



## Note

# WTO Committee on Agriculture: Taking Forward the Issues of Interest to Developing and LDCs

By Anwasha Bandyopadhyay

### Summary

This Note focuses on the mandate and work of the WTO Committee on Agriculture (CoA) with a view to providing summarised information and analysis that can help smaller developing and least-developed countries better understand the functioning of this key Committee and take part in its deliberations to promote their interests. The Note is divided into three parts. First, it provides information about the mandate of the CoA and how it delivers on the mandate. It then provides a summarised account of the discussions in the CoA on some key issues of interest to smaller developing and least-developed countries in the last year or so. Finally, the third part outlines the tentative agenda of the CoA for 2019 and the important issues where smaller developing and least-developed countries should participate actively.

## Introduction

### Mandate of the WTO Committee on Agriculture

The Committee of Agriculture (CoA) is responsible for overseeing the implementation of the WTO Agreement on Agriculture which came into force in 1995 to reform agricultural trade by making it more fair and competitive.<sup>1</sup>

The Agriculture Agreement covers:<sup>2</sup> (i) Market access — the use of trade restrictions, such as tariffs on imports; (ii) Domestic support — the use of subsidies and other support programmes that directly stimulate production and distort trade; and (iii) Export competition — the use of export subsidies and other government support programmes that subsidize exports.

The WTO Agriculture Agreement provides a framework for the long-term reform of agricultural trade and domestic policies, with the aim of leading to fairer competition and a less distorted sector.<sup>3</sup> Under the Agreement, WTO members agree to “schedules” or lists of commitments that set limits on the tariffs they can apply to individual products and on levels of domestic support and export subsidies.<sup>4</sup>

Article 18 of the Agreement on Agriculture constitutes the legal basis for the Committee’s

overseeing function, referred to as the Review Process.<sup>5</sup> The mandate of the Committee in this respect is contained in the January 1995 Decision by the General Council (WT/L/43).

The Committee of Agriculture’s key responsibility is to monitor how WTO members are complying with their commitments as per the Agreement.<sup>6</sup> Here, members of the WTO share information as to how they are implementing the Agreement in their own respective countries and they can question other members regarding concerns over the implementation.<sup>7</sup>

### Conduct of WTO Agriculture Committee’s mandate and the main issues discussed in the Committee

The WTO Agriculture Committee meets at regular intervals to review progress in the implementation of specific reform programmes and also carry out other tasks which have been defined for their monitoring in the Agreement.<sup>8</sup> The agenda for regular meetings and the work of the Committee itself is conducted in two parts:<sup>9</sup> (i) Part I shall comprise items relating to the review process; (ii) Part II shall comprise items relating to other matters within the purview of the Committee, as well as items relating to reports to be submitted by the Committee to

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<sup>1</sup> WTO. The Agriculture Committee.  
[https://www.wto.org/english/tratop\\_e/agric\\_e/ag\\_work\\_e.htm](https://www.wto.org/english/tratop_e/agric_e/ag_work_e.htm)

<sup>2</sup> WTO. Agriculture.  
[https://www.wto.org/english/tratop\\_e/agric\\_e/agric\\_e.htm#introduction](https://www.wto.org/english/tratop_e/agric_e/agric_e.htm#introduction)

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Agriculture Information Management System.

<https://agims-qna.wto.org/public/Pages/en/ReviewProcess.aspx>

<sup>6</sup> WTO. The Agriculture Committee.  
[https://www.wto.org/english/tratop\\_e/agric\\_e/ag\\_work\\_e.htm](https://www.wto.org/english/tratop_e/agric_e/ag_work_e.htm)

<sup>7</sup> Ibid.

<sup>8</sup> WTO. The Agriculture Committee. The organization of work in the Agriculture Committee and working procedures are set out in document [G/AG/1](#). P 1.

<sup>9</sup> Ibid.

other WTO bodies.

The Committee has regular meetings in March, September and November with each meeting scheduling the dates for the next meeting.<sup>10</sup> At the special request of a Members, if it is deemed necessary or very important, the Chairperson may convene a special meeting of the Committee.<sup>11</sup>

Some of the areas which the Committee works on are:<sup>12</sup>

### **Under Part I (Review Process)**

i) Making an annual review of the growth of world agricultural trade to see if export subsidies may be a cause of trade growth.

ii) Annual reviews of members' agriculture export subsidies and other export measures where the WTO Secretariat compiles background information on members' export subsidies, export finance support, agriculture state trading enterprises and international food aid.

iii) Reviewing every three years the disciplines contained in the Nairobi Ministerial in its Decision on export competition.<sup>13</sup> In this, the Committee will monitor the elimination of agricultural export subsidies, new rules for export credits, and decisions on international food aid and exporting state trading enterprises agreed at the Nairobi Ministerial in its Decision on export competition. The committee will review every three years the disciplines contained in this Decision.

iv) There are a number of provisions contained

in the Nairobi Decision on Export Competition in relation to international food aid that are to be reviewed within the monitoring of the implementation of the Marrakesh NFIDC Decision.

### **Under Part II (Other Matters)**

i) Monitoring the possible negative effects of agricultural reform on poorer countries and on net food-importing developing countries.

ii) Implementation of the Bali Decision on tariff quota administration which establishes a mechanism to monitor TRQs with low fill-rates.

iii) Monitoring information submitted by members on public stockholding for food security purposes.

iv) In its analysis on net-food importing developing countries and possible negative effects of agricultural reform on poorer countries, the WTO updates regularly a list of net-food-importing developing countries and the WTO Secretariat prepares background notes on implementation of the ministerial decision.

In the below sections, this paper will review some of the main issues that were deliberated at the Committee in 2017 and 2018.

## **Challenges faced by NFIDC**

NFIDC or Net-Food Importing Developing Countries are those countries that face a serious food-import burden and the reason for this can

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

be their diverse agricultural conditions.<sup>14</sup> One of the key challenges which NFIDC countries face is the volatility of food market prices.

The Marrakesh NFIDC Decision had been important in this regard because it had recognized that greater liberalization of trade in agriculture least-developed and net food-importing developing countries can lead to negative effects in terms of the availability of adequate supplies of basic foodstuffs from external sources.<sup>15</sup> Ministers in this Ministerial Decision had agreed to establish appropriate mechanisms to ensure that the implementation of the results of the Uruguay Round on trade in agriculture does not adversely affect the availability of food aid and ensure that any agreement relating to agricultural export credits makes appropriate provision for differential treatment in favour of least-developed and net food-importing developing countries.<sup>16</sup>

Below are a summary of deliberations of the meetings held in 2017 and 2018 regarding this issue.

### **Meeting on 8<sup>th</sup> May 2017 (G/AG/R/84) 17-2483**

The Committee had been asked to follow up on the possible means of improving the effectiveness of the implementation of the Marrakesh NFIDC Decision. The Chair had recalled that this item had been on the agenda of all CoA meetings in 2016, and noted that some Members had reminded the Committee of the challenges faced by NFIDCs due to volatile food

market prices and that they had urged the Committee to re-engage in efforts to fully implement the Marrakesh NFIDC decision.

Egypt had requested that this item remain a standing agenda item for the CoA and had noted that the implementation of the Marrakesh Ministerial Decision on measures to counter the negative impacts of the Agreement on Agriculture (AoA) on the Least Developed Countries (LDCs) and Net Food-Importing Developing Countries (NFIDCs) had not been satisfactory. Also, there had been no assessment of the AoA impact on those countries.

The NFIDC Group had stressed that the debate about implementation of the decision needed to move beyond Members' notifications or submissions by international institutions. The NFIDC Group had called upon the Members to engage in further discussions on how to operationalize the Marrakesh and the Nairobi mandate to improve implementation.

The Chairperson recalled that within the framework of the Marrakesh NFIDC Decision, and pursuant to the Decision of the Committee (G/AG/3), the Committee was required to review the list of NFIDCs, including on the basis of specific requests from Members for inclusion in the list. The Chairperson stated that the Committee had not received any new demands from Members to be added to the list of NFIDCs and that the list contained in document G/AG/5/Rev.10 therefore remained unchanged.

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<sup>14</sup> NFIDC in English. Glosbe. Retrieved from. <https://glosbe.com/en/en/NFIDC>

<sup>15</sup> Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-

Developed and Net Food-Importing Developing Countries. WTO. Retrieved from.

[https://www.wto.org/english/docs\\_e/legal\\_e/35-dag\\_e.htm](https://www.wto.org/english/docs_e/legal_e/35-dag_e.htm)

<sup>16</sup> Ibid.

## **Meeting on 28<sup>th</sup> July 2017 (G/AG/R/85) 17-4161**

The Chairperson recalled that Members had agreed to review the provisions on international food aid within the Committee on Agriculture monitoring of the implementation of the Marrakesh Ministerial Decision of April 1994 on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-developed and net food-importing developing countries.

Egypt requested that this item remain a standing agenda item for the CoA.

In recognition of the challenges NFIDC countries continue to face since the adoption of Marrakesh Decision, the Ministers (in Paragraph 25 of the Nairobi Ministerial Declaration) had reaffirmed their commitment to fully implement this decision in Nairobi.

## **Meeting on 19<sup>th</sup> December 2017 (G/AG/R/86) 17-7078**

Members had agreed in the Nairobi Decision to review the provisions on international food aid within the Committee on Agriculture monitoring of the implementation of the Marrakesh Ministerial Decision of April 1994 on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-developed and net food-importing developing countries.

## **Meeting on 23<sup>rd</sup> May, 2018 (G/AG/R/87) 18-3078**

The Secretariat stated that during the 2016 annual monitoring discussions, the NFIDC group of Members had expressed concerns on the declining quantities of global food deliveries and had suggested to look at commercial food imports of LDCs and NFIDCs.

Hence, the current revised version of the note included volumetric data on total imports of cereals by LDCs and NFIDCs for 2007-2016, sourced from the UN COMTRADE. In addition, the revised note contained updated information on international cereal prices based on International Grains Council's price index, which captured a declining price trend beginning in the latter part of 2012.

Pakistan had expressed their concern over the lack of notifications and how this affected the review foreseen in the Marrakesh Decision on NFIDCs. Pakistan highlighted the importance of agriculture trade reforms and predictable trade regime in ensuring food availability, affordability and overall food security of NFIDCs. Pakistan advocated policy reforms that could help NFIDCs increase their domestic production and respond to chronic food security issues

## **Export Competition and Export Subsidies**

Export competition covers export subsidies and the parallel issues, the latter being opportunities for governments to subsidise exports via export credits, agricultural-exporting state trading enterprises and international food aid.<sup>17</sup> Under the WTO agreement on agriculture only export

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<sup>17</sup> Export Competition. Retrieved from.  
[https://definedterm.com/export\\_competition](https://definedterm.com/export_competition)

subsidies are subject to control and reduction with the parallel issues not currently subject to control and reduction.<sup>18</sup> Export competition is one of the three pillars of the WTO agreement on agriculture and the Doha development agenda agricultural negotiations.<sup>19</sup>

The core of the reform programme on export subsidies are the commitments to reduce subsidized export quantities, and the amount of money spent subsidizing exports.<sup>20</sup>

Below is a summary of deliberations of the meetings held in 2017 and 2018 regarding this issue.

### **Meeting on 8<sup>th</sup> May 2017 (G/AG/R/84) 17-2483**

In the Doha Ministerial Decision on implementation-related issues and concerns, the Committee had been asked to follow up on the issues of development of disciplines to govern the provision of export credits and export credit guarantees or insurance programmes in accordance with Article 10.2. The Chair recalled that this item had been on the agenda of all CoA meetings in 2016.

The Chairperson had noted that the CoA was responsible for the implementation of Ministerial outcomes in the monitoring of the Nairobi Ministerial Decision on export competition, including the annual dedicated discussion on export competition. The Chairperson had noted that the June dedicated discussions on post-Nairobi export competition had provided an opportunity for the Members

to have a focused exchange on issues related to the implementation of this decision. The Chairperson stated that as part of the monitoring of this Decision, Members also had the possibility to raise questions during other Committee meetings under this agenda item.

The Chairperson highlighted that comprehensive and updated information from Members was a critical element of the annual dedicated discussion on export competition. The Chairperson encouraged those Members who had not yet submitted their replies to the questionnaires to do so at their earliest convenience.

Regarding updates on the implementation of Ministerial Decisions, Australia noted that it had submitted amendments to its export subsidies schedule which had been circulated in G/MA/TAR/RS/454 on 22 February 2017. Australia highlighted that these amendments eliminated Australia's export subsidy entitlements as of 19 December 2015 in conformity with the commitments undertaken at MC10 in Nairobi to eliminate export subsidies.

### **Meeting on 28<sup>th</sup> July 2017 (G/AG/R/85) 17-4161**

The Secretariat had received 33 replies to the questionnaire and had circulated a revised background document G/AG/W/125/Rev.6, with four addenda on export subsidies, export finance, international food aid and agricultural exporting State Trading Enterprises.

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<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Export competition/subsidies. WTO. Retrieved from. [https://www.wto.org/english/tratop\\_e/agric\\_e/ag\\_intro04\\_export\\_e.htm](https://www.wto.org/english/tratop_e/agric_e/ag_intro04_export_e.htm)

Argentina, Australia, Canada, China, Iceland, Israel, New Zealand, Norway, Switzerland and the United States responded to questions raised by Members in advance of the Committee meeting in the context of the 2017 annual discussion on export competition. China and the United States introduced questions during the meeting. Details of the questions, answers and follow-up comments raised in the context of the annual discussion on export competition can be found in document G/AG/W/166.

The Cairns group and the Russian Federation had circulated a paper as an input to the dedicated discussion. The paper considered the alignment of Members' reported policies with the disciplines agreed by Ministers at MC10 in the Export Competition Decision.

Paragraph 5 of the Nairobi Decision on Export Competition mandates that the CoA review of the Decisions' disciplines every three years. The European Union suggested that discussions on the review be initiated at the 2018 June meeting within the annual discussion on the export competition decision.

The Committee discussed progress on the elimination of Members' scheduled export subsidy entitlements where it was noted that this commitment applied to 16 Members while New Zealand and Panama's Uruguay Round entitlements on export subsidies were already zero. Australia had submitted an amended schedule to the WTO eliminating all of its export subsidy entitlements.

With respect to export financing support, just under half of the programmes reported had repayment terms that exceeded the 18 months maximum repayment period established in the MC10 Decision.

On exporting state trading enterprises (STEs), fewer agricultural exporting STEs had been reported than in previous years.

The food aid donors' programmes of the 12 responding Members appeared to be consistent with MC10 food aid disciplines.

### **Meeting on 19<sup>th</sup> December 2017 (G/AG/R/86) 17-7078**

The Committee concluded its 2017 dedicated discussion on export competition in June. Questions and responses provided during those discussions were circulated in document G/AG/W/166 on 24 July 2017. The revised export competition background document, G/AG/W/125/Rev.7 and its amendments were circulated on 27 September 2017.

The Chairperson proposed that the Committee discuss Members' views on how to proceed with the Review of the Nairobi Export Competition Decision in an informal meeting before the next meeting of the Committee.

The European Union informed the Committee that it had submitted its revised EU 28 schedule that included modifications to its export subsidy entitlements in line with the Nairobi Ministerial Decision on Export Competition.

It was noted that a significant proportion of domestic support and export subsidies notifications remained outstanding.

Members also agreed in the Decision to review the provisions on international food aid within the Committee on Agriculture monitoring of the implementation of the Marrakesh Ministerial Decision of April 1994 on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-developed and net food-

importing developing countries.

### **Meeting on 23<sup>rd</sup> May, 2018 (G/AG/R/87) 18-3078**

The Chairperson reminded Members that as per paragraph 32 of the Nairobi Decision on Export Competition, Members had agreed to review the provisions on international food aid forming part of the Decision within the regular CoA monitoring of the implementation of the Marrakesh Ministerial Decision.

The Chairperson recalled that at the November 2016 exercise, Members continued to reflect on the international food aid review process mandated in the Nairobi Export Competition Decision. A number of Members had noted that the food aid chapter in the Secretariat's background document used for the export competition annual dedicated discussion would be a good basis for this review, while noting that it lacked additional transparency requirements. Another Member had noted the need to address the data gap concerning food aid, particularly from other international organizations

The Chairperson recalled that the Article 18:5 called on Members to consult annually with respect of their participation in the normal growth of world trade in agricultural products within the framework of commitments on export subsidies. The Committee's Working Procedures specified that this annual consultation was to be undertaken at the regular November meetings of the Committee.

The Chairperson highlighted that export subsidy notifications were one of the main bases for the consultations "within the framework of the commitments on export subsidies." These notifications covered subsidized exports and

related budgetary outlays, as well as total food aid and total export volumes. Hence, Members' compliance with their notification obligations in the export subsidy area was crucial to enable the Committee to undertake its consultations.

Several Members considered that the Nairobi outcome on export competition was still "unfinished business" and supported the aim of enhancing the disciplines contained in the Nairobi Decision with regards to export credits, export credit guarantees or insurance programmes, agricultural exporting State Trading Enterprises as well as international food aid.

Several Members also stressed the importance of the implementation of the commitments made in Nairobi more than two years ago to eliminate the remaining scheduled export subsidies entitlements. These delegations called in particular for enhanced transparency on the steps being undertaken by the relevant Members to implement the Decision

### **Meeting on 18<sup>th</sup> July 2018 (G/AG/R/88) 18-4514**

The Chairperson reminded Members that the agenda item on developments in the field of export competition had been included in the Committee Meetings since June 2014 which was a result of the Bali Ministerial Declaration on Export Competition of 7 December 2013, where Ministers had agreed to hold dedicated discussions on an annual basis in the Committee on Agriculture to enhance transparency and improve monitoring in relation to all forms of export subsidies and all export measures with equivalent effect.

The Chairperson took note of the revised

background document G/AG/W/125/Rev.8 circulated by the Secretariat on 24 April 2018 with its four addenda on export subsidies, export finance, international food aid and agricultural exporting State Trading Enterprises. This document incorporated the 25 replies received by the Secretariat.

The Chairperson noted that half of the Members had replied at least once to the questionnaire on export competition since its inception in 2014. However, in 2018 there were only 25 replies compared to more than 30 in previous years. Further, the Chairperson took note of the document G/AG/W/176 circulated on 29 May 2018 that contained the questions raised by Members in the context of the 2018 annual discussion on export competition that were received by 28 May 2018.

The European Union joined the United States and the Cairns Group in encouraging Members to enhance their response rates to the questionnaire to cover all the elements of the measures on export subsidies, export credits, food aid and state trading enterprises. Australia drew Members' attention to the fact that since the Nairobi Decision, three Members had amended their scheduled commitments while four Members had initiated the procedure to amend their schedules. Further, five of the eighteen Members with export subsidy commitments had responded to the questionnaire.

## **Meeting on 7<sup>th</sup> November 2018 (G/AG/R/89) 18-6991**

The Committee concluded its dedicated discussion on export competition in June 2018. Questions and responses provided during those discussions were circulated in document G/AG/W/182. The Secretariat subsequently revised the export competition background document, incorporating replies of four additional Members (Argentina, Guatemala, Malaysia and the Philippines) as well as complements and corrections by Brazil and the European Union.

The Cairns Group had circulated an addendum to its submission on the annual export competition review. New Zealand on behalf of the Cairns Group noted the number of replies to the questionnaire had been decreasing beginning with 36 replies in 2016, dropping to 34 in 2017 and subsequently dropping to 28 in 2018.

## **Bali TRQ Administration**

Tariff rate quotas (TRQs) are two-level tariffs, with a limited volume of imports permitted at the lower “in-quota” tariff and all subsequent imports charged at the higher “out-of-quota” tariff.<sup>21</sup> In lieu of high bound tariffs resulting from tariffication in the Uruguay Round Agreement on Agriculture (URAA), TRQs were adopted for commodities previously subject to nontariff protection.<sup>22</sup> They were meant to guarantee minimum levels of market access (initially 3 percent of domestic consumption, gradually expanded to 5 percent by the end of the implementation period) through “minimum access quotas” and to safeguard current levels of

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<sup>21</sup> Gorter and Kliaugas. Reducing Tariffs versus Expanding Tariff Rate Quotas. P 1. Retrieved from.

[http://siteresources.worldbank.org/INTRADERESEARCH/Resources/Ch5\\_AgTradeBook\\_deGorter\\_Kliaugas.pdf](http://siteresources.worldbank.org/INTRADERESEARCH/Resources/Ch5_AgTradeBook_deGorter_Kliaugas.pdf)  
<sup>22</sup> Ibid.

access through “current access quotas”.<sup>23</sup>

The Bali decision provides new disciplines for TRQs through new transparency and administrative measures that aim at reducing TRQ under-fill, thus reducing the market distortions usually associated with tariff rate quotas.<sup>24</sup>

Below is a summary of deliberations of the meetings held in 2017 and 2018 regarding this issue.

### **Meeting on 8<sup>th</sup> May 2017 (G/AG/R/84) 17-2483**

The Chairperson noted that the CoA was responsible for the implementation of Ministerial outcomes in monitoring and review of Members' obligations established under the Bali Decision on TRQ administration. The Chairperson stated that no information had been provided by Members in the context of the monitoring foreseen under the Bali Decisions on public stockholding for food security purposes and TRQ administration. According to the Decision on TRQ administration, a review of the operation of that Decision should begin no later than the end of 2017.

### **Meeting on 28<sup>th</sup> July 2017 (G/AG/R/85) 17-4161**

No information had been provided by Members in the context of the monitoring foreseen under the Bali Decisions on public stockholding for food security purposes and TRQ administration. According to the Decision on TRQ

administration, a review of the operation of that Decision should begin no later than the end of 2017. The Chairperson highlighted that this issue would be part of the agenda of the next CoA meeting in October.

### **Meeting on 19<sup>th</sup> December 2017 (G/AG/R/86) 17-7078**

The Chairperson reported on the informal meeting that took place on 17 November 2017 with the objective of beginning the review of the operation of the ‘Ministerial Decision on the Understanding on Tariff Rate Quota Administration Provisions of Agricultural Products’ as mandated by paragraph 13 of the Decision.

The Chairperson noted that the objective of this review was to promote improvement in the utilization of tariff rate quotas and also to enable the General Council to make recommendations to the 12th Ministerial Conference on the status of paragraph 4 of the reallocation mechanism as included in Annex A of the Decision. The Decision requires that the review shall begin no later than four years following the adoption of the Decision.

The Chairperson noted that as per the timeline stipulated in the Bali Decision, the Committee had two years to complete the review in order to be able make recommendations to the 12th Ministerial Conference through the General Council. The Chairperson advised Members to reflect on how the Committee could efficiently undertake the review of the operation of the

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<sup>23</sup> Ibid.

<sup>24</sup> The Bali Package. Trade Hot Topics. P 2. Retrieved from. <https://www.oecd->

[ilibrary.org/docserver/5jz5m7qc2kd3-en.pdf?expires=1545219168&id=id&accname=guest&checksum=5D0E132D9CAD2D0FA08F1D9CC1F09E20](http://ilibrary.org/docserver/5jz5m7qc2kd3-en.pdf?expires=1545219168&id=id&accname=guest&checksum=5D0E132D9CAD2D0FA08F1D9CC1F09E20)

Decision towards the desired objectives.

### **Meeting on 23<sup>rd</sup> May, 2018 (G/AG/R/87) 18-3078**

The Chairperson reported on the informal meeting held 20 February 2018 to discuss a proposed process for the review of the Bali Ministerial Decision and to collect Members' initial thoughts on the specific issues to be considered during this review.

During the informal session, the Chairperson had noted that the objective of the review was to promote improvement in the utilization of TRQs and to enable the General Council to make recommendations to the 12th Ministerial Conference on the status of paragraph 4 of the underfill mechanism, as included in Annex A of the Decision. On the invitation of the Chairperson, the Secretariat had provided a brief overview of the review provisions in the Decision and their relationship to paragraph 4 of the underfill mechanism.

### **Meeting on 18<sup>th</sup> July 2018 (G/AG/R/88) 18-4514**

The Chairperson noted that at the Meeting of February 2018, the Committee adopted the process for the review of the Bali Decision on TRQ administration contained in G/AG/W/171. The Chairperson further reminded Members that as per the adopted process, the review of the Bali Ministerial Decision on TRQ administration would initially be conducted through open-ended informal meetings of the Committee followed by the regular Committee meetings.

The Chairperson reported on the informal session held on 11 June 2018 to discuss the

review of the operation of the Bali TRQ decision. The Chairperson noted that two written submissions circulated prior to the meeting respectively from the Cairns Group (in document G/AG/W/179) and the EU (in document G/AG/W/175) had assisted the discussions.

Many Members had emphasized the importance of enhanced transparency of TRQ administration including through complete and timely notifications. Some Members also recalled that the scope of the review exercise was to improve the utilization of the existing TRQs as provided in paragraph 13 of the Bali Decision and that the exercise should not be confused with market access negotiations.

A number of Members had suggested that the Committee examine the reasons the underfill mechanism had not yet been invoked.

The importance of S&D and the need to avoid additional notification burden on developing Members was also stressed.

The Chairperson noted Members' request for the Secretariat to present updated background information in the document TN/AG/S/26/Rev.21 on the application of TRQs, sourced from Members TRQ notifications to the Committee and from additional information by Members as needed. The Chairperson confirmed that the Secretariat was working on the background note and that it would be distributed to Members in July as per the review timeline in document G/AG/W/171.

### **Meeting on 7<sup>th</sup> November 2018 (G/AG/R/89) 18-6991**

The Chairperson recalled that the CoA had

adopted at its February 2018 meeting the process for the review of the Bali Decision on TRQ administration. As noted in the adopted process, the review would initially be conducted through open-ended informal meetings of the Committee scheduled back-to-back with the regular meetings of the CoA. The first informal session as part of this process was held on 11 June 2018.

The Chairperson noted that an informal session held on 25 September had provided Members an opportunity to continue deliberations on the review of the Bali Decision on TRQ administration. A new submission from Australia and the updated background paper on TRQ administration and fill rates prepared by the Secretariat, together with previous submissions from the Cairns Group<sup>25</sup> and the European Union<sup>26</sup>, had assisted the discussions.

The Chairperson had reminded Members that according to the Bali TRQ Decision, the General Council would take a decision on the recommendations arising from the review in the CoA of the Decision no later than 31 December 2019. In view of that deadline and given the agreed timelines for the Review, the Committee would finalize the review discussions, if possible, by June 2019.

Members identified the following themes in the review discussions:

► *Effective implementation and follow-up of substantive obligations arising out of the Bali TRQ Decision*

Members had emphasized the need to ensure that the TRQ administrations systems employed

by WTO Members respected the requirements in the Bali Decision. Some other Members also attached priority to specifically explore the issue of reallocation of unused TRQs.

► *TRQ transparency requirements*

Another recurring theme of Members' interventions concerned the need to have timely and complete TRQ notifications, including consistent reporting of fill-rates. The importance of guidance on harmonization of notification practices among Members was also underlined.

► *Underfill Mechanism*

A number of Members expressed the need to have a better understanding of the causes of TRQ underfill and to have recourse to an effective mechanism to address cases of chronic underfill. Concerns were raised on the differing obligations of Members under the Bali underfill mechanism and its potentially less-than-universal applicability in future.

Some Members also suggested to have targeted thematic discussions on TRQ administration and underfill during an informal meeting in the margins of the November CoA meeting to promote sharing of experiences on this issue.

## Cotton Provisions

Cotton is discussed at the WTO on two tracks: (i) the trade reforms needed to address subsidies and high trade barriers for cotton; and (ii) the assistance provided to the cotton sector in developing countries.<sup>27</sup> The trade aspects of

<sup>25</sup> G/AGW/179.

<sup>26</sup> G/AGW/175.

<sup>27</sup> Cotton. WTO. Retrieved from.

[https://www.wto.org/english/tratop\\_e/agric\\_e/cotton\\_e.htm](https://www.wto.org/english/tratop_e/agric_e/cotton_e.htm)

cotton are handled by the Committee on Agriculture in Special Session including through dedicated discussions on trade in cotton with the development assistance aspects of cotton are discussed in the meetings of the “Director-General’s Consultative Framework Mechanism on Cotton”.<sup>28</sup>

Below is a summary of deliberations of the meetings held in 2017 and 2018 regarding this issue.

### **Meeting on 28<sup>th</sup> July 2017 (G/AG/R/85) 17-4161**

Some Members commented on the provisions relating to cotton in the Nairobi Export Competition Decision. New Zealand called on Members to accelerate their processes to eliminate export subsidy entitlements related to cotton given that the implementation deadlines had already passed.

The United States noted that as of 1 January 2017 all Members should be meeting the transparency commitments included in the annex to the Export Competition Decision regarding cotton, and that such responses were key to understanding how Members were meeting their commitments on cotton as outlined in Nairobi. The European Union lamented the lack of transparency from developing country Members in relation to cotton as mandated by paragraph 9 of the Cotton Decision and paragraph 12 of the Decision.

### **Meeting on 7<sup>th</sup> November 2018 (G/AG/R/89) 18-6991**

The Chairperson invited those Members who had submitted changes to their export subsidy schedules to inform the Committee on their submissions. South Africa stated that its revised schedule was divided into two, one pertaining to cotton which was in process of certification.

## **Outlook for Developing Countries in 2019**

### **Expected Work Plan for 2019**

Certain meetings in certain months are dedicated to discussing certain specific issues. Following year will focus on:

- i) The June meeting will undertake dedicated discussions on post-Nairobi discussion on export competition
- ii) The November meetings of the Committee will undertake the annual consultation pursuant to Article 18:5 with respect to the Member participation in the normal growth of world trade in agricultural products within the framework of commitments on export subsidies.
- iii) The Committee shall at its November meetings monitor actions taken within the framework of the Decision on Measures concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries pursuant to Article 16:2 of the Agreement.
- iv) According to the Bali TRQ Decision, the General Council would take a decision on the recommendations arising from the review in the CoA of the Decision no later than 31 December

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<sup>28</sup> Ibid.

2019. In view of that deadline and given the agreed timelines for the Review, the Committee would likely finalize the review discussions, if possible, by June 2019.

## **Important Issues for Participation by Smaller Developing and Least Developed Countries**

### ● *NFIDC*

Examination of the implementation of the Marrakesh NFIDC Decision and Nairobi mandate can become a priority for the Committee of Agriculture not only to improve its effectiveness, but also to review the charges brought by Egypt regarding its unsatisfactory performance. Focus will be on the negative impacts of the Agreement on Agriculture (AoA) on the Least Developed Countries (LDCs) and Net Food-Importing Developing Countries (NFIDCs) and to perform an impact assessment on those countries.

### ● *Export Competition and Export Subsidies*

There is an increasing focus on asking members to provide updated information on export competition to prepare for the annual discussions. This is needed for bringing to the fore the responsiveness of the Members and also to improve the monitoring mechanisms of the Agriculture Committee. This will be stressed upon in the upcoming meetings of the Committee and onus is upon all the members to respond as to what kind of measures they have undertaken for implementation of programmes.

Non-response and low response rates to the questionnaires could continue to be a matter of concern for the Committee. Steps will need to be

taken to improve the monitoring of the Committee and take steps to boost the questionnaire replies from the member countries. Need has been felt for transparency in the workings of the Committee and the future work can focus on making the process of Members notifications timely and with maximum participation without any burdensome procedures.

Members can be expected to provide more information on food aid systems. Members can be asked to provide more data regarding the use of export subsidies. Need has been felt to review the provisions on international food aid in the Nairobi Decision and this can be taken up in the future work discussion.

A review of the the Nairobi Decision on Export Competition can be expected to understand the way they are monitored through the annual dedicated discussion process. The Nairobi Decision Periodic Review can be expected to be conducted every three years by the Committee as per paragraph 5 of the Decision.

### ● *Bali TRQ Administration*

Reflection can take place as to how the Committee could efficiently undertake the review of the operation of the Decision to be able make recommendations to the 12th Ministerial Conference through the General Council. In the context of monitoring, Members can be asked to provide information under the Bali Decisions on public stockholding for food security purposes and TRQ administration.

Providing enhanced transparency of TRQ administration including through complete and timely notifications will also be asked of the Members.

### ► Cotton Provisions

Discussion on cotton will be very important in the next few months at the WTO Committee of Agriculture. Already, there are discussions happening around negotiations to help poorer countries use cotton to foster growth and raise living standards with Africa leading the conversation. Four African countries namely Benin, Burkina Faso, Chad and Mali have laid out the cotton roadmap for Africa and have

urged the WTO members to increase assistance for enhancing cotton production, improving local processing capacity and developing cotton-to-textile value chains in Africa. Discussions are already happening at the WTO in the negotiations level. There is a possibility of this discussion being extended to the regular work of the Committee due to the strong representational nature of Africa in this discussion.



### **CUTS International, Geneva**

CUTS International, Geneva is a non-profit NGO that catalyses the pro-trade, pro-equity voices of the Global South in international trade and development debates in Geneva. We and our sister CUTS organizations in India, Kenya, Zambia, Vietnam, Ghana and Washington have made our footprints in the realm of economic governance across the developing world.

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37-39, Rue de Vermont, 1202 Geneva, Switzerland

geneva@cuts.org • www.cuts-geneva.org

Ph: +41 (0) 22 734 60 80 | Fax:+41 (0) 22 734 39 14 | Skype: cuts.grc