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*World Agricultural Forum 2017*

## **Multilateral Negotiations on Agricultural Trade: State of Play**

*By Evan Rogerson*

### **Synopsis**

*The World Agricultural Forum conference recently co-hosted by RSIS focused on three key themes – trade, food security and technology. Food security is a basic concern. Trade is an essential element in ensuring food supplies. Keeping the trading system open is a key priority. The WTO Ministerial in December 2017 is an important opportunity to reinforce the system.*

### **Commentary**

THE WORLD Agricultural Forum (WAF) in Singapore on 6 to 7 July 2017 provided a timely opportunity to reaffirm the importance of agricultural trade to food security as well as to economic growth and rural development. This has been widely recognised by international bodies such as the Food and Agriculture Organisation of the United Nations and enshrined in Goal 2 of the UN Sustainable Development Goals (SDG).

Food security is often a question of access to supply rather than simply one of production, and it is this fact that lies behind the SDG commitment to “correct and prevent trade restrictions and distortions in world agricultural trade”. A well-functioning system of trade rules and disciplines is essential to keep trade flowing and pursue these goals. This is what the World Trade Organisation (WTO) aims to provide, but there is much work still to do to maintain and improve the effectiveness of the system.

### **Where Do We Stand Now?**

There has been progress. The WTO's Nairobi agreement in 2015 to eliminate export subsidies and discipline equivalent measures dealt with the most egregious and long-running trade-distorting measures affecting agriculture, which not only distort markets but also restrict possibilities for developing-country traders. In doing so, it brought agricultural trade into line with where industrial goods have been since the 1950s and fulfilled a key element of SDG 2.b, the first of the Goals to be achieved.

Nonetheless, after 16 years of multilateral negotiations, other longstanding trade-distorting measures obstinately remain a particular problem for agricultural trade. This prevents its full contribution to food security and development. These measures include high levels of domestic subsidies and high tariffs as well as tariff peaks and tariff escalation which inhibit developing countries from taking full advantage of trading up value chains.

In addition, "behind the border" measures are increasingly important, in some cases being used for protectionist purposes. In an increasingly complex regulatory universe, smaller traders can find it difficult to participate. There is a clear need to facilitate fuller participation in value chains, including by smaller producers and SMEs, and with emphasis on the major role of women in agriculture.

It is true that most of the successes in opening agricultural markets in recent years have been achieved in bilateral or plurilateral negotiations. It is important that these not be derailed – that the Trans-Pacific Partnership (TPP) continues even without the United States, for example. However multilateral deals in the WTO are still the only way to tackle trade-distorting subsidies at a global level. This is why it is essential that ways be found to renew the impetus of the current negotiations.

### **Most Important Outstanding Issue**

Eliminating or reducing trade-distorting domestic support to agriculture is a key point in the negotiating mandate to which all WTO Members are committed. It is widely recognised as the most important outstanding issue. It is also the issue on which progress is most difficult. The key problem is an entrenched disagreement over the respective contributions of different participants, particularly between the emerging economies like China and India on one side and the major industrialised producers like the US and European Union (EU) on the other.

There are intensive efforts going on to bridge the gaps and identify positive directions, such as the concept of a commitment on Overall Trade-Distorting Support (ODTS). However, given the broader political environment, including the direction of US trade policy, there are no grounds to expect rapid progress.

Against this background, the outlook for major concrete results on agriculture at the Buenos Aires WTO ministerial conference in less than six months' time is not very encouraging. Nonetheless some positive outcomes are possible.

One such is Singapore's proposal to improve transparency in Export Restrictions. This can and should be agreed to.

Issues about public stockholding for food security purposes and special safeguards must also be resolved, but the chances of finding lasting solutions may be improved in the context of broader progress on agricultural trade reform, to which all WTO Members are pledged in the Agreement on Agriculture.

## **Way Forward**

Defensive concerns about disruptive effects of imports or reliance on international markets for food security need to be addressed seriously. Governments have the right to pursue their domestic food security and rural development objectives, but these should not distort trade or have negative impacts on the food security of other countries.

Progress could also be made on making existing market access more useable. This means: implementing tariff quotas fairly and in a transparent manner, in accordance with WTO rules; continuing commitment to ensure standards do not operate as protectionist barriers; and stepping up assistance to developing-country exporters to meet international standards.

Other possible measures include implementing fully and rapidly the WTO Trade Facilitation Agreement with particular attention to lightening the administrative burden on SMEs; improving infrastructure, including access to digital networks and platforms; and assisting producers to identify and develop export opportunities. The importance of partnerships among governments, international organisations and the private sector in pursuing these objectives has been underlined by developing countries.

Meaningful efforts by governments to live up to their WTO transparency obligations are also needed. Trade policy making in agriculture, as elsewhere, relies on sound data and its absence breeds suspicion.

Short of a breakthrough on subsidies a major outcome on agriculture from Buenos Aires would be a solid reaffirmation of the importance of the negotiations and a recommitment to advance them as a priority. The further governments can go towards setting out clear directions for progress the better, but the main thing is to secure the negotiations for the future.

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