



**SOUTH CENTRE** An Intergovernmental Organization of Developing Countries



## **SDG2 and WTO Agriculture negotiations**

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Peter Lunenborg  
[lunenborg@southcentre.int](mailto:lunenborg@southcentre.int)

## **Part I - Some links between SDG 2 and WTO agricultural negotiations**

## SDG target 2.1

- SDG target 2.1 – by 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations .. to .. food all year round
  - **Imports** can fill the gap / provide access to a certain extent but a **stable level of domestic production** provides a cushion, especially for larger countries
  - In some cases **export restrictions** might be a tool to ensure access
  - In some countries, **public stockholding** might be an element of a policy to ensure access to food to poor and vulnerable people all year round

## SDG target 2.3

- SDG target 2.3 – by 2030, double the agricultural productivity and incomes of small-scale food producers
  - **Green Box** subsidies, e.g. General Services - e.g. water irrigation schemes)
  - **Input subsidies** (e.g. fertilizer subsidies, or loan subsidies) provided to low income resource poor farmers to increase productivity (Article 6.2 AoA)
  - **Minimum Support Prices** to support incomes of small scale food producers
  - Market access negotiations - **Special Products**
  - **Public stockholding**

## SDG target 2.b

- SDG target 2.b - Correct and prevent trade restrictions and distortions in world agricultural markets including by the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round
  - **Export subsidies** – continues to be work in progress, in particular export credits
  - **Subsidies provided by developed countries including Green Box**
  - Continuation of agriculture negotiations **on basis of Rev.4**

## SDG target 2.c

- SDG target 2.c - Adopt measures to ensure the proper functioning of food commodity markets and their derivatives, and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility
  - **Special Safeguard Mechanism (SSM)**
  - **Measures that promote a stable domestic production**
  - **Transparency in value of production data for countries that provide AMS above de minimis**

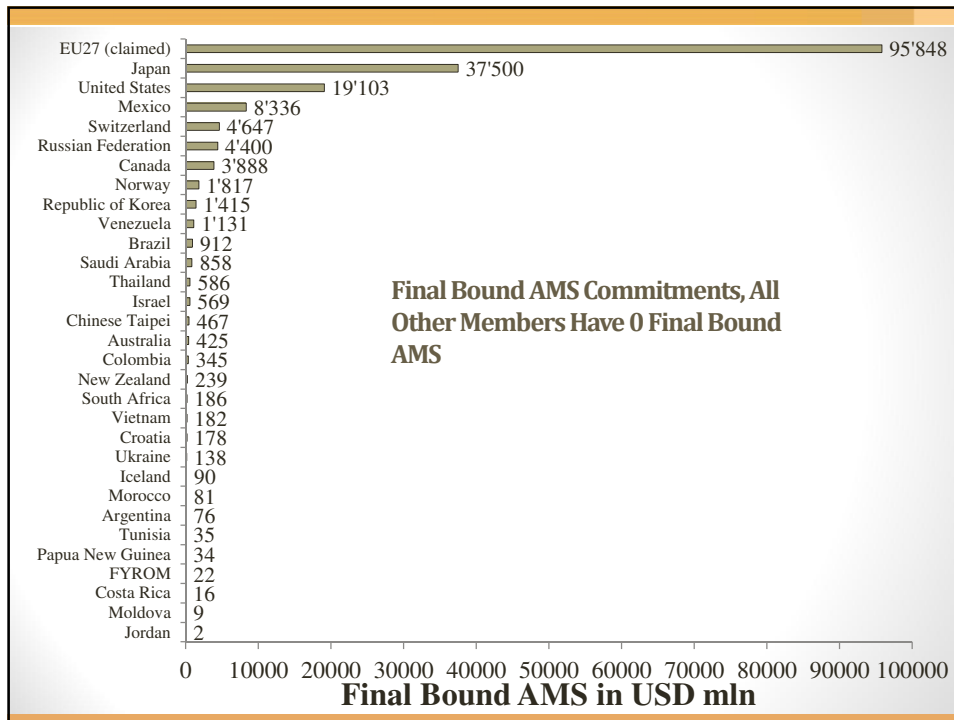
**Part II -  
Areas in WTO agricultural  
negotiations**

**1. DDA**

### **African Group on domestic support after MC11 JOB/AG/132 of 1 December 2017**

- Members agree to continue negotiations after MC11 to substantially reduce trade-distorting domestic supports based on the DDA mandates. Developing Members with no scheduled Final Bound Total AMS entitlements, NFIDCs and LDCs shall not be required to undertake domestic support reduction commitments.
- As a first step, and in order to bring about a level playing field, Members with Final Bound AMS entitlements shall eliminate these AMS entitlements. This will reduce the tendency to concentrate domestic supports in specific products.

## **2. AMS**



## US's and EU's product specific AMS supports to products as a % of the Value of Production of a crop (VOP)

- **EU 2008-2009 (average):**  
sugar beet 55%, tobacco 62% of VOP
- **US 1999-2001 (average) :** soybeans 27%. of VOP
- **US 1995-2001 (average) :** peanuts 35% of VOP
- **US 2001:** sunflower seed 66% of VOP
- **US 2005:** maize : 20% of VOP
- **EU 1995-2000 :** cattle meat EUR 16.5 billion

## Trump Agricultural Package

- Market Facilitation Program (USD 4.7 bln)
- Food Purchase and Distribution (USD 1.2bn)
- Agricultural trade promotion (USD 200 mln)

(Total around USD 6 bn)

Package could be increased to USD 12 bln depending on circumstances

## Trump (initial) Agricultural Subsidy Package

### Market Facilitation Program

\*\* Initial payment rate on 50% of production

Commodity	Initial Payment Rate	Est. Initial Payment** (in \$1,000s)
Cotton	\$0.06 / lb.	\$276,900
Corn	\$0.01 / bu.	\$96,000
Dairy (milk)	\$0.12 / cwt.	\$127,400
Pork (hogs)	\$8.00 / head	\$290,300
Soybeans	\$1.65 / bu.	\$3,629,700
Sorghum	\$0.86 / bu.	\$156,800
Wheat	\$0.14 / bu.	\$119,200
<b>Total</b>		<b>\$4,696,300</b>

## Food Purchases and Distribution

Commodity	Target Amount (in \$1,000s)	Commodity	Target Amount (in \$1,000s)
Apples	\$93,400	Macadamia	\$7,700
Apricots	\$200	Navy Beans	\$18,000
Beef	\$14,800	Oranges (Fresh)	\$55,600
Blueberries	\$1,700	Orange Juice	\$24,000
Cranberries	\$32,800	Peanut Butter	\$12,300
Dairy	\$84,900	Pears	\$1,400
Figs	\$15	Peas	\$11,800
Grapefruit	\$700	Pecans	\$16,000
Grapes	\$48,200	Pistachios	\$85,200
Hazelnuts	\$2,100	Plums/Prunes	\$18,700
Kidney Beans	\$14,200	Pork	\$558,800
Lemons/Limes	\$3,400	Potatoes	\$44,500
Lentils	\$1,800	Rice	\$48,100
		Strawberries	\$1,500
Almonds	\$63,300	Sweet Corn	\$2,400
Sweet Cherries	\$111,500	Walnuts	\$34,600

## Trump initial Agricultural Subsidy Package – support as % of Value of Production (2016)

Commodity	Market Facilitation Program (50% initial payment)	Food Purchase and Distribution Program	TOTAL
<b>Cranberries</b>	0.0%	<b>13.0%</b>	<b>13.0%</b>
<b>Sorghum</b>	<b>12.1%</b>	0.0%	<b>12.1%</b>
<b>Soybeans</b>	<b>8.9%</b>	0.0%	<b>8.9%</b>
<b>Cotton</b>	<b>5.0%</b>	0.0%	<b>5.0%</b>
Pork (hogs)	1.7%	3.2%	4.9%
Plums/Prunes	0.0%	4.8%	4.8%
Pistachios	0.0%	4.2%	4.2%
Walnuts	0.0%	3.2%	3.2%
Wheat	1.3%	0.0%	1.3%
Dairy (milk)	0.4%	0.2%	0.6%
Corn	0.2%	0.0%	0.2%



## China / India proposal (JOB/AG/137)

**EU: base product-specific AMS cannot be established for many products as product-specific VOP is not always notified**

Product	% VOP 2012	% VOP 2013	% VOP 2014	Base product-specific AMS
Common wheat	?	8.3%	9.2%	?
Maize	?	0.0%	0.0%	?
Sorghum	0.2%	?	?	?
Skimmed milk powder	?	?	?	?
Butter	?	?	?	?
Beef	?	0.0%	0.0%	?
Fiber flax and hemp	0.0%	?	-	?
Tobacco	?	-	-	?
Apples	?	0.0%	0.0%	?
Apricots	0.1%	?	?	?
Nectarines	0.1%	?	?	?
Peaches	?	0.0%	0.0%	?
Aubergines	?	?	?	?
Melon	0.4%	?	?	?
Watermelon	0.0%	?	?	?
Oranges	?	0.1%	0.1%	?
Mandarins	?	0.0%	0.0%	?
Clementines	133.3%	?	?	?
Satsumas	?	?	?	?
Other products not mentioned in Annex X to R 1580/2007	0.0%	?	?	?
Citrus fruit for processing	0.0%	?	-	?
Bee keeping	?	?	?	?
Nuts	0.0%	?	-	?
Ethyl alcohol of agricultural origin	?	?	?	?

### 3. PSH

→ Ministers have specifically mandated negotiations to achieve outcomes on SSM and PSH. This work must continue.

- Why PSH is relevant
  - Poverty levels
  - Increasing levels of food insecurity
  - Supporting small holders

## Where do the poor live?

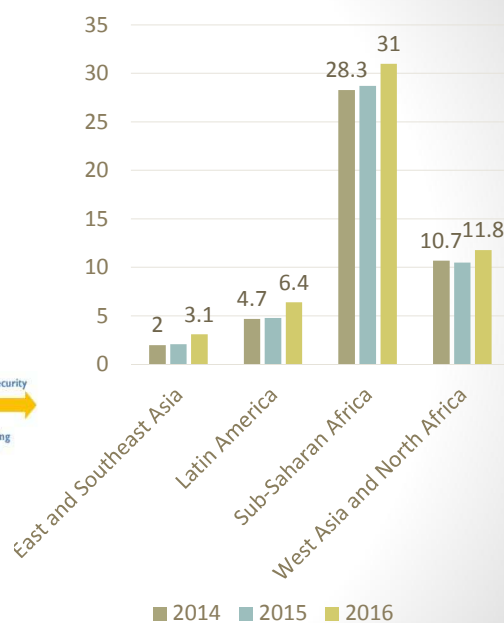
Country	Number of MPI poor people (2017-2018 dataset)	Global share of MPI poor	Population 2014	Share of population that is MPI poor
Developing countries	1'446'812	100%	5'570'506	26%
In LDCs	553'138	38.2%	951'280	58%
In non-LDCs	893'674	61.8%	4'619'226	19%

Source: Global Multidimensional Poverty Index (2017-2018) of the Oxford Poverty and Human Development Initiative

**Prevalence of severe food insecurity (as % of total population) has increased in many developing countries between 2014 and 2016**



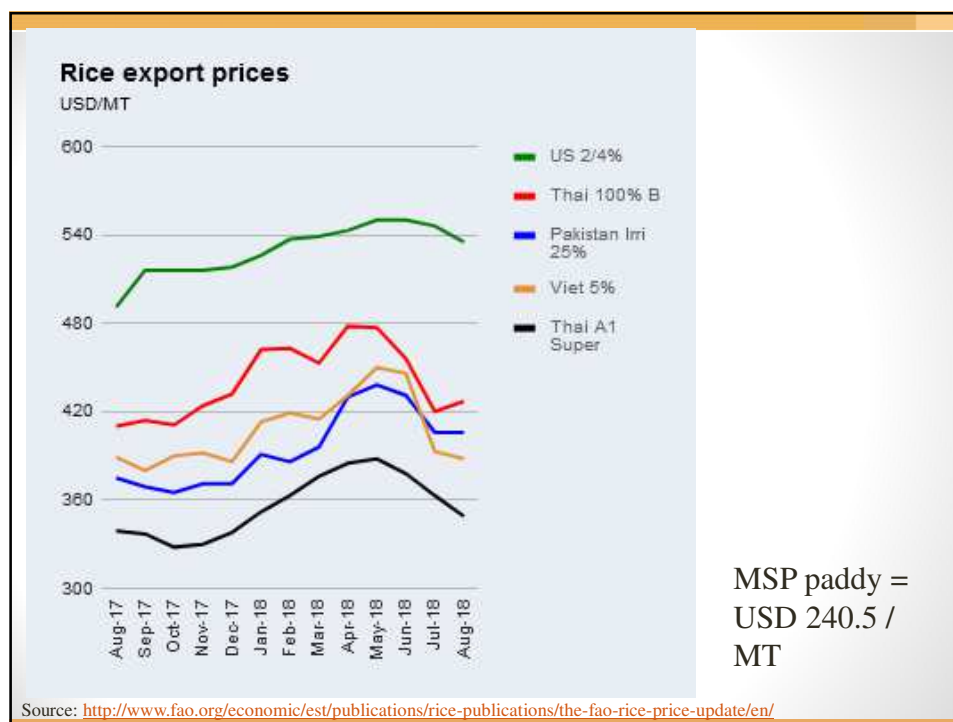
See for more about the Food Insecurity Experience Scale:  
<http://www.fao.org/in-action/voices-of-the-hungry/fies/en/>



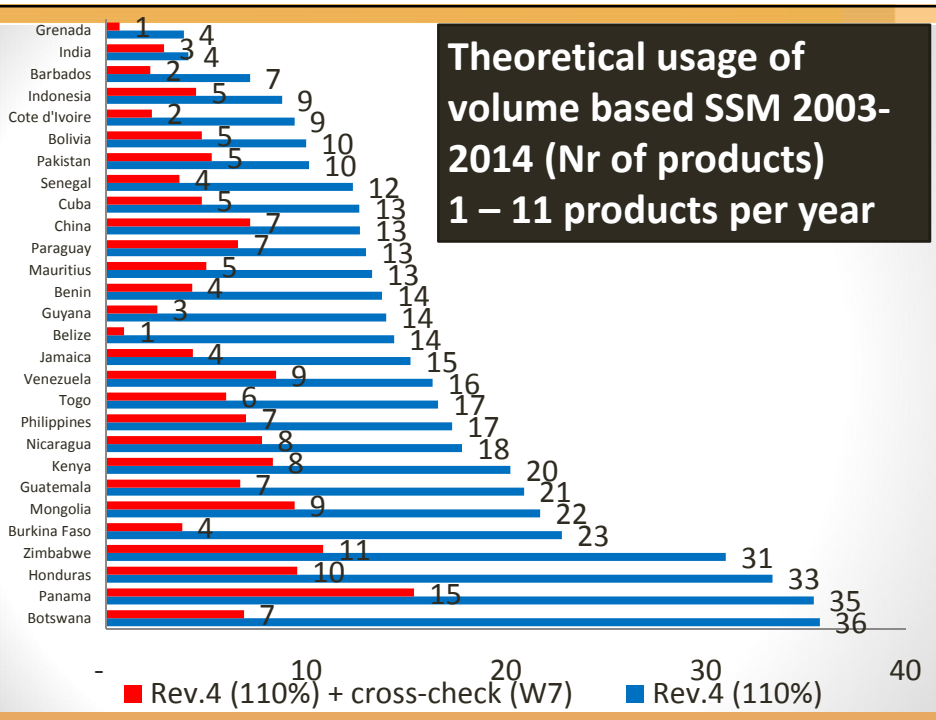
## MSP in India – how do they compare with world market prices?

	Variety	MSP for 2017-18 Season	MSP approved for 2018-19 Season	MSP 2018-2019 in USD	USD/Ton
Paddy	Common	1550	1750	24.1	240.5
	Grade A	1590	1770	24.3	243.3

Source: 'Cabinet approves hike in MSP for Kharif Crops for 2018-19 Season', 4 July 2018, <https://www.narendramodi.in/cabinet-approves-hike-in-msp-for-kharif-crops-for-2018-19-season-540686>

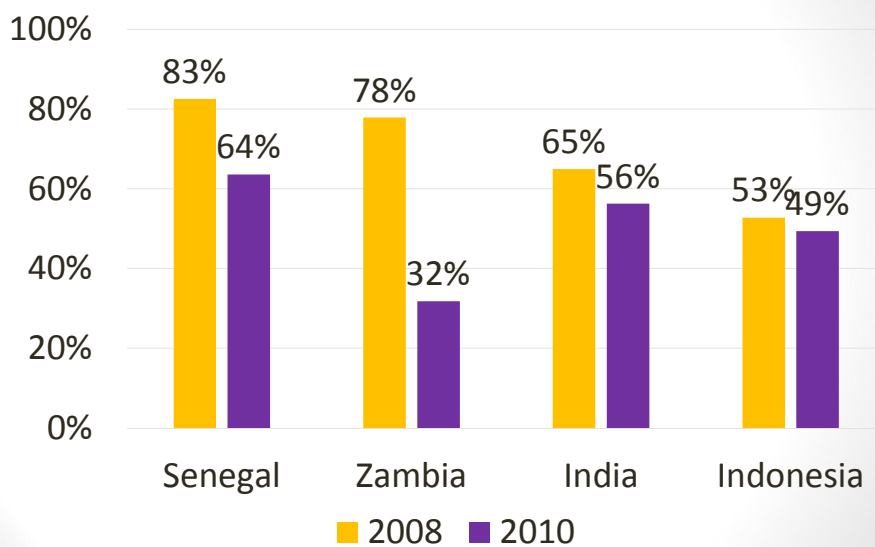


# 4. SSM



## 5. Article 6.2

### Share Art. 6.2 as % of notified subsidies



## 6. Export restrictions

### Export restrictions

- Issue discussed at MC11, might be an issue for MC12
- Export restrictions can be important to deliver on food security, but some countries are also dependent on food imports – i.e. balance in the rules
- 2 main topics – i) transparency and ii) disciplining the export restrictions (duration etc) – focus has been on transparency
- Rules already exist – Article 12 AoA . S&D: Disciplines do not apply to developing countries, unless net-food exporter of the specific foodstuff concerned.

## Export restrictions (2)

- Rev.4 has been basis for negotiations; para 172 of Rev.4 contains an ambiguity:
  - 172. Prohibitions or restrictions under Article XI.2(a) of GATT 1994 in Members' territories shall be notified to the Committee on Agriculture within 90 days of the coming into force of these provisions.
  - 'Within' 90 days can be before and after the implementation date of the measure
- Almost no country has notified an export restriction before the implementation of the measure.

## Concluding remarks

- The WTO agriculture negotiations have strong links with SDG2. In order to deliver on SDG2, the WTO could play a positive role:
  - Building upon DDA mandates
  - AMS elimination as first step
  - Focus on high intensity subsidy providers (in terms of per farmer support)
  - Leave Art 6.2 intact
  - Permanent solution on public stockholding
  - SSM – Trade restrictiveness of Rev.4 appears very limited
  - Export restrictions – S&D and timeframe for notification
  - Regular work – country with AMS entitlement to provide transparency about value of production of products that receive AMS above de minimis (e.g. update in G/AG/2)