

Agri-Trade Forum

A quarterly newsletter from the International
Policy Council on Agriculture, Food and Trade

"Achieving the Doha Development Agenda" Second Seminar Held

The second seminar in the series, *Achieving the Doha Development Agenda* was held September 10th at the World Trade Organization in Geneva. The seminars' goal is to provide a useful forum for discussion between developing country leaders and experts from the IPC.

The seminar addressed three questions: 1) *How will the domestic political environment in the United States, the European Union and Japan affect their positions in the WTO?* Panelists were IPC members Robbin Johnson of the United States, Piet Bukman of the Netherlands and Hero Shiraiwa of Japan. 2) *How should developing country concerns be addressed?* Panelists were Luisa Bernal of the South Centre, IPC Chairman Robert Thompson, and Panos Konandreas of the Food and Agricul-

ture Organization. 3) *How should domestic supports be disciplined in the Doha Round?* Panelists were IPC members Mike Gifford and Rolf Moehler and Magdi Farahat, Minister Plenipotentiary at the Permanent Mission of Egypt in Geneva.

Doha

The next seminar will be held October 31. The topics for this seminar are non-trade concerns and special and differential treatment. *Proceedings from the first two seminars are on the IPC's website www.agritrade.org.*

Supachai to Speak at World Food and Farming Congress

WTO Director General, Supachai Panitchpakdi, Director General of the WTO will be the keynote speaker at the inaugural **World Food and Farming Congress**. The Congress, associated with the Royal Smithfield Show, has been arranged by Clarion Events of London with the support of the IPC. Former IPC Chairman Lord Plumb will chair the Congress.

On November 22, the IPC will kick off its project on **Sustainable Agriculture and Food Production** with the first meeting of its

Sustainability Task Force. The project will focus on trade and agricultural policies and how those policies relate to sustainability.

The goal of this project is to establish whether the same policies that can be justified on the grounds of sound economics can also be justified on environmental grounds.

On November 23-24 the IPC will hold its **30th Plenary Meeting**. A dinner celebrating the **15th anniversary of the IPC** will be held on Saturday the 23rd.



WORLD FOOD AND
FARMING CONGRESS

Membership

Luis de la Calle of Mexico is the newest member of the IPC. Mr. de la Calle is a former Under Secretary for International Trade Negotiations. He played an important role during the negotiation and approval process of the NAFTA, and monitored its implementation while leading the NAFTA Office at the Mexican Embassy in Washington, DC. He is

currently the Director of International Affairs and Managing Director for Mexico at Public Strategies, Inc (PSI).

The IPC regrets the passing of **IP. Singh**. Dr. Singh made a great contribution to global agriculture and to the Indian government.

Inside

Topics from Geneva Seminars ... Page 2

The Relationship Between Trade and Development ... Page 3

Developments in Japanese Agricultural Policy ... Page 3

IPC Calendar

October 31: *Achieving the Doha Development Agenda Seminar Three, Geneva, Switzerland*

November 22: *IPC Sustainability Task Force Inaugural Meeting*

November 23-24: *30th IPC Plenary Meeting, London, England*

November 25-26: *World Food and Farming Congress, London, England*

December: *IPC releases modalities recommendations*

Spring 2003: *31st IPC Plenary Meeting, Mexico City, Mexico*

Achieving the Doha Development Agenda: An IPC Seminar Series

Doha

Topics from the Seminars: Food Aid

Some countries want the WTO to develop disciplines for food aid. Both negotiators and panelists were concerned about the difficulty of this task.

After intense negotiation, in the Uruguay Round, negotiators came to an agreement on a definition of distorting versus non-distorting forms of support. Distinguishing between acceptable and unacceptable food aid would be equally tough. Mike Gifford said that the WTO should not define what is good versus bad food aid, but rather should define it “as part of the export credit continuum.” Dale Hathaway was not opposed to negotiating discipline on food aid in the WTO. He did not think that the Food and Agriculture Organization (FAO) rules deal with the issue effectively.

However, he was concerned about categorizing food aid in the WTO. “If grant aid or long term loans are the only criteria used [to define ‘good food aid,’] what happens if you give grant aid as balance of payments assistance?”

Joe O’Mara agreed that a rule delineating good versus bad food aid would not be helpful due to the changing nature of need. He stated that if countries feel that a competitor is circumventing its obligations on export competition with food aid shipments, that they should bring a case in the WTO and prove that the food aid had an injurious effect on the market.

Several negotiators said it would be difficult to bring a case on food aid. Many negotiators agreed it would be viewed as ‘politically incorrect’ to argue for less food aid to people in developing countries. Negotiators also commented that it would be risky to pursue a case because the rule that applies, Article 10.4, is very unclear.



Topics from the Seminars: The Boxes

Panelists presented their ideas on what to do with the Green, Blue and Amber Boxes.

Luisa Bernal of the South Centre asserted that the Green Box needs to be tightened for developed countries. Developing countries do not have the financial or administrative resources necessary to take advantage of the policies in the box. Green Box use has increased in developed countries and the idea that this support is not trade distorting or is minimally trade distorting has not been the reality. She argued that the Blue Box should be eliminated and counted as part of the AMS support or moved to the Amber Box.

Panos Konandreas of the FAO proposed eliminating all boxes and placing an overall cap on support. He admitted, however that the method within the existing Agreement on Agriculture is a more likely outcome. The Green Box could potentially be an effective mechanism for dealing with domestic support, but countries that

can, will take advantage of any flexibility. Since Green Box measures demand resources, developing countries will not likely be the primary beneficiaries.

IPC Member Mike Gifford asserted it would not be possible to get export subsidies discipline and market access commitments without keeping the Green Box. If the current system of boxes and aggregated support remain, exporters should regain the rights they lost under the Peace Clause to claim impairment in third country markets. He thought the Blue Box should be reduced, but not as much as the Amber Box. The two boxes should not be merged because the Blue Box is less distorting than the Amber Box.

IPC Member Rolf Moehler maintained that the Green Box could not be limited as long as the Amber Box is so high. Non-trade concerns can be dealt with in the current Green Box. It does

not need to be enlarged except to include animal welfare. The Blue Box should be kept, but tightened. If cuts cannot be made commodity by commodity, then the Amber Box must be substantially cut. But if countries can agree to commodity specific cuts, the box is being used effectively and should be kept.

Magdi Farahat of the Egyptian Mission in Geneva insisted that over time all boxes except the Green Box should be eliminated. But, given ‘human ingenuity,’ the Green Box should be capped. If a cap cannot be negotiated, policies allowed under the Green Box should be tightened. If it is not possible to eliminate both the Blue and Amber boxes at this time, the Blue Box *must* be eliminated in this round and the Amber Box in the next.

More on these presentations can be found at www.agritrade.org.

The International Policy Council would like to thank the Department of International Finance and Development, United Kingdom and the Department of Development Cooperation, The Netherlands for their support of this seminar series.

The Relationship between Trade and Development **From Remarks by IPC Chairman, Robert Thompson**

If developing countries are going to benefit from this round of trade negotiations more than they have in past negotiations, there needs to be more help to facilitate greater development, reduce poverty, and expand export revenues.

The agriculture sector in most developing countries is under-performing relative to its potential. In part, the international environment in which developing countries function is distorted against those farmers that have export aspirations. The present agricultural policies in developed countries hurt the development and earning potential of agriculture in low-income countries. These policies force developing country farmers to face prices that are lower and have a higher variance. Also, farmers in many developing countries are taxed by their own government policies. These policies have often been implemented in order to protect urban consumers from paying a high cost for food. The developing countries need to change their own policies, but at the same time they need fairer treatment in the world market.

***“Trade is a much more powerful engine of growth than aid, but aid... can play an important role in providing the essential Green Box investments that are necessary to translate latent comparative advantage into trade performance.*”**

Another important reason developing countries have not benefited from trade is the gross under-investment in Green Box measures, particularly in rural roads, telecommunications, infrastructure in general, investment in agricultural research, extension, and market information systems. Every high-income country that has become a significant agricultural exporter made large investments in these kinds of Green Box measures. But, when you follow the money in developing countries, the priority is not in solving the problem of poverty where the bulk of it resides, in rural areas.

If the WTO negotiations provided full market access tomorrow to all low-income countries, nothing would happen in a number of them. The negotiations would remove the artificial distortions of the terms of trade that exist so the incentive to produce is not artificially depressed. But, we must acknowledge that solving the problem of rural poverty requires increased productivity in agriculture, but also increased non-farm employment opportunities. Trade is a much more powerful engine of growth than aid, but aid, whether in borrowing or official development assistance, can play an important role in providing the essential Green Box investments that are necessary to translate latent comparative advantage into trade performance.

Developments in Japanese Agricultural Policy

From material provided by IPC Member Hiroshi Shiraiwa

Japanese farming after World War II was like that of a developing country today. After the war, agrarian reform enabled tenant farmers to own land and created incentives to boost production. Still, most farms are small and in rice and vegetable farming, the major sector of Japanese agriculture, small family farmers still have low productivity.

With economic development and a higher standard of living, the Japanese diet is now in maturity. Average arable land per farm is 1.6 hectares in Japan as opposed to 18.4 hectares in the EU. Japan has become the world's largest agricultural importer, which has made it more vulnerable to overseas markets and increased the feeling of insecurity in the food supply among Japanese people. According to surveys, 80% of Japanese feel uneasy about future food supply. There is also much interest in environmental and landscape preservation as well as in revitalizing rural villages.

Japan has recently experienced food-related scandals, causing a decline

in consumer confidence. There have been breakouts of BSE and false labeling incidents with food manufacturers. Government policies, including traceability to lift consumer confidence, will take time and require considerable political effort.

The Uruguay Round Agreement on Agriculture was adopted when the current majority party, the Liberal Democratic Party (LDP), was not in power. Therefore, many influential congressman of the LDP feel that they are not responsible for the agreement, where they feel Japan made poor concessions on rice. At the same time, former Agriculture Minister Takebe, in line with the structural reform plan of Prime Minister Koizumi, emphasized the importance of agricultural reform and changes in rice production systems toward more market oriented policies. (Mr. Takebe recently left the cabinet and Mr. Ohshima succeeded him in his post.)

This has led to tension between the Ministry of Agriculture, Food and



Fisheries (MAFF) and agricultural cooperative leaders, whose feelings are reflected by the LDP.

Japan has a unique position in international trade. It is not a member of an area group and is one of the few developed countries in Asia. Japan has not yet found an appropriate way to guide Japanese agriculture toward internationalization through the political turbulence.

Prime Minister Koizumi has the support of the public on the idea of structural reform. However, key factions of his own party are opposing him on many of his specific proposals for reform, including in agriculture policy. They feel that his plans will delay economic recovery and cannot assure a 'soft landing.'

*International Policy Council on
Agriculture, Food and Trade*

1616 P St. NW, Suite 100
Washington, DC 20036
USA

Phone: 202-328-5056
Fax: 202-328-5133
Email: ipcaft@ipcaft.org

*Promoting and
Efficient and Open
Global Food and
Agricultural System*

www.ipcaft.org

*Newsletter subscriptions available via
email at no cost. Hard copy
subscriptions are \$25/year. To order,
contact the IPC by phone at 202-328-
5056, by fax at 202-328-5133, or by
email at ipcaft@ipcaft.org.*

IPC

The Mission of the IPC

The International Policy Council on Agriculture, Food and Trade (IPC) is dedicated to developing and advocating policies that support an efficient and open global food and agricultural system - one that promotes the production and distribution of food supplies adequate to meet the needs of the world's growing population, while supporting sound environmental standards.

Membership of the International Policy Council

Robert L. Thompson (Chair), United States	Dean Kleckner, United States
Piet Bukman (Vice Chair), Netherlands	Georges-Pierre Malpel, France
Ajva Taulananda, Thailand	Donald McGauchie, Australia
Allen Andreas, United States	Liberty Mhlanga, Zimbabwe
Bernard Auxenfans, France	Rolf Moehler, Belgium
Brian Chamberlin, New Zealand	David Naish, United Kingdom
Norman Coward, United Kingdom	Donald Nelson, United States
Csàba Csàki, Hungary	Joe O'Mara, United States
Devi Dayal, India	Nèstor Osorio, Columbia
Michael Gifford, Canada	Michel Petit, France
Ahmed Goueli, Egypt	Henry Plumb, United Kingdom
Hugh Grant, Scotland	Per Pinstrup-Andersen, Denmark
Dale Hathaway, United States	Joachim Rathke, Germany
Wilhelm Henrichsmeyer, Germany	Hiroshi Shiraiwa, Japan
Heinz Imhof, Switzerland	Jiro Shiwaku, Japan
Hans Jöhr, Switzerland	Jim Starkey, United States
Rob Johnson, United States	Anthony Wylie, Chile
Timothy Josling, United Kingdom	Jorge Zorreguieta, Argentina
Ke Bingsheng, China	