

Summary Slide

- Agricultural Trade Negotiation: A Draft PECC Position Paper
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- PECC members represents diverse interests in individual issues of WTO negotiation
- PECC/Trade Forum can search for a possible consensus package accommodating different member interests

➤ PECC Position Paper

1.Aims of Agricultural Trade Negotiation

UR Agreement on Agriculture (URAA): Preface

- Establish a fair and market-oriented agricultural trading system
- Reform process should be initiated through commitments on support and protection and through strengthened and more operationally effective GATT rules and disciplines
- Provide for substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural market

- Commitment to achieving specific binding commitments in each of market access, domestic support and export competition
- Commitments should be made in an equitable way among all participants, having regard to non-trade concerns, including food security and the need to protect the environment
- Special and differential treatment to developing countries is an integral element of the negotiations

2. URAA Article 20: Continuation of the Reform Process

- Recognizing that the long-term objective of substantial progressive reduction in support and protection resulting in fundamental reform in an ongoing process, the participants agree that negotiations for continuing the process will be initiated one year before the end of the implementation period, taking into account:
- the experiences to that date in implementing the reduction commitments;
- the effects of the reduction commitments on world trade in agriculture; and
- what further commitments are necessary to achieve the above mentioned long-term

3. Achievements of URAA

Improvement in market access

- Tariff reduction 36% on average for 1995 –2000
- Japan 12%, USA 6%, EU 20%, Korea 62%,
Thailand 35%,
Brazil 35%
- High peak tariff still remain (skimmed milk powder, butter, rice, sugar, etc.)
- All non-tariff impediments should be tarifficated and then reduced (Japan tarifficated rice import since 1999)

Reduction of domestic support (direct payment and market price support) Reduce by 20% of the base year AMS

Reduction or elimination of Export subsidy

All non-tariff impediments should be tarifficated and then reduced

4. Agricultural negotiation has started since February 2000

- Major participants submitted proposals within 2000
- New Round should promote on-going liberalization as much as possible
- Tend to be constrained by social and political cost of reducing the petty family farmers at home
- Consideration of multi-functionality of agriculture: air purification/ formation of scenic landscape/ fostering of water resources /maintaining rural life .
- Strengthen rules and disciplines on further reduction of export subsidies and tariffication all export prohibitions and restrictions

5.Negotiating Proposal by Japan (Nov2000)

- Negotiations should be conducted while recognizing the pursuit of the multi-functionality of agriculture and food security
- Appropriate tariff levels and domestic support should be decided in a manner that provides flexibility to individual products, thereby accommodating the process of domestic agricultural policy reform
- - lack of discipline for further liberalization
- - need for explaining the domestic reform efforts
- Maintain the special safeguard mechanism under URAA and introduce a new safeguard mechanism for seasonable and perishable

- Strict discipline on food exporters
- Establish a clear set of discipline on export state trading because of its considerable effects on international agricultural markets
- Special and differential treatment for developing countries suffering from starvation and malnutrition
 - - Strengthen technical assistance to developing sustainable agriculture
- Consumers and civil society seek stable food supply and safe food

6. Conclusion and Research Proposal

- The long-term objective of URAA can be achieved through implementing all these measures in parallel, which will help produce a viable base for successful negotiation
- A tough negotiation is anticipated in order to coordinate between diverse interests of all exporting and importing countries and to reach a consensus agreement
- A PECC position paper aims to suggest our negotiators a coverage of possible consensus acceptable to all exporting and importing PECC members (neutral academic contribution)

- Draft a PECC position paper on agricultural negotiation in collaboration with fellow PECC economists, get approval of PECC Trade Forum, and submit to APEC Trade Ministers Meeting in Summer 2003.