



Cairns Group Farm Leaders Statement of Intent for the Eleventh WTO Ministerial Conference (MC11) 2017

World agricultural trade has increased substantially in recent years and is crucial to all countries in the attainment of the Sustainable Development Goals by 2030, in particular the eradication of poverty and hunger. According to the World Trade Organization (WTO), in 1987 when the Cairns Group was formed, worldwide exports of agricultural products totalled around USD 337 million. In 2015, that figure totalled USD 1,568 billion, with an annual compound growth rate of around 6 per cent over that period.¹

Since the inception of the Cairns Group, there have been some successes in reforming agricultural policies, although progress has been slow and agricultural trade is still hampered by considerable trade barriers and economic distortions, especially when compared to trade in manufactures.

Farm representative organisations that make up the Cairns Group Farm Leaders have been consistently calling for meaningful trade liberalisation in the agriculture sector since 1998. In 2017, we are calling on our Governments to commit to meaningful agricultural trade liberalisation and urge all other WTO members to follow suit. Ultimately, liberalised trade and a rules-based global trading system contribute to food security and economic development.

First and foremost, as Cairns Group Farm Leaders, we reaffirm our commitment to an open, transparent, rules-based global trading system. We are also seeking key commitments at the Eleventh Ministerial Conference (MC11) in December 2017 in Buenos Aires, Argentina.

Domestic Support

The highest priority for action is reform and major reductions in domestic support policies. We strongly urge all WTO members to move forward on solutions to discipline them, including an overall cap on all domestic support payments to create a level playing field and provide meaningful limits on spending. One way to start would be to lock-in the reforms undertaken in recent years and proceed to new commitments.

¹ World Trade Organisation, *World Merchandise Trade Commodity profiles*, released October 2016, viewed 5 September 2017, https://www.wto.org/english/res_e/statis_e/world_commodity_profiles16_e.pdf

The United States, European Union, India, China and many other WTO members provide direct payments and other support (such as guaranteed prices) to their farmers. Globally, trade distorting domestic support remains high and furthermore, is growing. While developed countries have generally been scaling back their trade-distorting domestic support programmes, these have been replaced with less distortionary forms of assistance. Nevertheless, domestic support payments and other transfers remain elevated for several developed countries.

Of growing concern is that some emerging economies have been increasing their use of trade-distorting domestic support payments and transfers. As these economies grow and increase their share of global trade in agricultural products, this has created new distortions or added to existing ones. The level of domestic support is rising globally, and this is unacceptable.

Greater disciplines on domestic support payments from all WTO members is a key priority for Cairns Group Farm Leaders, particularly where they distort trade and have the most damaging effects on the countries that are least able to mitigate those effects. A number of issues related to reform of domestic support payments remain outstanding from the Bali 2013 Ministerial Conference and we urge WTO members to show good faith and honour their commitments.

Market Access

While reform of domestic support should be the primary focus of WTO members in Buenos Aires, much remains to be done to improve market access. We urge WTO members to outline a pathway to genuine improvements in market access in coming years. The vast majority of the potential gains from trade liberalisation can be found in commercially meaningful improvements to agricultural market access.

WTO members should also pay attention to compliance costs of non-tariff-measures which can be extremely high, due to the regulatory fragmentation in Sanitary and Phytosanitary (SPS) measures and other technical barriers to trade. Harmonization and regulatory convergence should be a focus, since the incidence of these measures are even higher than tariffs. SPS measures which are de facto operating as a complete ban on imports should be eliminated.

WTO members should also improve transparency in the administration of tariff rate quotas as it was agreed four years ago in Bali and ensure access under TRQs is available to all WTO members – yet, and so far, this has not occurred in all countries. These issues need to be resolved as a matter of priority.

Export Subsidies

At the Nairobi Ministerial Conference in Kenya in December 2015, each member agreed to eliminate export subsidy entitlements on agricultural commodities. This has been a priority for the Cairns Group Farm Leaders since the group's inception. Further to that, there should be additional focus on all elements of export competition at MC11.

Trade Facilitation Agreement (TFA)

Cairns Group Farm Leaders overwhelmingly support the TFA and urge all remaining WTO members to implement the agreement in full as soon as possible.

Recommendations to WTO members

Domestic Support

Recommendation 1:

WTO members should:

- agree to an overall cap on all domestic support payments to create a level playing field and provide meaningful limits on spending.
- commit to reducing overall levels of ‘trade-distorting’ domestic support payments;
- agree to apply disciplines to the blue box category of domestic support payments;
- retain limited special and differential treatment for least developed economies;
- review the ‘green box’ category of domestic support payments to ensure that these measures are truly ‘non-distortionary’;
- strengthen the system of notifications regarding domestic support programs with special attention to programs of public stockholding for food security; and
- ensure notifications of domestic support policies and programs are up to date.

Market Access

Recommendation 2:

WTO members should reduce bound tariff rates to at least the applied tariff rate during the same timeframe as the elimination of export subsidies, acknowledging that special and differential treatment could apply for a defined number of special products in least developed economies. WTO members should also commit to meaningful discussions on market access and outline a workplan for the lead up to MC12 in 2019.

Recommendation 3:

WTO members should comprehensively review non-tariff measures affecting agriculture trade with a view to outlining a pathway to regulatory convergence. Members should aim to achieve meaningful reductions in compliance costs for agricultural exporters, while taking into account legitimate human, animal and vegetable health concerns.

Recommendation 4:

WTO members should improve transparency around utilisation of tariff rate quotas at MC11 and strengthen the disciplines on mechanisms that enable underutilised quotas to be filled.

Export Subsidies

Recommendation 5:

All WTO members should report, in a timely manner, on their progress in implementing their commitments to abolish export subsidies. In addition, WTO members should reaffirm their commitment to abolishing export subsidies and progress meaningful discussions on other aspects of export competition.

Trade Facilitation

Recommendation 6:

WTO members should:

- present any outstanding notifications as soon as possible; and
- apply for assistance through the Trade Facilitation Agreement Facility (TFAF) as soon as possible, if necessary to implement to the agreement domestically.

Recommendation 7:

Developed economies should provide additional assistance to build capacity in developing countries and enable the Trade Facilitation Agreement (TFA) to be implemented as soon as possible and to the maximum extent possible.