



Cairns Group Farm Leaders Statement of Intent on World Trade Organisation agricultural reforms – May 2022

The Cairns Group Farm Leaders ('Farm Leaders'), a grouping of national farm representative groups from Cairns Group countries, is pleased to have met in May 2022, to push for a commitment to agricultural trade reform through the World Trade Organization's (WTO) Twelfth Ministerial Conference (MC12).

The following Farm Leaders organisations, including the Sociedad Rural Argentina, Australian National Farmers' Federation, National Agriculture Confederation Brazil, Canadian Agrifood Trade Alliance, Sociedad Nacional de Agricultura Chile, Agexport Guatemala, Camara del Agro Guatemala, Federated Farmers of New Zealand, Asociacion Rural del Paraguay, Agri SA (South Africa), AgBiz (South Africa) and the Sociedad de Agricultores de Colombia agreed to a statement of intent for the group to further the agenda of agricultural reform.

This includes:

- *The need for agricultural trade reform has become urgent, noting the challenges of feeding a growing world population, projected to be over nine billion by 2050, in the face of a changing climate and the need to produce more with less inputs.*
- *The urgent need for the reinvigoration of the WTO agricultural reforms, including the reform of trade- and production-distorting agriculture domestic support entitlements.*
- *That MC12 deliver a meaningful outcome on agriculture, to reinforce the importance of the WTO rules-based system as a whole.*
- *The need to uphold and strengthen an open, transparent, rules-based global trading system, including commitment and support for WTO dispute settlement institutions and processes.*
- *A greater focus on tackling tariff and Non-Tariff Barriers to trade and guarding against the imposition of agricultural regulations that are not grounded in a robust evidence and science-based approach.*
- *International and domestic efforts on sustainability and climate action be science-based and shall not unnecessarily hinder the critical role international trade in agriculture plays in achieving global food security.*
- *A promotion of the positive environment and climate co-benefits that can result from open trade enabling each country to take full advantage of their comparative advantage.*

The need for progress on agricultural trade reform

Farm Leaders acknowledged the difficulties and stalled nature of agricultural reform in the WTO and called for a reinvigoration of the reform agenda, including the promotion of the widespread benefits of meaningful reform to agricultural trade rules.

While concerns relating to sustainability, climate change and global food security can be used as pretexts to create further barriers to freer and fairer international agricultural trade (an outcome to be guarded against), the adoption of further agriculture liberalization can be an important contributor to the solutions to many of these global concerns.

Addressing trade-distorting domestic support

Farm Leaders highlighted the importance of an outcome at MC12 on agriculture that lays the groundwork for meaningful reform in future years, particularly on trade-distorting domestic support, to address historical imbalances and level the playing field.

According to the OECD (2021)ⁱ the global track record on reducing trade-distorting domestic support in agriculture is mixed at best. While there have been examples of national reform processes that created a pathway to reduced or more ‘accepted’ forms of domestic support, the use of domestic support in agricultural policies are still prevalent.

Farm Leaders reiterated their support to redouble efforts to reduce trade-and production-distorting domestic support measures, supporting the Cairns Group’s proposal to cap and reduce such support entitlements substantially and significantly by 2030.

Farm Leaders are seeking that MC12 develop a tangible pathway and workplan to limit the use of ‘blue and amber box’ supports and review the concept of ‘green box’ supports to ensure minimal effect on trade and production.

Addressing NTBs

Farm Leaders noted the challenges and increasing incidence of NTBs, and the lack of science/evidence-based approaches in justifying agricultural regulations. An example raised in the Farm Leaders meeting was the widespread bans on the use of glyphosate in many European Union (EU) Member States and the EU’s *Farm to Fork Strategy* that seeks to reduce the use of both chemical pesticides and hazardous chemicals by 50 percent by 2030 – a proposal that was opposed by COPA-COGECA (EU farming representative body).

More broadly, there were significant concerns at the potential use of sustainability as a pretext to justify new tariffs and NTBs or non-tariff measures applied to trade, as well as the proposed EU Carbon Border Adjustment Mechanism.

Farm Leaders highlighted their commitment to addressing climate change-related issues, while rising to the challenge of feeding a growing world population and reiterated the need to deal with such issues within appropriate frameworks specifically established to deal with climate change, such as the Paris Agreement, and the recently concluded 26th UN Climate Change Conference of the Parties (COP 26).

Farm Leaders seek that MC12 recognise domestic and international efforts on climate action and call on Ministers to ensure that international agricultural trade is not unnecessarily hindered in undertaking its critical role in securing global food security on the pretext of sustainability and climate action.

Farm Leaders also espoused their support for the proposed SPS Declaration for MC12.

The past years have been defined by global crises, including those related to the pandemic. During this period, countries have demonstrated an ability to share and provide information and notifications of measures adopted in response to the pandemic in relatively timely, transparent manner. Such practices should remain in place and be made permanent to increase the transparency and timeliness of notifications for sanitary and phytosanitary as well as other technical measures that affect agricultural trade, recognizing constraints on developing countries on this matter. This timeliness and cooperation should also be extended to sharing information on the justification for such measures as well as working together on other potential solutions to manage risks without blocking trade

Addressing tariff barriers

Farm Leaders call for the reduction and elimination of excessive tariffs on agricultural imports, particularly the prevalence of tariff peaks on agricultural and food products. The elimination of such tariffs, particularly by developed countries, is essential for the legitimacy of the trade liberalization agenda.

Similarly, Farm Leaders call for greater certainty and transparency on the imposition of bound tariffs and supports call for tariff certainty for agricultural and food goods in transit. Changes to bound tariffs for goods in transit places unnecessary risk and burden on producers, particularly for perishable goods.

The intersection of trade, sustainability, and food security

The positive role that liberalized agricultural trade can play in supporting sustainable agriculture, action on climate, food systems and addressing global food security needs must be made more explicit in international forums.

The Marrakesh Agreement establishing the WTO recognized Members' shared desire to optimize 'use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so'.

Sustainability, environmental, climate and global food security issues have only become more acute with the exponential risks associated with climate change. According to the Intergovernmental Panel on Climate Change (2018)ⁱⁱ, agriculture production will be one of the sectors most severely affected by the impacts of climate change. Agriculture is also a solution and central to addressing sustainability and climate change issues.

The concept of open trade supports a sustainable global agricultural sector by ensuring that the most efficient producers supply agricultural products to consumers at the most market competitive price with the least inputs. This process, coupled with appropriate regulations, is central to ensuring sufficient access to nutritious foods while using fewer resources, has positive environmental benefits, and responds to growing consumer demand for sustainable products. While agriculture faces some of the most significant challenges from issues like climate change, the efficiencies and the best practice processes that competitive global trade provides is a solution to these challenges.

Trade-distorting domestic support and other market distorting government policies, such as tariffs and Non-Tariff Barriers (NTBs), are embedding inefficient and wasteful practices within agricultural production systems which diminish the sector's ability to support global food security and achieve greater sustainability outcomes.

Farm Leaders are concerned that current international dialogue, particularly the 2021 United Nations Food Systems Summit, fails to recognise the central role and benefits of agricultural trade. This is in stark contrast to the position highlighted in the UN Sustainable Development Goal 2 – *End hunger, achieve food security and improved nutrition and promote sustainable agriculture*. Target 2.B states the need to:

“Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round”

Rising food prices across the globe are of concern and it is acknowledged that high food prices will be felt hardest in net food importing, low-income countries. To help address this rising food insecurity, the Cairns Group Farm Leaders advocates for maintaining open, transparent and predictable agricultural trade.

The Farm Leaders urge Members to agree to ambitious outcomes on agricultural trade reform at MC12 to better underpin the global agricultural sector's contribution to sustainability and global food security outcomes in the years to come.

To this end, Farm Leaders also support limiting export restrictions, including a system of prior notification and consultation with affected importing countries, and exemptions for the World Food Programme.

Upholding the WTO rules-based system, including and support for WTO dispute settlement institutions and processes

A critical element of the WTO rules-based system is the need for a functioning dispute settlement process. The legitimacy of a rules-based system, and the likelihood of WTO Members embracing an agricultural reform agenda are contingent on a functioning and effective enforcement mechanism.

As such, the Farm Leaders seek that MC12 commit to restoring the WTO Appellate Body as a matter of priority and urgency, to promote predictability and security in the multilateral trading system.



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ⁱ OECD (2021), *Agricultural Policy Monitoring and Evaluation 2021*, at URL: https://www.oecd-ilibrary.org/agriculture-and-food/agricultural-policy-monitoring-and-evaluation-2021_2d810e01-en?_ga=2.190083951.597931657.1636673606-1545841893.1636534514

ⁱⁱ IPCC, 2018: Summary for Policymakers. In: *Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty* [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. In Press at URL: https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf