

Agri-Trade FORUM

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One-Size-Fits-All Rules for Developing Countries Must be Altered

Under current WTO rules, developing countries are granted Special and Differential Treatment (S&D) that gives them longer to comply with trade rules, often with reduced commitments. Currently, there are no criteria for determining which countries are eligible for special treatment in the WTO; countries can designate themselves as developing and are automatically entitled to special treatment. And, under current rules, there are no distinctions between developing countries at very different levels of development.

Under the current system, countries with incomes of more than \$9000 a person receive the same treatment as countries with incomes of less than \$1000 a person. Developed countries are reluctant to negotiate the concessions needed by the poorest countries if those concessions are also available to more advanced developing countries. Instead, all developing countries are offered less meaningful concessions: S&D has become too broad and too shallow.

If negotiators succeed in the coming months, the WTO negotiations should result in substantially reduced subsidies and substantially increased market access that will do more for most developing countries than conventional S&D ever could. But, to achieve an ambitious result in agriculture, the controversial issue of who gets how much S&D must be tackled.

In Position Paper Number 13, *A New Approach to Special and Differential Treatment*, the IPC recommends that the WTO establish objective criteria to determine which countries qualify as developing. Objective criteria should also be used to distinguish among Least Developed Countries, Lower-Middle Income Developing Countries and Upper-Middle Income Developing Countries.

Each group of developing countries would have graduated commitments – with Upper-Middle Income Developing Countries having longer implementation periods and shallower commitments than developed countries, but shorter implementation periods and deeper reduction commitments than Lower-Middle Income Developing Countries. Each category of countries would make different commitments in market access, domestic support and export competition, tailored to their circumstance. These commitments would allow countries to provide support to vulnerable farmers, but would enable them to gradually open their markets and reduce their export subsidies, and to participate in the global market.

Developing countries have an important stake in world agricultural trade, and they are playing a central role in shaping the trade negotiations. As several recent trade cases illustrate, developing countries also have a stake in a strong, rules-based international trade system. Adapting S&D to the needs of a very diverse group of developing countries, without creating a separate set of rules or country-specific exemptions is challenging and controversial, but it must be done if S&D is to become “more precise, effective, and operational” as called for in the Doha Declaration.

A more tailored approach to S&D can help developing countries make the investments needed to make their agriculture sectors more competitive, and to integrate their agricultural economies into the global trade system. But, S&D cannot substitute for domestic agricultural policies in developing countries that support the agricultural sector. Without an appropriate policy environment, no amount of S&D will be sufficient. But, developed countries must also keep their end of the bargain. They must substantially reduce trade-distorting support, expand market access, and increase their foreign aid to agriculture and rural development.

The paper is available at www.agritrade.org/Publications/Position%20Papers/13%20SND.htm.

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IPC Calendar

October 23-24: IPC Plenary Meeting, Buenos Aires, Argentina

October 25: IPC Seminar, Issues in South American Agriculture, Buenos Aires, Argentina

**IPC Discussion Paper
GM Technology: Assessing the
issues confronting developing
countries**

In July the IPC released a discussion paper exploring the issues that developing countries face in the development, use, and trade in GM crops and the role that the private sector, on its own and through public-private partnerships could play in increasing opportunities and reducing risks.

While GM technology raises some unique issues for developing countries, most of the issues are no more or less challenging than those raised by conventional crop production methods. As with any crop, products of GM technology must be evaluated on a case-by-case basis for their safety and utility. But, there are few specific recommendations that could enhance the opportunity for products that address the needs of developing countries to be developed and the regulatory and institutional hurdles they face.

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The paper finds that agricultural biotechnology in the developing world should be assessed on the basis of its potential to contribute to the food security objectives formulated at the FAO World Food Summit. Its potential to contribute to poverty reduction and food security depends critically on its integration in global strategies.

Current applications of GM technology in agriculture suggest that when properly managed, GM crops can deliver their potential to reduce the environmental impact of farming. Their indirect impacts, through changes in farming systems, will require continued assessment on a local basis.

To ensure that biotech research benefits small farmers in developing countries, they must be involved in setting the public sector research agenda and in receiving the technical assistance needed to plant and manage biotech seeds.

Emerging research on the use of GM crops in some developing countries strengthens the view that GM technology can be scaled neutral, provided that small farmers have adequate access to seed including for subsistence crops for which no formal seed market exists. This depends on reversing the long decline in extension services and national plant breeding and seed systems in many of the least developed countries by adequate funding for these essential activities.

Beyond exploring the relationship between GM technology and foods, sustainability, biodiversity and biosafety in developing countries, the IPC's Discussion Paper also discusses regulatory frameworks; commercial and trade barriers; research priorities and intellectual property issues with regard to GM Technology.

The paper can be accessed at <http://www.agritrade.org/Publications/IBs/gmt&dc.pdf>.

Note: *The paper was written to contribute to the discussion on GM Technology. It was not reviewed or discussed by members of the IPC's Sustainability Task Force. Statements made in the paper should not be attributed to any individual IPC member, or any individual member of the IPC Sustainability Task Force.*



**Trade Litigation in Agriculture:
Limiting the Abuse of Trade
Remedies**

IPC Members Mike Gifford and Timothy Josling have authored an Issue Brief entitled *Trade Litigation in Agriculture: Limiting the Abuse of Trade Remedies*. The paper identifies key issues in

agricultural trade litigation, particularly in the pursuit of trade remedies.

Trade litigation at the WTO serves two essential functions: to clarify and interpret the agreements that have been negotiated in the WTO; and to prevent abuses that would diminish the benefits that countries derive from WTO membership and disturb the balance

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of benefits and obligations negotiated by the political process.

Trade remedies are an essential part of the process that prevents abuse and maintains the political balance struck in trade negotiations. However, trade remedy litigation can also be pursued in ways that do not necessarily serve the multilateral trading system. In the course of interpreting agreed rules, the dispute settlement system can appear to extend the boundaries of political agreement. Litigation then begins to take the place of negotiation.

Subsidy, dumping and safeguard countermeasures can occasionally become instruments of protection, either of import sectors through aggressive use of trade remedies, or of export sectors, through the extension of commercial competition into the legal arena.

The paper explores how countries can reduce the potential for such litigation to become a form of trade harassment and a backdoor for uncompetitive sectors to perpetuate protection at the expense of the trade system. It suggests revisions of existing rules and procedures to reduce the potential for abuse and to maximize the benefits that countries get from transparent and acceptable trade remedies.

See <http://www.agritrade.org/Publications/IBs/tl.pdf>

IPC to hold 34th Plenary Meeting and Seminar in Buenos Aires

IPC Members Marcelo Regunaga and Jorge Zorreguieta will host fellow Council Members at the 34th IPC Plenary meeting in Buenos Aires, Argentina. At the Plenary Meeting, IPC Members, Affiliate Members, Association Members, Observers and invited guests will discuss the ongoing WTO agricultural negotiations, implications of WTO dispute panels on cotton and sugar, South-South trade and regional integration and establish terms of reference for the IPC's newly launched project on animal agriculture. The IPC will also begin work on its project to develop options and recommendations for the issues to be negotiated in the WTO agricultural negotiations and launch a project on the economic impacts of the Cartagena Protocol on Biosafety in conjunction with the International Grain Trade Coalition.

Campos, Chiaradia, Lavagna and Redrado to Address IPC Seminar

On Monday October 25, the IPC will hold its 34th Plenary Seminar, *Issues in South American Agriculture* at the Sheraton Buenos Aires Hotel and Convention Center. Alfredo Chiaradia, Argentina's Secretary of Commerce and International Economic Negotiations has been invited to address the opening dinner on Sunday, October 26. He has been asked to discuss the G20's emerging role in global trade negotiations. Martín Redrado, President of the Central Bank of Argentina and former Secretary of Commerce and International Economic Negotiations, will open Monday's seminar, discussing the impact of regional integration and investment in agriculture. Argentine Secretary of Agriculture, Miguel Campos, will give a luncheon address on Argentina's agricultural biotechnology policy. Roberto Lavagna, Argentina's Minister of Economy and Production will close the seminar by discussing the Argentine economy within the context of world trade.

The seminar will also cover progress in the WTO agricultural negotiations, the evolution of global biotechnology and issues in animal agriculture and will feature presentations by several IPC members and other eminent government officials, farm leaders, academics and food and agribusiness leaders.

IPC Programming

Trade Negotiations: The IPC has received funding to convene working groups to analyze the options and develop pragmatic recommendations for the WTO agricultural negotiations based on the agreement reached in July on a Framework for further WTO agricultural negotiations. Working groups will include IPC Members, members of the International Agricultural Trade Research Consortium (IATRC) and other experts, including influential representatives of the NGO community .

The options and recommendations will be presented to negotiators at the WTO, senior officials in national governments, as well as to other stakeholders in business, farming, academia, governments and civil society in Spring and early Summer 2005.

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Sustainability: In late October, the IPC will re-launch the website for its Sustainability Program. The site will feature the Sustainability Task Force's framework paper, authored by John

Dixon, former World Bank Lead Environmental Economist, as well as papers by Task Force members Donald Buckingham and Rob Johnson. Buckingham's paper looks at the role that food labeling might play in enhancing agricultural sustainability. Johnson's paper looks at the role of agricultural trade liberalization in a sustainable global food system.

The IPC is also pursuing funding to apply Dixon's framework through commodity case studies. A commodity study on oilseeds will begin in late 2004 with foundation funding, and studies on dairy, cotton and sugar will follow.

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Technology: The IPC has begun preparations for a study of *issues in animal agriculture*. The study will assess the implications of policies covering animal health, animal welfare, genomics, environment and human health for the animal agriculture supply chain, global trade and domestic and international trade policies.

The IPC is also collaborating with the International Grain Trade Coalition

(IGTC) to analyze the *economic impact of the Cartagena Protocol on Biosafety's (BSP)* requirements for transboundary shipment of living modified organisms and non-living modified organisms on the international grain trade. The project will be launched at the Plenary Meeting in Buenos Aires.



IPC Welcomes New Members

The IPC has welcomed two new Council Members in recent months. **Eugenia Serova** of Russia is currently President of the Analytical Center of Agrifood Economics at the Russian Institute for Economies in Transition (IET) in Moscow. **Ajay Vashee** of Zambia is President of the Southern African Confederation of Agricultural Unions (SACAU).

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***Promoting an Open and
Efficient Food and Agriculture
System***

www.agritrade.org

The IPC's Mission

The International Food & Agricultural Trade Policy Council (IPC) is dedicated to developing and advocating policies that support an efficient and open global food system, that promotes economically and environmentally sustainable production and that distributes safe, accessible food supplies to the world's growing population.

The IPC's Members

IPC members represent the geographic diversity of the global food system, and the entire food chain from producer to consumer. IPC members are influential and experienced leaders in agricultural trade policy who are committed to finding solutions to global food and agricultural trade challenges.

Robert L. Thompson (Chair), United States
Piet Bukman (Vice-Chair), The Netherlands

Allen Andreas, United States
Bernard Auxenfans, France
Andrew Burke, United States
Brian Chamberlin, New Zealand
Csàba Csàki, Hungary
Devi Dayal, India
Pedro de Camargo Neto, Brazil
Luis de la Calle, Mexico
Michael Gifford, Canada
Ahmed Goueli, Egypt
Dale Hathaway, United States
Huang Jikun, China

Heinz Imhof, Switzerland
Hans Jöhr, Switzerland
Rob Johnson, United States
Timothy Josling, United Kingdom
Guy Legras, France
Liberty Mhlanga, Zimbabwe
Rolf Moehler, Belgium
Raul Montemayor, Philippines
Donald Nelson, United States
Joe O'Mara, United States
Nèstor Osorio, Colombia
Michel Petit, France

Per Pinstруп-Andersen, Denmark
Henry Plumb, United Kingdom
Marcelo Regunaga, Argentina
Eugenia Serova, Russia
Hiroshi Shiraiwa, Japan
Jiro Shiwaku, Japan
Jim Starkey, United States
Jerry Steiner, United States
Ajay Vashee, Zambia
Anthony Wylie, Chile
Jorge Zorreguieta, Argentina

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