

**STATE OF PLAY IN AGRICULTURE NEGOTIATIONS:
COUNTRY GROUPINGS' POSITIONS
(EXPORT COMPETITION PILLAR)**

SYNOPSIS

This note provides an overview of the position of various countries and group of countries active in the WTO agriculture negotiations with respect to critical issues discussed in the export competition pillar. Similar information on the domestic support and export competition pillars and on the cotton initiative is available in Analytical Notes N° SC/AN/TDP/AG/4-1, SC/AN/TDP/AG/4-2 and SC/AN/TDP/AG/4-4 respectively.

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EXPORT COMPETITION PILLAR

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INTRODUCTION

1. The WTO agriculture negotiations are organised around the three pillars, mainly market access, domestic support and export competition. This note describes the position of various countries and group of countries active in the WTO agriculture negotiations with respect to critical issues discussed in the export competition pillar.

2. The note provides an overview of the position of the following countries and groupings: United States, European Communities, G10, G20, Cairns Group, G-33, Least Developed Countries (LDCs), the African Group and the African, Caribbean and Pacific Group of States (ACP). Annex 1 contains a list of the countries participating in each of these groupings. A glossary is included in Annex 2, which offers a definition of various concepts and terms used throughout the note.

3. Similar information on the market access pillar, on the domestic support pillar and on the cotton initiative (sponsored by a group of African countries) is available in Analytical Notes N° SC/AN/TDP/AG/4-2, SC/AN/TDP/AG/4-3 and SC/AN/TDP/AG/4-4 respectively.

Critical Negotiation Issue:	TIMEFRAME FOR THE ELIMINATION OF EXPORT SUBSIDIES			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<p>- Defensive interest to the extent that commitments on the elimination of the export subsidies is linked to programmes extensively used by the US such as export credits and certain food aid transactions.</p>	<p>-Defensive interest</p> <p>- Has proposed several conditions for the elimination of export subsidies:</p> <p>i) parallelism within the export competition pillar (parallel reduction on subsidies, export credits, food aid, and STEs);</p> <p>ii) that its concerns on domestic support, market access and non-trade concerns are fully taken in account; and that ambitious liberalisation outcomes are achieved in other areas such as Services and NAMA.</p>	<p>- Defensive interest;</p> <p>- Has put forth several conditions for the elimination of export subsidies:</p> <p>i) parallelism within the export competition pillar (parallel reduction on subsidies, export credits, food aid, and STEs);</p> <p>ii) that its concerns on domestic support, market access and non-trade concerns are fully taken in account; and that ambitious liberalisation outcomes are achieved in other areas such as Services and NAMA.</p> <p>- Indicated that the end date for the elimination of all forms of export subsidies will be confirmed only upon completion of disciplines on all export measures with equivalent effects with a view to their parallel phasing out</p>	<p>- Offensive interest;</p> <p>- The group insists on the frontloading of commitments. They suggested the following steps for the implementation period:</p> <ul style="list-style-type: none"> - At least 50 per cent in the first year; - An additional 30 per cent to be progressively implemented by the middle of the implementation period; and - The remaining portion to be progressively implemented by the end of 2013 <p>- Has called for an immediate standstill on all forms of export subsidies</p>	<p>- Offensive interest (would like export subsidies to be eliminated in the shortest timeframe possible)</p>

			<p>- developing country Members should benefit from longer implementation period will continue to benefit from the provisions of Article 9.4 of the Agreement on Agriculture for five years after the end-date for the elimination of all forms of export subsidies</p>
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Critical Negotiation Issue:	TIMEFRAME FOR THE ELIMINATION OF EXPORT SUBSIDIES		
Country Groupings:			
G-33	LDCs	African Group	ACP
<p>- The group does not have a common position on this issue ;</p> <p>- Some countries concerned with the effect of eliminating export subsidies on their capacity to import food.</p>	<p>- Supports setting a short timeframe for the elimination of all export subsidies, but taking into account SDT provisions;</p> <p>- Some countries concerned with the effect of eliminating export subsidies on their capacity to import food;</p> <p>- Calls for full implementation of the Marrakesh Decision on NFIDCs and LDCs</p>	<p>- Supports the phasing of the elimination of export subsidies with but with special consideration for LDCs and NIFDCs</p> <p>- Favours a longer implementation period for developing countries, as per the July Framework.</p> <p>-Favours strict disciplines on both volume and value.</p> <p>- Calls for immediate implementation of the Marrakesh Decision on NFIDCs and LDCs, in</p>	<p>- Would like a commitment to phase out all forms of export subsidisation by 2013, both in value and volume commitments.</p> <p>- Likely to support longer timeframe for elimination of export subsidies in products where long-standing preferences are granted;</p> <p>- Commitments on the elimination of export credits should be accompanied by flanking measures for NFIDCs and LDCs.</p>

		accordance with para. 4 of that decision, as it is long overdue.	
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Critical Negotiation Issue:	DISCIPLINES ON EXPORT CREDITS AND RELATED PROGRAMMES			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<ul style="list-style-type: none"> - Defensive interest as the main provider of export credits and similar programmes; - Government programmes to be aligned with commercial terms to prevent export subsidies; - Insists on providing special provisions in favour of developing countries that are beneficiaries of these programmes. Such flexibilities constitute a means to relax disciplines on providers of export credit and similar programmes 	<ul style="list-style-type: none"> - Offensive interest; - Main objective is to pressure the US to adopt stricter disciplines on this issue; - Programmes of repayment period beyond 180 days to be eliminated as per the July framework; - Short-term self financing principle to be established as the core rule for the remaining programme; officially supported credit agencies should be able to demonstrate (on an annual basis) the premiums charged ensure self-financing; 	<ul style="list-style-type: none"> - Not particularly concerned with this issue; - Likely to support the development of strong disciplines to pressure the US. 	<ul style="list-style-type: none"> - Offensive interest. Would like to develop strict disciplines so that export credits and similar programmes are not used in a way that displaces third country commercial exports or promotes surplus disposal; - Disciplines will have to identify and eliminate the subsidy component - The group has insisted on the need to eliminate export credit guarantees (ECGs) by developed countries. - Insists on adequate transparency measures that include links to dispute settlement - Insists that discussions on 	<ul style="list-style-type: none"> Offensive interest; - Export financing support shall not be provided so as to confer a benefit to recipient. Would like to have an extensive categorization of forms and providers of export financing support subject to disciplines. - Favours developing annual transparency requirements that would be applicable to members operating export financing programmes (except for LDCs) Supports development of specific provisions for developing country providers of export credits

	<p>- The scope of officially supported export financing to be narrowed down permitting guarantees for pure risk cover only.</p>		<p>provisions in favour of developing countries beneficiaries of export credit and similar programmes do not nullify or create exceptions to the agreed disciplines.</p> <p>-Maximum repayment periods should be larger than those provided in for developed countries.</p> <p>- Supports more favourable terms in exceptional circumstances for developing countries, LDCs and NFIDCs.</p> <p>- Supports the idea of a test of market consistency that takes into account particular market conditions regarding terms and conditions of export credits, export credit guarantees or insurance programmes carried out by developing countries</p>	<p>(at a later stage) and more favourable terms (a) in certain circumstances, for beneficiaries such as LDCs, NFIDCS and (b) for export financing in respect of exports of basic foodstuffs</p>
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Critical Negotiation Issue:	DISCIPLINES ON EXPORT CREDITS AND RELATED PROGRAMMES			
Country Groupings:				
G-33	LDCs	African Group	ACP	
<p>- The group does not have a common position on this issue;</p> <p>- NFIDC members call for full implementation of the Marrakesh Decision on NFIDCs and LDCs.</p>	<p>- Some countries concerned with the effect of eliminating of export credits on their capacity to import food;</p> <p>- Calls for full implementation of the Marrakesh Decision on NFIDCs and LDCs</p>	<p>- Supports the implementation of the Marrakesh Decision on NFIDCs and LDCs as a clear reflection of the SDT component in any disciplines to be developed on this issue.</p> <p>- Favours high level of discipline on developed country export credits</p> <p>-Favours SDT for the use of export credits by developing countries</p>	<p>- Any discipline on export credits and similar programmes should incorporate provisions for the implementation of the Marrakesh Decision in favour of NFIDCs and LDCs.</p>	

Critical Negotiation Issue:	DISCIPLINES ON FOOD AID				
Country Groupings:					
United States	European Union	G-10	G-20	Cairns Group	
<p>- Defensive interest;</p> <p>- Would like to maintain the status quo, particularly the flexibility to provide tied, in kind food aid. The US usually conditions food aid to export on domestic commodities and services.</p>	<p>- Offensive interest;</p> <p>- Main objective is to pressure the US to discipline its food aid programmes;</p> <p>- Would like to limit food aid to emergency and humanitarian interventions</p>	<p>- Offensive interest</p> <p>- Supports strict disciplines for food aid;</p> <p>- Generally supports European Communities' stance on this issue.</p>	<p>- Offensive interest;</p> <p>- Favours developing strict disciplines in order to prevent commercial displacement, by guaranteeing that food aid is:</p> <ul style="list-style-type: none"> • Needs-driven 	<p>- Offensive interest;</p> <p>- Supports developing strict disciplines for food aid;</p> <p>-Favours prohibition of monetisation of food aid in non-emergency situations</p>	

<p>- Would like to maintain current flexibility to provide food aid regardless of whether there is an emergency or not (i.e. programme and project food aid);</p> <p>- Stresses donor members should have broad discretion to meet needs in emergency situations and low-income countries; tighter disciplines would apply to other situations;</p> <p>- Strongly opposes cash-only requirements.</p>	<p>as declared by specialised UN agencies;</p> <p>- Insists food aid should be provided fully in grant form;</p> <p>- Would generally support reform towards fully untied aid;</p> <p>- Would like in-kind food aid to</p> <p>(i) be subject to strict disciplines during the implementation period of the new agreement and</p> <p>(ii) remain permitted only in genuine emergency situations under criteria to be agreed.</p>		<ul style="list-style-type: none"> • Untied from commercial exports of goods and/or services • Not linked to market development objectives of the donor country • Fully grant form <p>- Favours a carve out of bona fide food aid from the disciplines, if it is derived from an emergency declaration or appeal endorsed by a UN Agency and that a needs assessment analysis is carried out.</p> <p>- Favours that in kind operations in non-emergency situations should be disciplined and phased-out (in ways to be determined)</p> <p>- Food aid may be monetized under exceptional circumstance and should only be carried out under the auspices of UN</p> <p>- Favours monitoring and transparency provisions for</p>	<p>- Supports disciplining non-emergency food aid to ensure that it is:</p> <ul style="list-style-type: none"> - needs-driven, - provided in fully-grant form, - not linked to the market development objectives of donor Members - Not re-exported <p>Supports disciplining non-emergency food aid, ensuring that it is triggered by:</p> <ul style="list-style-type: none"> - a declaration of emergency by the affected recipient country or the UN - an emergency appeal from relevant UN agencies <p>- Favours monitoring and transparency provisions for food aid transactions</p>
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			food aid transactions	
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Critical Negotiation Issue:	DISCIPLINES ON FOOD AID		
	Country Groupings:		
G-33	LDCs	African Group	ACP
<p>- The group does not have a position on this issue</p>	<p>- Stress the role of recipient governments in coordinating and implementing food aid activities in their territory</p> <p>-Support monetization of in-kind food aid to fund transportation and delivery of food aid to least-developed and net food-importing countries</p> <p>- Would like local and regional purchase of products to be encouraged, limiting to a minimum the impact of food aid on the local production of LDC recipient countries.</p>	<p>- Stresses the need of food aid recipients must be taken into account in developing disciplines on this issue</p> <p>- Stress the role of recipient governments in coordinating and implementing food aid activities in their territory</p> <p>-Support monetization of in-kind food aid to fund transportation and delivery of food aid to least-developed and net food-importing countries</p>	<p>- Stresses the need for the interest of food aid recipients to be taken into account in developing disciplines on this issue;</p> <p>- Insists that bonafide food aid should not be jeopardized by WTO commitments.</p> <p>- Would like to ensure that food aid is needs-driven, that it is fully grant form, that it is not linked to market development objectives of donor countries and that there are flexibilities in the Safe Box to allow for receipt of both in cash and in kind food aid.</p>

Critical Negotiation Issue:	DISCIPLINES ON STATE TRADING ENTERPRISES (STEs)			
	Country Groupings:			
United States	European Union	G-10	G-20	Cairns Group
<p>- Offensive interest;</p>	<p>- Offensive interest;</p>	<p>- Offensive interest;</p>	<p>- Both defensive and</p>	<p>- Defensive interest;</p>

<ul style="list-style-type: none"> - Main objective is to pressure Canada and Australia to discipline their exporting STEs' practices; - Would like to prohibit monopoly status for exporting STEs, including for developing countries; - Would like the termination of financial privileges for STEs and insists on greater transparency in the operation of these enterprises. 	<ul style="list-style-type: none"> - Main objective is to pressure Canada and Australia to discipline their exporting STEs' practices; - Would like an end to statutory privileges for STEs that have trade-distorting effects, including the following elements of a non-exhaustive illustrative list of issues: price-pooling, anti-trust immunity, direct and indirect preferential transport services; use of monopoly powers inclusive of single-desk selling and exclusive utilization of preferential market access quotas. 	<ul style="list-style-type: none"> - Supports strict disciplines on exporting STEs in both developed and developing countries. 	<p>offensive interests</p> <ul style="list-style-type: none"> - Would like to discipline exporting STEs of Canada and Australia, - Stresses developing countries should have the right to maintain the monopoly status of their exporting STEs. - The group is willing to discuss new disciplines as long as these do not undermine the ability of developing country members to pursue their social policies. - Suggests the focus of the discussion regarding exporting STEs should be on the implementation of existing rules or those that may be developed rather than on the monopoly status per se. 	<ul style="list-style-type: none"> - Key members such as Australia and Canada have defensive interests.
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Critical Negotiation Issue:	DISCIPLINES ON STATE TRADING ENTERPRISES (STEs)
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Country Groupings:			
G-33	LDCs	African Group	ACP
<p>- The group does not have a position on this issue;</p> <p>- Likely to support disciplines for developed country STEs while seeking to maintain exemption for developing country's STEs in the context of SDT provisions</p>	<p>- The group does not have a position on this issue.</p>	<p>- Strongly calls for African countries' STEs to be excluded from the application of any disciplines on STEs in recognition of the critical role played by STEs in sustaining livelihoods, food security and poverty reduction in these countries.</p>	<p>- Fully supports the maintenance of monopoly status of STEs in developing countries with responsibility in preserving domestic consumer price stability and ensuring food security and that this exception be applied to STEs which have a limited share of world trade.</p> <p>-Is also of the view that there should be no further move to establish any further disciplines on STEs for developing countries.</p>

ANNEX 1: MEMBERS OF COUNTRY GROUPINGS

G10: Bulgaria, Chinese Taipei, Republic of Korea, Iceland, Israel, Japan, Liechtenstein, Mauritius, Norway and Switzerland.

Cairns Group : Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Fiji, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Philippines, South Africa, Thailand and Uruguay. The Philippines and Indonesia, although members of the Cairns Group do not share many of the positions taken by this group in the negotiations, especially with respect to market access.

G20 : Argentina, Bolivia, Brazil, Chile, China, Cuba, Ecuador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Tanzania, Thailand, Uruguay, Venezuela and Zimbabwe.

G33 : Antigua and Barbuda, Barbados, Bolivia, Belize, Benin, Botswana, China, Congo, Cote d'Ivoire, Cuba, Dominican Republic, El Salvador, Guatemala, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Republic of Korea, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia and Zimbabwe.

LDCs : Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Senegal, Sierra Leone, Solomon Islands, Tanzania, Togo, Uganda, Zambia.

The African, Caribbean and Pacific Group of States (ACP): The group encompasses 79 States of which 54 are WTO Members.

ANNEX 2: GLOSSARY OF TERMS

Parallelism within the export competition pillar

This refers to the parallel elimination of export subsidies and of measures that are considered to have an effect equivalent to export subsidies. These measures are: export credits and related programmes, food aid and State Trading Enterprises (STEs). The parallelism is not only related to the deadline for the elimination but also for entry into force of disciplines in order to avoid circumvention of subsidy commitments.

Front-loading of (reduction/elimination) commitments

This refers to a higher reduction commitments (concerning subsidies and measures with effects equivalent to export subsidies) during the early stages of the implementation period.

Special and Differential Treatment (SDT) provisions

Provisions in the WTO's legal texts that seek to provide for a lower degree of level of obligations or commitments from developing countries, as compared to those from developed countries, in recognition of the lower level of economic development of developing countries.

Net food-importing developing countries (NFIDCs)

Under the Agriculture Agreement, WTO members have to reduce their subsidized exports. But poor countries and net importers of food are affected by high food prices thus the elimination of export subsidies, to the extent that may contribute to a higher import food bill for these countries require special flanking measures. Temporary assistance to make the necessary adjustments to deal with higher priced imports, and eventually to export is necessary. A special Ministerial Decision¹ sets out objectives, and certain measures, for the provision of food aid and aid for agricultural development. It also refers to the possibility of assistance from the International Monetary Fund and the World Bank to finance commercial food imports.

As of March 2005, total membership on that list stood at 26 developing country Members (Barbados, Botswana, Côte d'Ivoire, Cuba, Dominica, Dominican Republic, Egypt, Gabon, Honduras, Jamaica, Jordan, Kenya, Mauritius, Mongolia, Morocco, Namibia, Pakistan, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Trinidad and Tobago, Tunisia and Venezuela) plus all Least-Developed Countries.

¹ The Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries

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