Economic Commission for Africa (ECA)

Draft

Expert Group Meeting on Africa

and

The WTO Agreement on Agriculture

Report of the Meeting

Organised in collaboration with the African Union (AU), the United Nations Conference on Trade and Development (UNCTAD), the African Economic Research Consortium (AERC), the Southern Africa Trade and Research Network, the World Trade Organisation and the World Bank

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I. Background

An Experts Group Meeting on Africa and the WTO Agreement on Agriculture organized by the Economic Commission for Africa (ECA), in collaboration with the African Union (AU), the United nations Conference on Trade and Development (UNCTAD), the African Economic Research Consortium (AERC), the Southern Africa Trade and Research Network (SATRN), the World Trade Organizations (WTO) and the World Bank was held in Addis Ababa (Ethiopia) from 7 to 8 April 2003. The United Nations Development Programme (UNDP) funded the Meeting and the Economic Commission for Africa Participants to the meeting included trade officials from African countries, representatives of research institutions and trade networks, representatives of regional economic communities (RECs); and representatives of the Africa WTO Geneva Group. Representatives of collaborating organizations as well as from the North-South Centre in the Hague served as resource persons for the meeting.

II. Purpose and Agenda of the Meeting

The Meeting was convened to discuss Africa and the WTO Agreement on Agriculture and more specifically the current state of play of negotiations on agriculture in the WTO; and implications for African countries of the "March modalities"; and on areas for further negotiations. On modalities the meeting covered issues of market access; export competition; domestic support measures; special and differential treatment; non-trade concerns in the negotiations on agriculture; and non-tariff barriers and their impact on agricultural trade.

On market access the discussions centred on outstanding issues of market access, particularly on the tariff-cut approach; market access for exports of interest to developing countries (or "strategic products"); treatment of residual barriers (e.g. seasonal tariffs, non-ad-valorem rates, tariff escalation); measures on tariff rate quota (TRQ), volume expansion and the TRQ administration; treatment of non-reciprocal preferences to developing countries; non-tariff barriers (e.g. SPS, TBT or other standards and regulations in importing countries); and special and differential (S&D) treatment, including the Special Safeguard Measures for developing countries. The meeting also considered issues of harmonization formula for tariff reductions; the Uruguay Round formula; tariff quotas, including the major issue of whether in-quota tariffs should be reduced to zero; tariff quota administration impinging on the need for such imposition and the need for further technical work; and Special Safeguard Measures, including the issue of elimination of such provisions from Article 5 of the Agreement on Agriculture.

On export competition discussions focused on export subsidies with particular reference to the specific modalities and phasing out of budgetary outlays and quantity commitments from the final bound level; export credits covering the establishment of stronger disciplines and technical work food aid, including the criteria for such aid, provision of aid in grant form, and commitments to not reduce food aid volumes under high prices; and the need for exporting state-trading enterprises to strengthen transparency and notification. More specifically, the meeting discussed issues about the formula for reducing/eliminating export subsidies; rules and disciplines concerning export financing support (e.g. export

credits); rules and disciplines concerning food aid; rules and disciplines concerning exporting state-trading enterprises (STEs); and implementation of the Marrakech Decision on Least Developed Countries (LDCs) and Net Food-Importing Developing Countries (NFIDCs) and of other measures to counter the negative effects of export subsidy elimination on African countries.

On domestic support measures discussions centred on the Green Box and proposals for tightening it, enlarging existing provisions or adding new types of programmes or payments; the Blue Box and the key concerns, including its possible elimination, capping of payments, or subjecting them to reduction commitment; the Amber Box covering the major outstanding issues in the reduction method and the target for further AMS commitments. More specifically, the meeting discussed the rules on Green Box criteria; reduction methods for the Amber and the Blue Box measures; rules on the de minimis level; and the elements included in Article 6.2 (S&D for developing countries).

On non-trade concerns, the meeting explored the scope for incorporating concerns about food security, food safety, the environment, rural development and poverty reduction into the Agreement on Agriculture. The Meeting also discussed the extent to which the Harbinson text on Modalities on 18 March 2003 had attempted to incorporate proposals contained in the "Development Box" which had been tabled by the Like-Minded Group at the Doha WTO Ministerial Conference.

On special and differential treatment, discussions focused on examination of the ways in which special and differential treatment provisions have been incorporated in the "Modalities Documents" and whether this had adequately addressed concerns raised by African countries. It was acknowledged that S&D is a horizontal issue cutting across market access; export competition, and domestic support. Furthermore S&D provisions have been incorporated in the Agreement on Agriculture in order to create a level playing field for trade in agricultural products, through provision of exemptions and/or longer transition periods for developing countries and especially LDCs.

On non-tariff barriers, participants discussed qquantitative and non-quantitative and non-transparent blockages to market access, exemplified by import quotas, seasonal import restrictions, rules of origin, and a wide range of product standards including sanitary, phytosanitary and technical standards; and measures that African countries need to adopt in order to overcome these constraints and ease access to developed-county markets.

The final session of the meeting was devoted to formulating recommendations to African countries, on the key elements to be taken into account in their formulation of negotiating positions and strategies on agriculture These recommendations will feed into the High-Level Brainstorming Meeting of African Trade Negotiators Preparatory to the Fifth WTO Ministerial Conference and also serve as inputs into the Conference of African Ministers of Trade to be held in June 2003 to prepare for the Cancun WTO Ministerial Conference.

III. Synthesis of the Main Presentations

Resource people made a number of presentations during the meeting from various organizations, which included the Economic Commission for Africa, the African Union, the African Economic Research Consortium, the Africa WTO Geneva Group, United Nations Conference on Trade and Development, the World Trade Organization, the World Bank and the North-South Centre in the Hague. This section of the Report tries to capture the salient elements of those presentations, without being exhaustive.

A. State of Play of Negotiations on Agriculture

The Meeting was briefed by various presenters on the state of play of the negotiations on agriculture. Participants were informed that during most of 2002, Members of the WTO had the opportunity to propose and discuss possible modalities for further commitments, including rules-related elements. Many proposals had been tabled and much technical work had been carried out and positions of various countries had emerged. Discussions on "Modalities" were to be completed by 31 March 2003 and should have set parameters of the final agreement to be reached by 1 January 2005.

The Chairman of the Committee on Agriculture, Ambassador Stuart Harbinson, had distributed on 18 December 2002, "An Overview" of the inputs to the negotiations as Document TN/AG/6 This document summarized proposals and outlined key issues and questions to be addressed in order to prepare "Modalities". The Chairman noted in the Overview wide gaps in participants' positions regarding fundamental aspects of reform programme; divergences on technical issues and in the interpretation of level of ambition implied in the wording of the Doha Declaration; and that little progress had been recorded to the bridge the different positions, in particular as regards main agriculture exporters and importers, with little willingness on each side to compromise on their earlier positions.

The Chairman circulated on 17 February 2003, "First Draft of Modalities" entitled Document TN/AG/W/1, in which he attempted to find a balance between different levels of ambition and approaches to reform set out in the proposals from members; This document provoked more intensive and focused negotiations on the Agreement on Agriculture. Both exporters and importers of agricultural products expressed disappointment with the document, finding proposals contained in the document either too ambitious or not ambitious enough. Most WTO members, however, expressed willingness to examine technical matters, such as tariff quota administration, export credits, food aid, and some aspects of special and differential treatment in the area of market access. Furthermore, a number of WTO members found certain aspects of the proposals on special and differential treatment acceptable, although more work was needed in refining such provisions.

The Chairman of the Committee on Agriculture discussed the First Draft of the Modalities with WTO members, either in plenary sessions and in consultations with participants and group of countries. These discussions yielded no clear guidance or bases for possible compromise for preparing a second draft on Modalities. A number of developing countries and least developed countries saw the First Draft of the Modalities as a good basis for negotiations; a number of countries even indicated that on the formula approach for tariff reductions, they preferred use of the Uruguay Round formula, i.e. simple average reduction method for tariffs. On other issues, the

majority in the opposite direction, with many developing countries insisting on immediate elimination of export subsidies, radical reduction or elimination of trade-distorting domestic support and capping and tighter rules for non-distorting support

In summary, throughout the entire period of agricultural negotiations, the negotiating positions of the WTO members have been divided into two brood groups: competitive agricultural exporter countries, whose aim has been to improve their market access opportunities by eliminating distortions in the world agriculture trade, and other s, mostly developed countries, whose aim has been to maintain their non-competitive agricultural sector by moving slowly on agricultural liberalization. Accordingly, this appears to have been a clash between trade concerns vs. non-trade concerns. The former proposed modalities that would achieve speedy reductions or elimination in tariffs and subsidies, while the letter proposed a repeat of the reduction formulae adopted during the Uruguay Round. To the majority of agriculture exporting developing countries, the best provision for special and differential treatment (S&D) would be the total elimination of trade distortion in the world agricultural markets.

The firs Draft of the Modalities was revised on 18 March 2003 as Document TN/AG/W/1/Rev.1, based on the outcome of the negotiations and consultations among WTO members. But this resulted in very little changes from the first draft. At this stage the supporters of the Uruguay Round approach probably had decided not to proceed with the Harbinson draft any longer as the basis for further negotiations. They were especially dissatisfied by the fact that the revised draft conveniently ignored what they called the majority view (75 out of 145 WTO Members), expressed in February which favoured the use of the UR formulae for tariff reduction, as opposed to the Harbinson's three-band formula. This draft was nonetheless considered at the March 31, 2003 Session of the Committee on agriculture which failed to reach agreement on "Modalities" for further liberalization of agricultural trade.

The 31 March 2003 deadline was for establishing "modalities in the agricultural negotiations. These targets (including numerical targets) for achieving the objectives of the negotiations, as well as issues related to rules. They will set parameters for the final agreement in agriculture negotiations, for example how far import duties should be cut, and subsidies reduced or eliminated, and over what periods of time. WTO members failed to reach agreement on "modalities" because of the wide gaps that still exists between members on a number of issues of agriculture reform. Accordingly, the Chairman was unable to produce a "Second Draft of the Modalities" Indeed, the Chairman of the Committee on Agriculture observed that failure to meet the deadline on modalities was a great disappointment for everybody and the negotiators must redouble their efforts in agriculture in order areas of negotiations between now and September Ministerial Conference in Cancun, Mexico. The Chairman welcomed the willingness of WTO members to continue working on agricultural modalities and stressed the importance of maintaining momentum in other areas of negotiations such as services, industrial tariff reductions, trade and environment and reforming WTO rules, so that "positive linkages" with the agricultural negotiations can be established.

The Africa WTO Geneva Group had reviewed the "First Draft of the Modalities" and submitted comments on that draft which focused on specific products/strategic products to be included in the Agreement; modalities for reducing export subsidies; capping the Green Box; and inclusion in the Agreement of the concept of animal welfare; and issues relating to Least Developed Countries (LDCs) and Net-Food Importing Developing Countries (NFIDCs). The Africa WTO Geneva Group noted that in the revised draft of March 2003, there was no attempt to take into account the interlinkages between the three pillars of the Agreement on Agriculture (i.e. market access, export competition and domestic support); and the existence of gross imbalance between the proposed reductions in tariffs for developing countries and the proposed reform in domestic support and export competition. The level of ambition in all the pillars of the agreement remains the same. Export subsidies as proposed in the Harbinson text will remain for at least 10 years. Furthermore, the disciplines proposed on export credits, export guarantees and insurance and food aid are rather vague and contain loopholes that might lead to circumvention. There is also no reference to the "Peace Clause". The Africa WTO Geneva Group is of the view that **"key to seeing progress on agreeing on the modalities is the formula to be applied for tariff reduction".** The Chairman of the Agriculture Committee noted that the Special Session of March 31 2003 had failed to agree on Draft Modalities because of vast differences from members on how the reform in agriculture is to be achieved and that further technical work will continue in the WTO. The Group is of the view that since there are still fundamental differences with some members rejecting the revised draft modalities document, it is note clear as to what will be discussed and **there is further danger that no agreement on modalities may be reached at the Cancun WTO Ministerial Conference**.

B. Modalities for Further Reform in Agricultural Trade

Presentations on modalities focused mainly on the three pillars, market access; export competition; and domestic support. The presentations centred on review of progress made in agreeing on "modalities" for further trade negotiations on agriculture; on market access and more specifically modalities for further tariff reductions, tariff quota administration, and special safeguard measures; export competition, focusing on such issues as export subsidies, export credits, farm subsidies and food aid; progress made in agreeing on modalities for reduction of domestic support measures (focusing on the Green Box, the Blue Box and the Amber Box); and the extent to which special and differential treatment (S&D) provisions for developing countries are being made operational in the Agreement on Agriculture (AoA) as well as non-trade concerns of developing countries being integrated in the AoA.

(i) Market Access

On market access presenters noted that Harbinson's modality proposals on tariff cuts is an applied Uruguay Round (UR) formula. It provides countries with flexibility to select appropriate level of tariff for "sensitive" product. But, by assigning a different rate of tariff reductions to a different tariff band, it would achieve a substantially higher level of tariff cuts that the UR formula. In addition, with a view to eliminating tariff escalation, the modality sets a condition to tariff cuts on processed products, such that the rate of reduction on processed products becomes

at least 30 percent higher than those applicable to associated primary products. UNCTAD is of the view that the Harbinson's three-tariff-band approach would achieve a higher level of developing countries' agricultural production and exports than the UR formula. However, a higher rate of MFN tariff cuts could mean a greater degree of erosion of preferential tariffs that developing countries are currently enjoying. It would appear that motivated by this concern, quite a number of African countries have joined the list of countries supporting the UR formula for tariff cuts.

(ii) Export Competition

Presenters observed that elimination of export subsidies is targeted in the Harbinson modalities within six years for one set of products and 9 years for more "sensitive" products. These time frames for phasing out of export subsidies is apparently too long for those who advocate an immediate elimination of export subsidies. Neither does the proposed modality include the African Group's proposal to prioritise the products for export subsidy elimination according to the degree of negative impacts on developing countries' exporting opportunities.

New rules are introduced to govern the subsidy elements of export credits, exporting state enterprises (STEs) and food aid. The terms and conditions on export credits (e.g. maximum repayment term, minimum interest rates) are substantially tightened. The provision on food aid aims at ensuring that such aid is not used as a method of surplus disposal, nor as a means of achieving commercial advantages in world markets. The Harbinson draft, however, makes no reference to setting up a counter-measure to meet possible negative effects of elimination of export subsidies upon LDCs and NFIDCs.

Some presenters indicated that even if the Harbinson modalities foresee an elimination of export subsidies, it is important to seek agreement on mechanisms, which would lead to effective and incremental reduction of subsidies levels. Commitments based on export volumes and outlays do not necessarily translate to lower levels of price subsidies. This is because countries have the flexibility to allocate expenditures across different products, depending on the level of world market prices, and thereby maximize the level of price subsidy. Among the suggestions advanced for dealing with the various issues on export competition are the following: Commitments based on ad valorem subsidy levels. Ad valorem subsidies, as a ratio between subsidies and world market prices, provide a better indicator of the level of subsidies. This would require that new commitment bases be calculated and agreed on, since ad valorem subsidies are not being reported Leaving it to individual countries to aggregate products into groups and define quantity units at their leisure does not allow the level of transparency that is necessary to effectively monitor compliance.

There should be agreement on uniform definition and aggregation of product groups and units of measure. Agreement on ad valorem limits would need to be complemented with limits on overall subsidy outlays, preferably based on actual use rather than commitments. With binding commitments on total subsidy values, countries would not have the possibility to subsidize growing quantities without cutting the unit rates of subsidy, which would have the beneficial result of accelerating their reduction. This would make it unnecessary to seek commitment

on volumes. There should also be agreement to cap subsidy outlays at current use levels rather than on commitment levels. A speedy and incremental reduction of subsidies would require that practices such as rollover and frontloading be excluded.

It is also suggested that there should be agreements that include clearly defined product groups and quantity units, single baseline period, and fixed annual targets. Direct subsidies are not the only avenue to affect export competition. Some of the blue and green box measures, such as direct payments, allow producers in supporting countries to expand production at artificially lowered cost. This gives these countries unfair exporting advantages. Agreement should also be reached on effective decoupling. That is adoption of formulae to estimate the subsidy equivalents of export policies and domestic support measures and count such export subsidy equivalents against the reduction commitments.

The Harbinson proposal recognizes the need to close loopholes that allow countries to indirectly subsidize exports. Agreement has therefore to be reached on mechanisms that ensure that all practices that translate into subsidization of exports are made transparent and subjected to discipline. As regards, export credit, guarantee, and insurance: (i) agreement on rules governing their use; (ii) adopt a formula to convert them into subsidy equivalents; (iii) include estimates into the subsidy reduction commitment; With regards to export taxes and restrictions: agreement that goes beyond the ban of new export prohibitions, restrictions or taxes on foodstuff to also (i) remove existing prohibitions, taxes, and restriction and (ii) extends prohibitions to all agricultural products. As for food aid: agreement to encourage cash instead of food aid; where aid in-kind is provided, agreement on (i) mechanism to estimate export subsidy equivalents; and (ii) include these into the subsidy reduction commitments. With respect to disposal of public stocks: agreement on rules governing the practice and on (i) mechanism to estimate export subsidy equivalents; and (ii) count these against the reduction commitments.

With respect to state trading enterprises (STEs) and marketing board practices: it is suggested that agreement be reached on (i) subjecting STE and Marketing Board to same rules as private enterprises; (ii) transparency and notification rules for such practices; (iii) clear definition of consumer-financed subsidy; and (iv) rules to discipline this type of subsidy.

(iii) Domestic Support

The Harbinson modalities propose a 60 percent reduction in the final bound Aggregate Measure of Support (AMS) level in five years, and a reduction of the de minimis limit to 2.5%, applicable to developed countries. While the reduction rate of 60% may appear ambitious, the actual impact on the level of existing AMS measures could be much smaller, given that the "notified" level of AMS has been on average less that two-thirds of the "bound level". In other words this would leave current levels of domestic support in developed countries unchanged.

With the Blue Box, the Harbinson draft suggests either to reduce it by 50% from the final bound level or transfer it to the AMS commitments. Amendment of the Green Box criteria is the longest and most detailed part of the Harbinson draft on the domestic support commitments. Some presenters observed that tightening the Green

Box criteria can be double-edged sword. On one hand, if the criteria becomes too strict, it would deter major users of domestic support, who are mainly developed countries, from accepting a large AMS cut. On the other hand, maintaining the Green Box criteria as it is now would exacerbate their tendency to compensate for the AMS cut by increasing trade distorting. The draft tried to strike a balance by tightening the rules on some of measures and introducing new Green Box measures

On the Green Box, presenters noted that the Green Box and the Blue Box payments are production increasing because they have in themselves several production increasing effects; they are used to abandon existing production controls or to avoid new production controls that developed countries would otherwise be forced to introduce by the reduction in export subsidies. In both ways, green box and blue box payments lead to disguised dumping, because they allow developed countries to export large volumes of agricultural products below their own costs of production.

It was the view of one presenter, to reduce the use of direct payments for disguised dumping, a number of options could be considered Firstly, developed countries should be obliged each year to report their cost of production on the base of agreed statistical methods and report exports below this cots of production. Secondly, developing countries should be allowed to impose anti-dumping tariffs on imports from countries that are exporting below their own production costs. Thirdly, when countries pay direct allowances related to products that are exported below cost of production, the share of the payments that correspond to that of exports in the total production, should count as export subsidies.

For the longer term, a further option may be important to reduce dumping by developed countries of agricultural products. The current approach of defining and restricting trade-distorting forms of support is note very helpful. Developed countries will always find new loopholes that allow them to use exemptions tom support their exports. Direct controls on trade volumes are much more effective. To this purpose, minimum import quota and maximum export quota could be imposed on developed countries. To increase flexibility, the quota can be made tradable between countries. These quotas are only adjusted when the world market price exceeds certain minimum levels. This is a simple way to keep world market prices within price range and control dumping without need for complicated arrangements.

(iv) Special and Differential Treatment (S&D)

Developing countries had mixed opinions as regards the treatment of the Special and Differential Treatment (S&D) for developing countries in the Harbinson's modalities. On one hand, the Harbinson's modalities adopts the same approach as the Uruguay Round modalities towards the degree of policy flexibility in terms of a lower reduction of commitments (one-third less than the rate of reduction applicable to developed countries); and a longer implementation period (10 years instead of five or six for developed countries). New approaches proposed by developing countries, e.g. time-lagged reduction commitments for developing countries (allowing them to reduce tariffs only after developed countries complete their reductions or eliminations of export subsidies and domestic support) were not incorporated.

On the other hand, the draft introduces new and enhanced elements to the existing S&D provisions. The most notable was the introduction of "strategic products (SP)' and a special safeguard measure (SSM) for developing countries with a view to maintaining a certain level of tariff protection on products that are important for food security, rural development and livelihood security concerns. The draft also reflects on a variety of non-trade concerns of developing countries by expanding a list of domestic support measures that are exempted from developing countries' reduction commitments. The Harbinson modalities also suggested possible measures to deal with the erosion of non-trade reciprocal preferences and "additional forms of flexibility" for certain groupings of countries, such as SIDS, vulnerable developing countries and transition economies. One major omission that remains is that the proposed modalities do not define the actual mechanism for the S&D provisions to be made operational. a concern that has been constantly expressed by developing countries.

IV. Summary of Discussions

Following discussions on the current state of play of negotiations on the Agreement on Agriculture, the meeting discussed the Harbinson's Modalities Proposals centred on the three pillars (market access, export competition and domestic support). As regards market access the meeting discussed, tariffs, tariff administration, tariff quotas, in quota tariffs, and special safeguard measures. The issues relating to determination of "strategic products (SP)"The meeting stressed the need for WTO members on modalities for defining "strategic products" and reaching agreement on "special safeguard measures (SSM) for developing countries. It was also emphasized that the modalities document needed to draw a balance between exporters and importers of agricultural products. Furthermore, the meeting emphasized the importance of effectively dealing with tariff peaks and tariff escalation in the current agricultural, negotiations in order to create a level playing filed in agricultural trade. It was strongly recommended that tariff peaks and tariff escalation by developed countries should be reduced. It was firmly argued that there should be some form of international compensatory scheme, as part of the reform of agriculture and as a way of mitigating the negative impact of liberalization on developing countries.

The Meeting was also of the view that much further research was required on special safeguard measures, to provide the necessary background information needed for African countries to submit concrete proposals on these issues. African countries were encouraged to diversify their economies and add value to their primary products African LDCs should be exempted from all commitments. There was anxiety expressed that preferential schemes are being eroded and also that there was a need to look into each product.

On export competition, the meeting discussed the Harbinson proposals for phasing reducing export subsidies, issues relating to export credit and export guarantees, food aid and state trading enterprises. The meeting was of the view that there is an urgent need to reduce and/or eliminate export subsidies. There is a need to explore more fully the critical relationship between export subsidies, global trade and economic growth and its impact on African countries. The meeting also discussed the impact of developed countries selling their agricultural products at below production

costs as “disguised dumping”. It was of the view of the meeting that modalities would need to be worked out to identify methodologies of determined “disguised developing” by developing countries.

On the Harbinson modalities on “domestic support”, the meeting was of the view that there is need to establish clear link between price support, production costs and domestic payments and its implications for competition faced by African exports. There was considerable dissatisfaction with the Harbinson proposals, as it included little that would prevent the use of Green Box support for disguised dumping and this demanded that African countries should come up with their own demands encompassing and more specifically that developed countries should be obliged to report their cost of production on the base of agreed statistical methods and to report exports below the cost of production (disguised dumping); developing countries should be allowed to impose anti-dumping tariffs on imports from countries that are exporting below their own production costs; stipulate that when countries pay direct allowances related to products that are exported below cost of production, the share of the payments that corresponds to that of exports in the total production should count as export subsidies; revamp the current approach of defining and restricting trade distorting forms of support as developed countries will always find loopholes that allow them to use exemptions to support their exports and hence direct control on trade volumes are much more effective; this demands that minimum import quota and maximum export quota be imposed on developed countries.

Future directions on domestic support measures require critical review of a number of issues including the possibility of changing domestic support to establish one General Subsidy Box; reducing the number of Boxes to two, one for trade distorting measures, and another for non-trade distorting; tightening of Green Box provision; assessing whether payments under the Blue Box be capped/or become subject to reduction commitments; making decisions on the reduction method and target for further AMS commitments; and the need to discuss analyse further the views of the EU, US and the Africa Group on the recent WTO proposals on modalities.

On non-trade concerns the discussions focused the extent to which the Harbinson modalities had incorporated such concern, and more specifically food security, food safety, the environment, rural development and poverty reduction into the Agreement on Agriculture. The meeting also discussed the extent to which the proposals, which were contained in the “Development Box”, which was proposed by the Like-Minded Group at Doha, had been incorporated in the Harbinson modalities. The meeting emphasized that the provision of Special and Differential Treatment should be seen as a horizontal issues in the Agreement on Agriculture

V. Recommendations and Conclusions

A. General Recommendations

- The level of ambition in relation to liberalization in the three pillars i.e. market Access, export competition, and domestic support) should be equal.

- The linkages between the three pillars need to be taken into consideration in the negotiations.

B. Market Access

- There is a need for focus on strategic action
- Developed countries should reduce tariff peaks and tariff escalation
- There should be a more simplified and transparent tariff quotas
- There should be commitment to reduce bound rates and adoption of special safeguard measures
- There should be critical scrutiny of the formula to be used for tariff reductions
- Tariffs are major sources of revenue for African countries
- There is a need for harmonization of products on tariff in primary and processed products
- There is a need for more analytical work on quantitative implications of the various formulas being proposed
- As preferences are being eroded Compensatory Mechanisms should be included and supported by technical assistance to African countries to enable them to diversify
- LDCs should be fully exempt from any reduction commitments and should be given Bound Duty Free and Quota Free market access

C. Export Competition

- It is essential to ensure that developed countries report each year the differences between the cost of production and export price of their goods to ascertain the degree of domestic subsidization.
- Developing countries should have the right to apply anti dumping measures on developed countries exporting below cost of production
- There should be reduction of the Green Box and the Blue Box to reduce distortions
- There should be reduction of direct payments for dumping
- Developing countries should be persuaded to educate their farmers to reduce domestic agricultural subsidies
- There should be minimum import quota and maximum export quota-this should be imposed on developed countries

D. Domestic Support Measures

- There should be reduction of the Boxes for agriculture to two-trade distorting and non-trade distorting
- Developed countries should be made to reduce the Amber Box by 60%
- There is a need to cap and tighten the Green Box

E. Non Trade and Other Issues

- Developing countries should have the right to impose tariffs on agricultural products of importance to their economies especially in relation to rural development and employment

- There should be import duties to evolve African agriculture and agro-industries
- There should be an attempt to examine impact of NTB on market access for African products
- The Harbinson Text only partially covers issues under non trade and related concerns and this should be widely recognized
- There is a need for technical assistance to developing countries to deal with NTB
- Regional Integration should be the context for negotiations undertaken by African countries underpinned by intra African trade, competition and productivity levels within the region

F. Capacity Building in Africa for Trade and WTO-Related Issues

- The meeting emphasized the need to build national dialogue on trade and WTO-related issues
- The need to develop programmes for the private sector entrepreneurs to effectively participate in regional and international trade was underlined
- The importance of building negotiating capacity at the national and sub-regional levels was underscored
- The need for basic research to support African trade negotiators was reiterated
- The need for the various providers of trade-related technical assistance to African countries was also emphasized
- The need to develop a “resource manual” of African experts in trade negotiations was indicated