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AGRICULTURE
NEGOTIATIONS
PRIORITIES AND
SUSTAINABLE
DEVELOPMENT
AT THE WTO

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INTRODUCTION

WTO agriculture talks gained impetus in the run-up to MC13

During a meeting of the WTO Committee on Agriculture in Special Session (CoASS) in June 2023, agricultural negotiators made new submissions on domestic support and export restrictions. Submissions on domestic support were made by the African Group, the Cairns Group -a coalition of developed and developing agricultural exporting economies-, and Costa Rica. The United Kingdom also submitted an analytical paper on export restrictions, making the case for WTO members to pursue more focused discussions on the food security impact of export restrictions on agricultural products, based on data and members' experiences¹.

The revitalization of the domestic support pillar in June 2023 occurred almost simultaneously with a renewed interest on the issue of food bought by developing economies at administered prices, commonly referred to as public stockholding for food security purposes (PSH) in WTO jargon. In late June 2023, a group of proponents convened an information session on PSH at the request of the G33, a large coalition of developing countries seeking additional flexibilities. The purpose of the session was to discuss the manner

¹ WTO (2023), *New submissions revitalize agriculture talks ahead of ministerial conference*, https://www.wto.org/english/news_e/news23_e/agng_22jun23_e.htm

in which market price support is calculated under the WTO Agriculture Agreement when procuring food for public stocks. The information session addressed the fixed external reference price (FERP), which is used to calculate the current aggregate measurement of support (AMS) under the WTO Agriculture Agreement. Discussions focused on the history of the FERP, its current relevance for PSH, and the need to change the FERP to a dynamic external reference period².

Domestic support and PSH are particularly relevant to the extent that they remain at the center of the current impasse in the WTO agriculture negotiations. In fact, the success of WTO agriculture negotiations is likely tied to progress in these two issues. At present, WTO members differ greatly in their understanding of the concept of domestic support, especially in relation to public stockholding. For many developing countries, such as India and China, and negotiation blocs, like the G-33 and the African Group, public stockholding is a stand-alone issue that should be addressed individually, not as part of broader discussions on how to cap and reduce trade-distorting domestic support. They consider that any permanent solution on public stockholding, including how to calculate market price support and the negotiation of product/country coverage for new public stockholding programs, should be addressed separately from ongoing negotiations regarding new means for reducing trade-distorting domestic support³.

Over the past few years, export restrictions have been at the top of the WTO's agriculture negotiations agenda, especially after WTO members reaffirmed the importance of not imposing export prohibitions or restrictions at the Twelfth Ministerial Conference (MC12) in June 2022⁴. After the United Kingdom submitted its analytical paper on export restrictions, Japan presented its own paper on improving transparency regarding export prohibitions and restrictions to ensure medium- to long-term food security⁵. Almost simultaneously, the coalition of least developed countries at the WTO (LDC group), submitted a draft ministerial decision to exempt LDCs and net food-importing developing countries (NFIDCs) from export prohibitions or restrictions⁶.

² WTO (2023), *Summary of the information session on external reference price for public stockholding for food security purposes programme*, WTO document JOB/AG/246 (restricted).

³ Calvo, F. (2024), *World Trade Organization Agriculture Negotiations at MC13*, <https://www.iisd.org/articles/policy-analysis/wto-food-security-agriculture-negotiations-mc13>

⁴ WTO Ministerial Declaration on the Emergency Response to Food Insecurity (2022), <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:WT/MIN22/28.pdf&Open=True>

⁵ WTO (2023), *Elements to be examined for improving the transparency of export prohibitions and restrictions to ensure medium- to long-term food security*, WTO document JOB/AG/252 (restricted).

⁶ WTO (2023), *Ministerial Decision on Least Developed Countries and Net Food-Importing Developing Countries Exemption from Export Prohibitions or Restrictions*, WTO document JOB/AG/251, <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:Jobs/AG/251.pdf&Open=True>

AGRICULTURE NEGOTIATION PRIORITIES AND SUSTAINABLE DEVELOPMENT

As WTO members began preparing for the WTO Ministerial Conference (MC13) in the United Arab Emirates in February 2024, the International Institute for Sustainable Development (IISD) and the International Food Policy Research Institute (IFPRI) organized a series of webinars on the WTO Agriculture Negotiations and Sustainable Development. These webinars, held in late September 2023, sought to share insight from the research community regarding how WTO rules on agricultural trade could better contribute to food security and environmental sustainability, as set out in the preamble of the WTO Agriculture Agreement. During the webinars, WTO negotiators, capital-based officials, and independent experts discussed how to mainstream sustainable development objectives into areas of the WTO agriculture negotiations which gained renewed momentum in the run-up to MC13, including domestic support, public stockholding for food security purposes (PSH), and export restrictions.

The following lines, which have been taken from the summary produced by IISD and IFPRI immediately after the webinars, provide an overview of the main issues discussed by WTO negotiators, capital-based officials, and independent experts⁷. While the relationship between the WTO agriculture negotiations and sustainable development goes well beyond negotiation issues such as domestic support, PSH, and export restrictions, these were chosen given their renewed momentum in the lead-up to MC13. The relationship between the remaining negotiation issues and sustainable development is explored in the following section.

The first webinar in this series focused on “Domestic Support Rules to Promote Food Security, Climate Action, and Healthier Diets”. This webinar explored how WTO agriculture negotiations on domestic support can promote sustainable development objectives, such as food security, climate action,

⁷ IISD and IFPRI (2023), *WTO Agriculture Negotiations and Sustainable Development*, <https://www.iisd.org/events/wto-agriculture-negotiations-sustainable-development>

and healthier diets, while addressing negative impacts on production and trade. The webinar brought together agricultural trade experts to discuss ideas proposed in the current negotiations, including (i) reductions of product-specific support, especially support that is highly concentrated in emissions-intensive products or unhealthy food commodities; (ii) the potential of the Green Box subsidies allowed under the WTO Agriculture Agreement to achieve sustainability objectives, including water management, biodiversity, and climate change; (iii) how repurposing agricultural support can contribute to healthier diets; and (iv) the opportunities and challenges associated with repurposing agricultural support to consumers.

Experts argued in favor of using product-specific caps to avoid the concentration of agricultural support in a few commodities, including emission-intensive commodities (e.g., beef, milk, and rice) or unhealthy foods (e.g., sugar). One of the key takeaways was that concentrating agricultural support in a few commodities could cause large distortions in production and trade, leading to substantial losses for producers in countries that fail to match subsidy levels, such as cotton-producing countries in West Africa⁸. In that regard, experts found that product-specific caps to avoid a concentration of agricultural support in a few commodities would not only reduce highly distortive support but also increase agricultural production in middle and low-income countries (except Brazil, Russia, India, China, and South Africa [BRICS countries])⁹.

Experts also discussed how to leverage domestic support to achieve sustainability objectives, including climate action and healthy diets. They underlined the fact that, although the WTO Agriculture Agreement provides a good amount of flexibility to grant payments for water management, enhance biodiversity, and mitigate climate change, further amendments to the WTO's Green Box could assist in achieving these sustainability objectives¹⁰. One such example could be adding nuance to the wording of the fundamental requirement of the Green Box subsidies, which establishes that these subsidies shall have no, or at most minimal trade-distorting effects or effects on production.

⁸ Glauber, J., Laborde D., and Piñeiro, V. (2021), *Harmonizing and Reducing Trade Distorting Domestic Support: An analysis of the impacts of new domestic support disciplines at the WTO*, IFPRI project report, <https://ebrary.ifpri.org/utils/getfile/collection/p15738coll2/id/134803/filename/135016.pdf>

⁹ Piñeiro, V., Glauber, J., and Laborde, D. (2023), *Domestic support disciplines: product-specific caps to avoid concentration*, <https://www.iisd.org/system/files/2023-10/webinar1-valeria-pineiro-ifpri-product-specific-caps.pdf>

¹⁰ Brink, L. and Orden, D. (2023), *Water management, biodiversity, and climate change: Potential for Green Box exceptions*, <https://www.iisd.org/system/files/2023-10/webinar1-lars-brink-green-box-climate-action.pdf>

There was also some discussion of the relationship between domestic support and healthy diets. Experts noted that repurposing agricultural support to make healthy diets more affordable entails important trade-offs for countries across the world¹¹. There are trade-offs, for instance, between increased greenhouse gas (GHG) emissions and the affordability of healthy diets, as well as other important considerations, such as farm incomes and the prevalence of undernourishment.

Finally, reference was made to the potential of consumer support (vis-à-vis agricultural support targeting specific commodities, which often has trade-distorting effects) to promote healthier diets. Experts emphasized that consumer support, included under the WTO's Green Box as domestic food aid to segments of the population in need, could increase the purchasing power of poor consumers, improve caloric intakes, and yield healthier diets¹².

The second webinar, "Public Stockholding (PSH) Programs to Promote the Food Security of WTO Members", explored the ways in which new approaches to PSH can promote domestic food security while limiting harmful impacts on trading partners. Discussions focused on (i) the objectives and impacts of PSH programs on both food security and trade, (ii) updating the fixed external reference price (FERP) to calculate market price support for PSH programs, and (iii) options for WTO members to consider when negotiating a permanent solution for PSH.

Experts discussed the objectives of public stockholding programs, including distributing food, protecting consumers by stabilizing prices and reducing their vulnerability to price shocks, as well as supporting rural incomes. They also referred to the possible impacts—both positive and negative—of PSH programs on producers, consumers, and government budgets. They called for ensuring proper targeting of PSH programs, both in procurement and in food distribution, to reach the most vulnerable populations. Participants mentioned that these programs should be carefully evaluated against other policy alternatives, given their market impacts and significant costs¹³.

Experts highlighted the fact that food price increases in the mid-2000s had caused food prices to diverge significantly from the 1986–88 base-level FERPs

¹¹ Laborde, D. (2023), *Repurposing food and agricultural policies to deliver affordable healthy diets, sustainability and inclusively: Should we do it? Could we do it?*, <https://www.iisd.org/system/files/2023-10/webinar1-david-laborde-fao-repurposing-ag-support-healthy-diets.pdf>

¹² WTO Agriculture Agreement, Annex 2, paragraph 4, https://www.wto.org/english/docs_e/legal_e/14-ag_02_e.htm#ann1

¹³ Avesani, C. (2023), *Overview of public food stockholding programmes: policies and practices*, https://www.iisd.org/system/files/2023-10/webinar2_cosimo_avesani_fao_-_overview_of_psh_programmes.pdf

used to calculate market price support for PSH programs. Responding to debates around the need to update FERPs, one expert suggested updating the concept of market price support within the WTO by using a moving average of recent border prices rather than FERPs¹⁴. He claimed that such an alternative could largely resolve the PSH impasse. In the case of developing countries and users of PSH programs, complying with their domestic support commitments would not require reducing artificially high measurements of market price support. In the case of other countries, especially those that propose constraints on the use of PSH programs, this alternative could ensure that WTO disciplines on market price support have a sound economic basis. Finally, experts discussed possible options for a permanent solution to PSH¹⁵.

In addition to updating the FERP to calculate market price support for PSH programs, these options include (i) revisiting the definition for “eligible production”, which is also an important element in calculating market price support for PSH programs; (ii) exempting support when pre-announced “administered” or “fixed” prices are set below international market prices; (iii) exempting least developed countries (LDCs) and smaller economies from the requirement to count food purchased at “administered” or “fixed” prices in the aggregate measurement of support (AMS) or agreeing not to challenge the compliance of their PSH programs through the WTO dispute settlement process; and (iv) establishing a permanent solution based, to some extent, on the 2013 Bali Decision on PSH,



¹⁴ Orden, D. and Brink., L. (2023), *Recalculation of MPS to address the PSH issues*, <https://www.iisd.org/system/files/2023-10/webinar2-david-orden-virginia-tech-redefining-market-price-support-wto.pdf>

¹⁵ IISD (2021), *Procuring Food Stocks under World Trade Organization Farm Subsidy Rules: Finding a permanent solution*, <https://www.iisd.org/system/files/2021-08/food-stocks-wto-farm-subsidy-rules.pdf>

under which WTO members would agree not to challenge the compliance of a developing country member with its obligations under the WTO Agriculture Agreement regarding their maximum allowed levels of domestic support^{16 17}.

The third and final webinar of the series, “Export Restrictions Rules to Promote Global Food Security in the Context of Climate Change and Extreme Weather Events”, covered (i) the effectiveness and impacts of export restrictions; (ii) how climate change and more frequent extreme weather events, such as droughts, heat waves, precipitation, and floods, reduce agricultural crops and yields and exacerbate the impacts of climate change and risks to global food security; (iii) options to improve the monitoring of export restrictions; and (iv) the impacts on food security of exempting food purchases by LDCs from agricultural export restrictions (the so-called LDC Exemption).

Experts stressed that while WTO members impose export restrictions to ensure the availability and affordability of food and agricultural products for their own consumers, these trade-restrictive measures tend to reduce food access in other economies, particularly in import-dependent countries that rely heavily on global agri-food markets¹⁸.

One expert considered that this situation is even more challenging in the context of increasingly frequent extreme weather events such as droughts, heat waves, precipitation, and floods, which increase political tensions, accelerate migration flows, and reduce agricultural crops and yields¹⁹. This, in turn, creates additional incentives for food-exporting countries to impose export restrictions, exacerbating the impacts of climate change and risks to global food security^{20 21}.

Experts discussed options to improve the monitoring of export restrictions—including through the use of the IFPRI’s Export Restriction Tracker, an online tool to monitor export restrictions of agricultural products and fertilizers—and provide information on the duration of these trade-restrictive measures, the

¹⁶ Sinha, T. (2023), *Option for a permanent solution on public stockholding for food security purposes*, <https://www.iisd.org/system/files/2023-10/webinar2-tarvi-sinha-the-commonwealth-5-options-permanent-solution-psh.pdf>

¹⁷ Bali Ministerial Decision on Public Stockholding for Food Security Purposes (2013), <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:WT/MIN13/38.pdf&Open=True>

¹⁸ Deuss, A., (2023), *Looking at and beyond export restrictions*, https://www.iisd.org/system/files/2023-10/webinar3-annelies-deuss-oecd-overview-export-restriction_0.pdf

¹⁹ Lager, F. (2023), *Climate change, global food security and the role of trade and export restrictions*, <https://www.iisd.org/system/files/2023-10/webinar3-frida-lager-sei-climate-change-export-restrictions.pdf>

²⁰ Cascades (2020), *Cascading climate impacts: a new factor in European policy-making*, https://www.cascades.eu/wp-content/uploads/2020/04/CASCADES_Policy_Brief_1_0-4.pdf

²¹ Willenbockel, D. (2012), *Extreme weather events and crop price spikes in a changing climate*, https://www-cdn.oxfam.org/s3fs-public/file_attachments/rr-extreme-weather-events-crop-price-spikes-05092012-en_0.pdf

share of restricted products in total country food exports, the country global market share in restricted products, and the share of global exports impacted (in the cases of nitrogen-, potash-, and phosphate-based fertilizers)²².

Finally, experts discussed the pros and cons of a decision to exempt food purchases by LDCs from agricultural export restrictions (the LDC Exemption). An LDC Exemption would mean that WTO members could refrain from imposing export bans when basic food products are purchased by LDCs for their domestic use only. Experts suggested that LDCs are particularly exposed to export restrictions on food, which would justify WTO members considering an agreement on an LDC exemption. They warned, however, that other variables should also be considered when negotiating an LDC Exemption: LDCs are not always the most exposed to export restrictions (smaller islands are equally if not more exposed to the effects of these trade-restrictive measures), re-exports of food originally intended exclusively for LDCs' domestic use could occur (which could require the consideration of anti-circumvention and traceability mechanisms), and the effectiveness of an LDC exemption to address the food access dimension of food security (i.e., higher prices for food), which in times of crisis has proven to be more relevant than the dimension of food availability. In that regard, experts invited WTO members to support the use of a Global Food Import Financing Facility, as proposed by the Food and Agriculture Organization of the United Nations or the International Monetary Fund's Price Window²³.

²² IFPRI's Export Restriction Tracker, <https://public.tableau.com/app/profile/ifpri.food.security.portal/viz/shared/2CPYTB4G8>

²³ Laborde, D. (2023), *Exempting Export Restriction for the LDCs? Pros and Cons*, <https://www.iisd.org/system/files/2023-10/webinar3-david-laborde-fao-ldc-exemption.pdf>

MORE NEGOTIATION ISSUES ON THE AGENDA

However, domestic support, PSH, and export restrictions are not the only issues on the agriculture agenda. In fact, the WTO agriculture talks span four other negotiation issues as well. These negotiation issues are (i) export competition, which comprises export subsidies; (ii) the special safeguard mechanism (SSM), a trade policy tool that would enable developing economies to temporarily raise tariffs in the event of a sudden import surge or fall in food prices; (iv) market access for agricultural products; and (iv) cotton, which includes but is not limited to the topic of trade-distorting domestic support to cotton farmers. All four of these negotiation issues are tied to broader sustainability concerns.

While some WTO members consider export competition as “unfinished business” and would like to see further improvements under this pillar, most notably on the topic of transparency, most WTO members believe that export competition has largely been settled through the Nairobi Ministerial Decision of 2015. By prohibiting the use of export subsidies, the Nairobi Ministerial Decision on Export Competition levelled the playing field for agricultural exports, which is particularly meaningful for farmers in poor countries who cannot afford to compete with better-off countries that artificially boost their exports through subsidization²⁴.



²⁴ https://www.wto.org/english/thewto_e/minist_e/mc10_e/briefing_notes_e/brief_agriculture_e.htm

SSM is discussed in special sessions of the CoASS. Pursuant to the 2015 Nairobi Ministerial Decision, developing countries shall have recourse to an SSM, as envisaged under the 2005 Hong Kong Ministerial Declaration²⁵. Despite these ministerial mandates, the lack of engagement among WTO members on SSM has been remarkable. Progress on an SSM for developing countries has stalled due to linkages to market access for agricultural products. Therefore, negotiations could benefit from more focused technical discussions on the various elements of an SSM for developing countries, including price and volume triggers, remedies, and scope (including coverage and treatment of preferential trade).

As with many other topics, this negotiation issue is imbued with broader sustainability concerns. In fact, the most recent submission by the African Group on an SSM for developing countries calls for an SSM for developing countries on these grounds²⁶. In its submission, the African Group notes that import surges have caused major challenges for the livelihoods of poor and vulnerable smallholder farmers in developing countries by creating volatility, instability and price declines in local markets and constraining domestic production, thereby threatening the long-term food security of large populations, as well as aggravating poverty and hindering rural development efforts.

Market access is another issue in which, beyond scattered transparency elements such as the treatment of shipments en route, the lack of engagement among WTO members has virtually halted negotiations. As is the case with SSM, proponents of market access tie this issue to broader sustainability concerns. For example, a proposal by Argentina, Brazil, Paraguay, and Uruguay from November 2023 underlines the point that progress on market access has the potential to support efforts in each of the four dimensions of food security: increasing the availability of food, by enabling it to be redistributed from regions with surplus production to regions with a shortfall; its accessibility, by increasing the available supply and drawing on the comparative advantages of other countries and regions in certain products, resulting in cheaper food; its utilization, by providing consumers with the possibility of a more diverse diet; and its stability, by reducing the risk of shortages in domestic markets and mitigating price volatility²⁷.

²⁵ Nairobi Ministerial Decision on the Special Safeguard Mechanism for Developing Country Members (2015), <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:WT/MIN15/43.pdf&Open=True>

²⁶ WTO (2023), *Special Safeguard for Developing Country Members*, WTO document JOB/AG/205/Rev.1 (restricted)

²⁷ WTO (2023), *Reform of Agricultural Trade in Terms of Market Access*, WTO document JOB/AG/255, <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/Jobs/AG/255.pdf&Open=True>

With respect to cotton, this negotiation issue is discussed at the WTO under two different workstreams. The first one has to do with trade, including the reduction of trade-distorting domestic support to cotton farmers. The second workstream is related to the development side of cotton, including cotton development assistance. The link between these two and broader sustainability issues, especially food security and the livelihoods of poor farmers in poor countries of West and Central Africa, is a straightforward one. In fact, the Draft Ministerial Decision on Cotton that the C4, a group of cotton-producing and exporting countries of Africa (Benin, Burkina Faso, Chad, and Mali) disseminated ahead of MC13, makes reference to UN General Assembly Resolution A/RES/75/318, which underscores the vital role that cotton plays by providing livelihoods as a subsistence crop for millions of people²⁸.

FINAL WORDS

As discussed, the linkages between WTO agriculture negotiations and broader sustainability concerns are present under each of the seven issues of the agriculture agenda: domestic support, market access for agricultural products, export competition, cotton, export restrictions, PSH, and the SSM for developing countries.

Interestingly, references to broader sustainability concerns -most notably food security-go beyond the WTO agriculture negotiations taking place within the CoASS. At MC12, for example, ministers instructed the WTO Committee on Agriculture (CoA), the body in charge of the monitoring and notification of agricultural policies, to undertake a dedicated work program to examine ways for the Decision on Measures Concerning the Possible Negative Effects of the Reform Program on LDCs and NFIDCs to be made more effective and operational²⁹. Issues addressed under this work program included how to increase the resilience of LDCs and NFIDCs in responding to acute food instability by considering the best possible use of flexibilities to bolster their agricultural production and enhance their domestic food security as needed in an emergency.

²⁸ WTO (2023), *Negotiations on Cotton at the WTO*, WTO document TN/AG/GEN/53 TN/AG/SCC/GEN/25, <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/TN/AG/GEN53.pdf&Open=True>

²⁹ Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on LDCs and NFIDCs, https://www.wto.org/english/docs_e/legal_e/35-dag_e.htm

Four big themes were addressed by this work program in the run-up to MC13: access to international food markets, financing of food imports, agricultural production and resilience of LDCs and NFIDCs, and horizontal issues such as cooperation among intergovernmental organizations in various areas, including financing and global market intelligence and surveillance.

Discussions under this work program concluded in November 2023 with the presentation of a draft report by the CoA Chair with key findings and recommendations³⁰. With respect to access to international food markets, for instance, the report (which was finally adopted by the CoA in April 2024) underlined the importance of applying export prohibitions or restrictions in accordance with the WTO Agriculture Agreement, as well as voluntarily exploring practical, WTO-consistent means, to lessen the effect of such measures on importing countries, particularly on LDCs and NFIDCs.

While the negotiation of new disciplines on trade in food and agriculture has always been the domain of the CoASS, and the aforementioned report by the CoA Chair is structured around best endeavors or non-binding language, it provides a good overview of what trade policy tools -and eventually what WTO agriculture negotiations can do-to contribute to the sustainability of our food systems through better rules on trade in food and agriculture.

³⁰ WTO (2023), *Unofficial room document. Work Programme Pursuant to Paragraph 8 of the Ministerial Declaration on the Emergency Response to Food Insecurity*, WTO document RD/AG/120/Rev.1 (restricted)