



15th PECC General Meeting
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Focus Workshop on Trade

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PECC Position on Agriculture Negotiation

PECC Agriculture Trade Study Group

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PECC POSITION ON AGRICULTURE TRADE NEGOTIATION

PECC Trade Forum
Agriculture Trade Study Group (ATSG)
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1.Why PECC Position Paper

- All APEC/PECC member economies supports the WTO/DDA but their diverse interests in individual issues impede negotiation progress on schedule
- Agriculture represents the most difficult issue resulting from conflicts between exporters, importers, and developing members
- ATSG consisting of experts of 6 members, China, Japan, Korea, NZ, Thailand, & USA

2. Why PECC Position Paper (Continued)

- ATSG studied individual members' positions and identified common interests and conflicts, thereby gaining a PECC overview
- And it searched for a possible consensus package of liberalization and regulatory reform

3. DDA Agriculture Trade Negotiation

- URAA Article 20 set the continuation of the reduction and reform process
- Agri. Negotiation has started since Feb 2000. Major participants submitted proposals as well as Harbinson's overview paper by end'02
- It was schedule to establish the modalities by the end of March 2003
- First Harbinson's modality paper was discussed at the informal MM Tokyo on Feb 14-16, without any result

4. DAA Agri Tr Negotiation (cont'd)

- Second Harbinson modality paper was discussed at the Agri. Trade Negotiation Group meeting in Geneva on March 24-31 but failed again.
- ATSG procedure:
 - Mar: Circulated our draft to TF members
 - April: Presented at TF in Washington D.C.
 - May: Presented at TF in Phuket and finalized for *PECC Issues*

5. EU-US Joint Text on Agriculture

- Substantial reduction in most trade-distorting domestic subsidies (recourse to less t.d. ones)
- Substantial improvement in market access:
 - blended formula of Swiss and UR
 - for these import sensitive tariff lines, market access increase should be secured through TRQs as well
 - Special Agricultural Safeguard: to be negotiated

Disciplines shall be established on all forms of export subsidies

- Included in amended draft agreement for Cancun MM

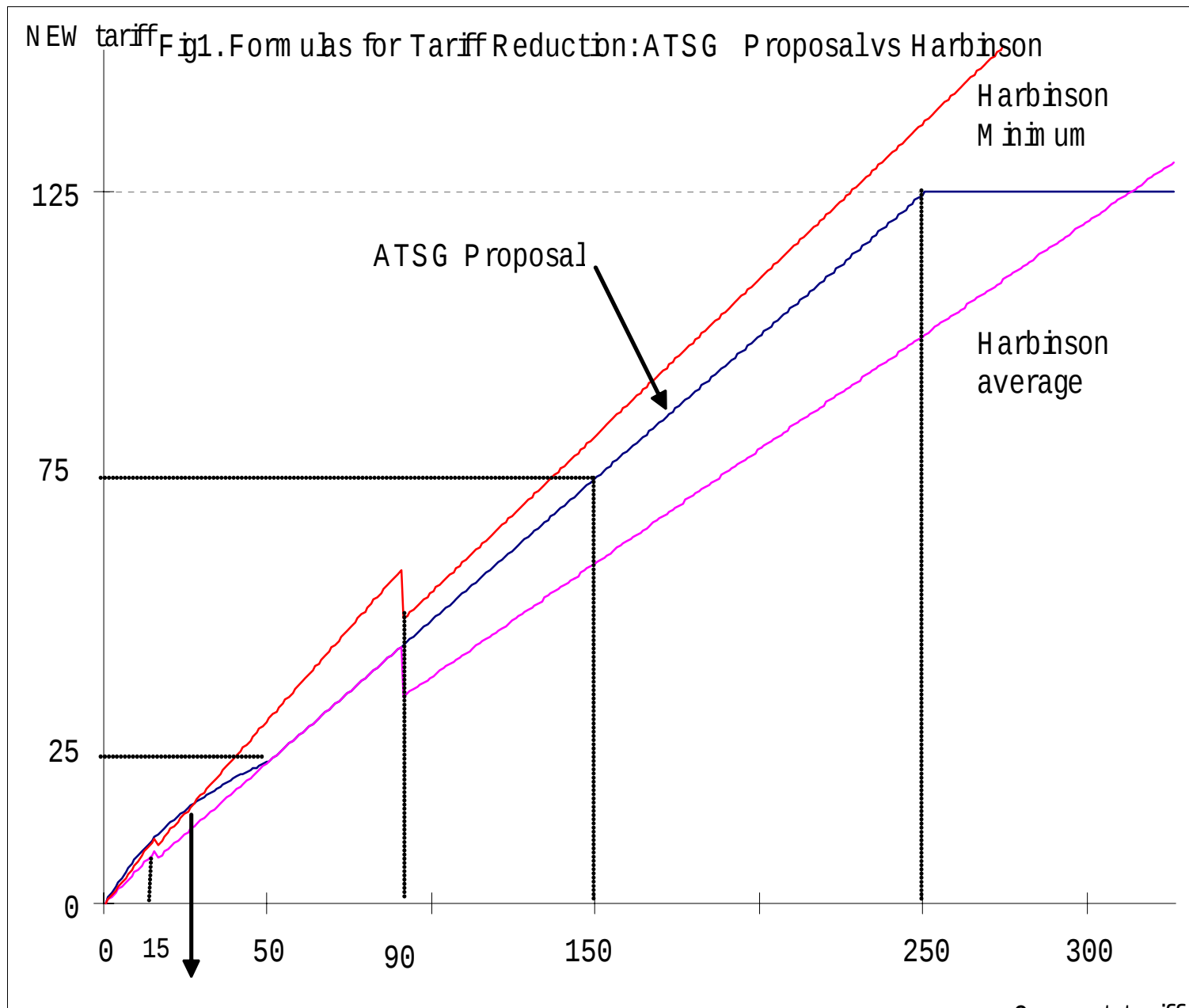
6. PECC Position Package (1): General Elements

- Bringing agriculture into Competition, by establishing the disciplines and rules in agriculture trade
- It should promote structural reform of agriculture in food-importing economies
- Developing economies be given flexibility in implementing liberalization but not in a manner admitting double standard

7. PECC Position Package (2): Market Access

- Tariff reduction: combine the Swiss Formula and the UR approach
- Apply Cairnes Group formula for developing economies to all members (close to the Harbinson's. Fig 2)
- Tariff quotas be increased by 20% over 5yrs
- Minimum access and special safeguard shall be allowed only as temporal measures
- Import STEs: be monitored transparently

7. Formulas for Tariff Reduction:ATSG vs Harbinson



8. PECC Position Package (3)

Domestic Support

- Basic criterion of the Green Box items shall be re-examined.
- Blue box shall be eliminated
- Amber Box: UR formula be applied to reduce the total AMS, 20% over 5 yrs for developed and 9 yrs for developing econ.
- Importing economies make reform efforts transparent and expenditures monitored

9. PECC Position Package (4): Export Competition

- Export subsidies shall be reduced to zero through equal installments over 5 yrs
- Quarterly notification shall be required for export STEs
- Strengthened rules and disciplines on food aid
- Export restrictions and/or prohibitions be quantified and shall be reduced

10. PECC Position Package (5): Non-Trade Concerns

- Multi-functionality of agriculture, such as land conservation, natural environment, rural community, is now recognized
- But its relationship with agricultural production is not straightforward and make quantitative assessment difficult
- Direct subsidies are encouraged to achieve it.

11. PECC Position Package (6): Food Security and Safety

- Food security cannot be pursued through self-sufficiency from domestic sources but through relying also on imports
- Limiting trade is not the correct measure to achieve it at a minimum social cost
- Stockpiling is a short time measure
- Safety is consumers' legitimate concern, while too strict standard tend to impede food trade: compliance to SPS and need for capacity building for developing exporters

12. PECC Position Package: S&D Treatment for Developing Exp.

- Developing economies shall be excluded , on appropriate thresholds criteria for graduation, from the disciplines on border measures, domestic support and export competition, in order not to cause excessive burden
- Capacity building and other assistance need to be provided in order to mitigate their handicaps