaching reassessment of how agricultural domestic support is calculated, they may need to pursue pragmatic solutions to the challenges that have been identified in this area—such as not requiring procurement to count towards WTO ceilings when administered prices fall below international market prices, or by discounting procurement that represents only a small share of national farm output. More transparent data on how public stockholding schemes function could also help other countries better understand how these programmes work and assess their practical impacts. Josling (2014) suggests fast-tracking Annex M from the draft Doha texts that were tabled in 2008 as one option for achieving progress in this area.

Market access

Market access barriers have declined since the launch of the Doha Round in 2001. Countries' applied most favoured nation (MFN) tariffs at the WTO have fallen from an average of 24.6 percent in 2001 to 18.7 percent in 2010 (Bureau and Jean 2013).[7] Meanwhile, applied duties (including preferential tariffs) have dropped from 15.8 to 13.8 percent. Tariff cuts have been particularly steep in developing countries: in this group of countries the maximum permitted tariffs fell from 31.1 to 23.2 percent over the same period, while applied preferential tariffs fell to 19.8 percent.

However, those averages disguise the persistence of unusually high "tariff peaks" in a small number of tariff lines, as well as "tariff escalation," or the imposition of progressively higher tariff rates on value-added products. For example, Japan's maximum applied MFN tariff on dairy products is set at 558%, while in the US the maximum applied MFN tariff in the beverages and tobacco product group is as high as 350%.[8] The proliferation of preferential trade deals in recent years reflects the emphasis that many countries have placed on pursuing market access goals through bilateral and regional negotiations.[9] Nonetheless, although there is evidence to suggest that the impact of preferential trade agreements is growing, unilateral liberalisation appears to have also been an important factor behind the evolution of policy frameworks governing agricultural markets. Bureau et al. (2017) find that regional trade agreements contributed just 0.5 percentage points to the 6.5 percentage point changes in global applied tariff protection in agriculture between 2001 and 2013, although their importance has increased since 2010.[10]

A number of proposals have been tabled since 2015, with Paraguay and Peru tabling a proposal in May 2017 to simplify and then reduce market access barriers in a two-step process. This would see

6 Annex 3, paragraph 8 of the Agreement on Agriculture requires this to be calculated using the gap between a fixed external reference price and the applied administered price: this is then multiplied by the quantity of production eligible to receive the applied administered price.

7 The MFN applied rate is the tariff that is actually applied to all countries trading under the WTO's most favoured nation principle, i.e. all WTO members who do not benefit from preferential market access rates under bilateral or regional trade deals.

8 WTO tariff profiles, https://www.wto.org/english/res_e/reser_e/tariff_profiles_e.htm.

9 Recent agreements and ongoing negotiations include the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Regional Comprehensive Economic Partnership (RCEP), renegotiation of the North American Free Trade Agreement (NAFTA), and bilateral and regional deals such as EU-Japan, EU-Mercosur, EU-Canada, EU-New Zealand, EU-Australia, and Australia-China.

10 The authors conclude that unilateral tariff cuts have been relatively more significant, although they note that these may take place for a variety of different types of reasons.

countries firstly convert complex tariffs into simple *ad valorem* tariffs, expressed as a percentage of product value rather than per unit of volume or weight. They would then take steps to reduce tariff peaks, tariff escalation and lower bound in-quota tariffs, as well as establishing a formula for further tariff reduction—all of which would be subject to negotiations among WTO members. A July 2018 negotiating submission from Paraguay and Uruguay identifies several outstanding issues in the market access area, and presents questions that members would need to address. Similarly, a submission by the United States circulated in the same month examined “tariff implementation issues,” reviewing data on tariffs (such as high and complex tariffs), and related market access issues such as tariff rate quotas, the special agricultural safeguard (SSG), and preferential and free trade agreements.

Achieving progress in this area of the talks could conceivably explore options for building on market access commitments that countries have made in the context of preferential trade deals, and examining whether these could form the basis of further commitments at the multilateral level, perhaps in the context of a broader package of measures. Conceivably, these could take the form of temporary, time-bound commitments in line with the “confidence-building measures” or CBMs proposed by Crawford Falconer, former chair of the WTO agriculture negotiations, in his ICTSD (2015) paper.

Special safeguard mechanism

A number of developing countries have argued in favour of establishing a special safeguard mechanism (SSM), which developing countries alone would be able to use to protect domestic producers from a sudden surge in import volumes or fall in prices. The safeguard would enable countries to apply a temporary increase in tariffs, on top of the existing bound rate. Meanwhile, agricultural exporting countries have argued that any such mechanism should be part of a broader package to open markets for food and agricultural goods. Analysis by Morrison and Mermigkas (2014) identifies a drop in the incidence of volume surges and a significant decline in the incidence of price depressions (to zero in most commodity groups for 2004–11) although the authors also note these trends do not reflect a decline in overall import volumes over the period they analysed.

As a consequence of the negotiating dynamic in this area, talks on a new SSM have been affected by a lack of engagement, with successive proposals being tabled by the G33, but no recent proposals by agricultural exporting countries. The slow progress is a matter of concern from a sustainable development perspective, as climate change is expected to increase both the frequency and intensity of extreme weather events, and associated volatility on markets for food and farm goods. Small-scale farmers in developing countries are among those most at risk in this new environment (Montemayor 2018).

Clarifying views on the objectives of a new SSM could help WTO members to achieve progress in this area by contributing to moving the debate forward. If the instrument is intended to help producers cope with adjustment to trade liberalisation, it may make sense to include a volume safeguard, and allow countries to apply temporary safeguard duties to non-subsidising countries. Conversely, if the aim is to establish a countervailing mechanism, it would be important to ensure the SSM was not limited by existing ceilings on tariffs at the WTO, and to ensure that preferential trade is also covered by the new mechanism.[11] Finally, if the goal is to provide countries with additional tools to address price volatility, it would be important to ensure that existing tariff ceilings could be exceeded, that safeguards could be applied to non-subsidising countries, and that preferential trade is also covered.

11 Simulations and analysis by Montemayor (2010) for ICTSD found that limiting safeguard duties to pre-Doha bindings had a significant effect in reducing the effectiveness of a proposed new SSM, by reducing to less than 2 percent its effectiveness in narrowing price gaps between the domestic and international price.

Export competition

At the WTO's Nairobi ministerial conference in 2015, members agreed to a standstill and phase-out of agricultural export subsidies, which can be seen as consolidating policy reforms that have been introduced by major economies in recent years. Although the EU alone provided over €10 billion annually in the early 1990s, this support has fallen close to zero more recently. In the absence of a deal, countries would in principle have been able to raise export subsidies to $11.5 billion, pushing down prices for global farm goods, discouraging investment, and lowering the wages of unskilled rural workers (Díaz-Bonilla and Hepburn 2016a).

The Nairobi deal also included language on export credits, credit guarantees, and insurance, which was noticeably less constraining than the rules proposed under earlier draft texts submitted as part of the Doha Round of trade negotiations. The agreement nonetheless had the effect of "locking in" the prevailing practice in the US of providing 18-month maximum repayment periods for export financing, preventing future backsliding.

On international food aid, the Nairobi deal established new rules which sought to ensure emergency aid is available, but does not function as a disguised export subsidy. These could help ensure governments maintain more effective food aid practices despite falling prices.

The Nairobi outcome included the least specificity in the area of exporting agricultural state trading enterprises, where governments agreed to generic language requiring countries not to use these bodies to circumvent export subsidy disciplines. Prior to the Buenos Aires ministerial, Canada, Chile, and Switzerland submitted a proposal that would have countries continue talks in this area.

Regarding export competition, WTO members could ensure that ongoing talks contribute to achieving further progress by reviewing areas which were only partially addressed by the Nairobi outcome, and then establishing a roadmap with a timetable for addressing outstanding issues. This would need to be complementary to parallel efforts to implement Nairobi commitments, including through the submission of amended schedules of commitments at the WTO (Bardoneschi 2017).

Export restrictions

The food price spikes of 2007–08 and 2011–12 renewed attention to the challenges faced by net food-importing developing countries and other low-income countries in procuring food on global markets during episodes of unusually high and volatile prices. The imposition of export prohibitions, restrictions, and similar measures in large food-exporting countries were among the factors considered to have exacerbated the impact of these price spikes, with measures affecting rice being particularly significant in 2007 –08, and those affecting wheat and grains being important in 2011–12.

Anania (2013) considers the implications for food security of various types of export prohibitions and restrictions, looking at how these affect both domestic and international markets, and identifies a spectrum of possible options that countries could pursue to address food security concerns in this area. These range, at one extreme, from limited action to ensure that export restrictions were not applied to the procurement of humanitarian food aid, through to, at the other, full symmetry for import and export restrictions under WTO rules. Other options examined by Anania include efforts to clarify and agree on an interpretation of ambiguous terms related to export restrictions in WTO agreements; examine ways to limit the impact of export restrictions on food security (rather than negotiating new disciplines); modifying WTO rules to ensure that NFIDCs and LDCs were exempt from any export restrictions imposed; and establishing stricter disciplines for both export restrictions and export taxes at the global trade body.

In 2016 and 2017, Singapore advanced proposals for increased transparency on agricultural export restrictions, following separate earlier negotiating submissions tabled by the group of net food importing developing countries in April 2011, and by the LDCs in November 2015 (ICTSD 2011; ICTSD 2015b). The latter two proposals would have had the effect of exempting these country groups from export restrictions imposed by other WTO members.

Achieving progress could involve establishing a roadmap for future work, as well as taking steps to agree on "low-hanging fruit" on ensuring that export restrictions are not imposed on humanitarian food aid purchases and improved transparency.

Cotton

Cotton has long been seen as a key development issue at the WTO, not least because of the disproportionate significance of cotton exports to a number of African economies, and in particular to the West African C4 group (Benin, Burkina Faso, Chad, and Mali). At the WTO's Hong Kong Ministerial Conference in 2005, Members reaffirmed their commitment to "an explicit decision on cotton within the agriculture negotiations and through the Sub-Committee on Cotton ambitiously, expeditiously and specifically," with outcomes on export subsidies, market access, and domestic support. Subsequently, US domestic support programmes for cotton were partially reformed in the 2014 Farm Bill following a successful Brazilian legal challenge at the WTO. Washington has also argued that any progress on cotton programmes should be part of broader talks on agricultural trade and should involve other major economies such as China.

While an agreement on cotton formed part of the 2015 Nairobi ministerial package, this included only weak commitments on improving market access for LDCs, by stipulating that duty-free, quota-free access for these countries need not go beyond existing preferential schemes. The package did not include any binding outcome on domestic support for cotton, although it did commit developed countries immediately to end cotton export subsidies and developing countries to phase these measures out by the beginning of 2017.

In order to achieve progress, negotiators could pursue a self-standing outcome on trade-distorting support for cotton as a priority deliverable, building on other efforts to fast-track talks on support measures that have disproportionate adverse effects on LDCs (as discussed above; see also ICTSD 2017a). Budgetary projections and baselines for spending on cotton programmes, such as those produced for domestic purposes by the US Congressional Budgetary Office, could help inform talks by providing a policy-relevant reference point for negotiators. Recent farm policy reforms in major economies such as China could also help galvanise progress.[12]

4. Outstanding Negotiating Questions, Options, and Approaches

This section examines the key questions and issues to be resolved to date in each of the negotiating areas, as well as identifying options or approaches that could allow negotiators to move forward in the talks.

Arguably, not all negotiating issues are at a similar level of maturity. In some areas, major economies may be reluctant to pursue negotiations, whereas in others countries may be making linkages to other topics which their trading partners deem unacceptable. Notwithstanding these considerations, Table 2 attempts to summarise in greatly simplified form some of the key outstanding issues, options, and possible alternative approaches in the seven major areas identified by the chair of the WTO agriculture negotiations, drawing on the proposals and submissions tabled to date. It is intended to provide an overview of the issues under discussion rather than an exhaustive or comprehensive representation of all of the alternatives presented in the talks so far.

12 Yu (2017) discusses how China's recent farm policy reforms for cotton and grains could affect trade and markets.

Table 2: Outline of key questions, options, and approaches

Key questions	Issues to be resolved	Options or approaches
Domestic support		
1. What type of support should be disciplined?	Types of support to be exempt from any cap or cuts, e.g. due to their importance in delivering public goods, or their relevance for low-income, resource-poor producers. Groups of countries to be exempt from certain types of reduction commitments.	A. Use some or all existing categories, e.g. AMS, *de minimis*, blue box, art. 6.2, green box. B. Establish an overall cap on the most trade-distorting support. C. Eliminate AMS entitlements D. A combination of elements of the above.
2. How should support that is disciplined be treated?	Level at which support should be capped. Percentage by which ceilings on support should be cut, and time period for doing so. Whether support provided to products by major exporters should be subject to more rigorous requirements, and if so how these might be defined.	A. Cap support as a fixed monetary value. B. Cap support as a floating limit, e.g. tied to value of production. C. Phase in cuts to maximum permitted support levels over an agreed period of time.
3. How can members address the concentration of support on specific products?	How countries might balance requirements under an overall cap with disciplines on product-specific support. How WTO members can establish more rigorous requirements on trade-distorting support on products of importance to LDCs.	A. Set a product-specific ceiling, either as a fixed limit or as a share of the value of production. B. Set a product-specific ceiling as a share of total trade-distorting support provided. C. Set a product-specific ceiling as a percentage of total trade-distorting support allowed under a new cap.
Public stockholding		
1. What type of permanent solution should countries pursue?	How an agreement in this area can provide adequate legal certainty to WTO members. How countries can ensure that the permanent solution does not undermine the integrity of WTO disciplines on agricultural domestic support. Extent to which a permanent solution could be based on the Bali outcome.	A. Exemption of support provided under public stockholding programmes from WTO farm subsidy rules. B. Agreement not to use the WTO dispute settlement process to challenge compliance of support provided under public stockholding programmes.
2. What type of support should be covered by the permanent solution?	Whether special provision should be made: for LDCs or other country groups; when administered prices are below international market prices; when only small quantities are procured; when subsistence production represents a part of the volume of "eligible production". How a permanent solution can make provision for new programmes.	A. All support provided under public stockholding programmes. B. Support made available for certain products, under certain programmes, by certain groups of countries or characterised by its significance, e.g. as a share of the value of production.
3. What types of additional requirements ought to be respected by countries that provide this support?	Whether beneficiary countries should have to inform the WTO they have breached or risk breaching domestic support ceilings. Whether countries need to provide advance notification of support programmes.	A. Notification and transparency requirements. B. Anti-circumvention and safeguard requirements. C. Consultation requirements.
Market access		
1. How can patterns of tariff protection be addressed?	Percentage of cuts which should be applied to different levels of tariffs, and implementation period for doing so. Products or country groups which might be subject to exemptions or gentler commitments.	A. Simplify complex tariffs so they are expressed as *ad valorem* equivalents. B. Set a tariff cutting formula which cuts all tariffs equally. C. Impose steeper tariff cuts on higher tariffs using a tiered formula. D. Set a tariff ceiling to limit tariff peaks. E. Set a formula that prevents progressively higher tariffs being applied to value-added products (tariff escalation).
2. How should market access barriers in the form of quotas be addressed?	Percentage by which quotas should be expanded. Level to which in-quota tariffs should be reduced.	A. Existing TRQs are expanded. B. In-quota tariff rates are lowered.
3. What provisions should be made for the use of the Special Agricultural Safeguard (SSG)?	SSG product coverage and remedies that can be applied during the implementation period if the SSG is to be phased out.	A. Maintain the SSG as at present. B. Eliminate the SSG immediately. C. Phase out the SSG over an agreed period.
Special safeguard mechanism		
1. What constitutes an import surge or price depression?	How "normal trade growth" can be preserved. Whether preferential trade should be included in calculation of the import surge or price depression. Whether safeguards should be conditional on co-existence of a volume surge and price depression.	A. Extent to which price depressions or import surges exceed average levels. B. Duration of reference period used to determine average import price or volume levels.

Table 2. *Continued*

Key questions	Issues to be resolved	Options or approaches
2. What type of remedies can countries apply?	Nature of the relationship between price and volume safeguards. How safeguard modalities can address the seasonality of production in different world regions. Whether non-subsiding countries should be affected by safeguard remedies.	A. Allow safeguard duties to exceed existing tariff ceilings (or not). B. Establish relationship between maximum permitted safeguard duties and bound tariff rates (or not). C. Duration of time before safeguard can be reapplied after initial use.
Export competition		
1. How can the trade-distorting effects of export credits, export guarantees and insurance be minimised?	Extent to which developing countries might benefit from extended repayment terms Extent to which developing countries might benefit from a longer implementation period.	A. Shorten maximum repayment terms to 180 days for developed countries. B. Maintain existing maximum repayment terms.
2. How can international food aid be provided without functioning as a disguised export subsidy?	How disciplines on monetisation can be effectively monitored.	A. End option for countries to "monetise" food aid (sell in-kind aid to raise funds). B. Subject monetisation to more rigorous disciplines.
3. How can the trade-distorting effects of agricultural exporting state trading enterprises (STEs) be minimised?	What exemptions from general disciplines might be considered for products representing a small share of global trade.	A. Extent to which governments can grant agricultural exporting STEs with monopoly powers. B. Extent to which governments can provide STEs with financing at below-market rates or underwrite losses C. Transparency requirements.
Export restrictions		
1. Could amendments to notification and consultation requirements improve transparency?	How much advance notification should be required (e.g. 30 or 90 days). Whether provisions can incentivise compliance with notification requirements.	A. Provide advance notification of measures. B. Consult with other countries concerned. C. Report on measures and consultations to the WTO committee on agriculture.
2. Could humanitarian food aid be exempted from the imposition of export prohibitions, restrictions and export taxes?	The legal form that such a commitment might take.	A. Export restrictions would not be imposed on foodstuffs purchased for non-commercial humanitarian purposes by the World Food Programme. B. A similar provision would also apply to the imposition of extraordinary taxes on exports of foodstuffs. C. Countries would agree not to impose such measures in the future.
3. Could ambiguous terms in existing GATT and WTO agreements be clarified through mutual agreement?	How different legal forms of such a clarification might be considered under the WTO dispute settlement process.	A. Clarify terms in GATT art. XI:2a, e.g. "temporarily," "prevent," "relieve," "critical shortage," and "essential," in a decision taken by ministerial conference or General Council. B. Clarify meaning of terms through an interpretative statement agreed by the WTO committee on agriculture.
4. Could disciplines on export prohibitions, restrictions and export taxes be agreed?	What implementation period would apply. How countries might address diversion of foodstuff exports through third countries.	A. Food export prohibitions or restrictions imposed by non-NFIDCs (net food importing developing countries) would not apply to their exports to NFIDCs or LDCs. B. Food export prohibitions or restrictions imposed by non-LDCs would not apply to their food exports to LDCs, if the exporting member is a net exporter of the product concerned.
Cotton		
1. How can trade-distorting support for cotton be eliminated?	Types of trade-distorting support which should count towards the overall limit Level at which support should be capped. Percentage by which ceilings on support should be cut. What provisions should be made for support provided by developed and by developing countries. Base from which support levels should be reduced. Length of period over which cuts should be implemented.	A. Set a fixed cap on all trade-distorting domestic support to cotton, as a numerical limit. B. Set a cap defined as a percentage of the value of production. C. Set a cap on cotton support defined as a share of all product-specific support. D. Set a cap on transfers to cotton producers as a percentage of gross agricultural revenue. E. Establish a tiered formula providing for steeper cuts to support provided in countries with higher support ceilings.
2. How can market access barriers on cotton be reduced?	Duration over which duty-free, quota-free market access should be provided for LDC cotton exports.	A. Duty-free, quota-free market access is provided to LDCs immediately for cotton exports. B. Countries phase in duty-free, quota-free market access to LDCs for cotton exports.

5. Achieving Progress Ahead of the 12Th Ministerial Conference

In its most recent negotiating submission, the US has called for a "reset" of agriculture negotiations, including a renewed focus on market access. It is clear that there may be some value for WTO members in taking a step back and reflecting on what has worked and what has not worked in the talks to date. At the same time, it is also clear that WTO members have conducted a huge amount of work in recent years, including at a technical level in the talks, and that negotiators now have an important opportunity to capitalise on this in the run-up to the twelfth ministerial conference by identifying a road-map to guide and structure the talks, including deadlines and staging posts that members can use on their journey.

In doing so, it will be important for trade officials not to lose sight of the road that has been travelled so far, nor of the challenges that lie ahead. In particular, climate change is likely to have significant and far-reaching effects on markets for food and agriculture, with economic actors in low-income countries particularly vulnerable in this respect. Achieving progress towards the Sustainable Development Goals, and in particular SDG 2, will require trade officials and policymakers to begin thinking differently about the role of trade in achieving public policy objectives as they embark on the road ahead.

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WTO: Paths Forward

WTO: Paths Forward is an ICTSD initiative that builds on the outcomes of the Eleventh Ministerial Conference in December 2017. The cycle of publications and events will provide a platform for discussion and analysis on possible options for WTO-based processes going forward and into the Twelfth Ministerial Conference in 2020. The issues selected for the initial series of policy briefs are agriculture, development, disciplines on domestic regulations in services, e-commerce, fisheries subsidies, fossil fuel subsidies, and investment facilitation.

Lead authors in the production of policy briefs under the WTO: Paths Forward initiative are Björn Dupong, Judith Fessehaie, Jonathan Hepburn, Rashmi Jose, Felipe Sandoval, and Alice Tipping. Editorial contributors are Christophe Bellmann, Andrew Crosby, Ingrid Sidenvall Jegou, and Ricardo Meléndez-Ortiz. Oleg Smerdov is responsible for layout and Colette Holden for proofing. Series Senior Editor and Production Manager is Fabrice Lehmann; overall Direction by Ricardo Meléndez-Ortiz.

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The International Centre for Trade and Sustainable Development (ICTSD) is an independent think-and-do-tank, engaged in the provision of information, research and analysis, and policy and multistakeholder dialogue, as a not-for-profit organisation based in Geneva, Switzerland; with offices in Beijing and Brussels, and global operations. Established in 1996, ICTSD's mission is to ensure that trade and investment policy and frameworks advance sustainable development in the global economy.

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