

Common Agenda for the BRICS in the WTO? - The case of Trade in Agriculture

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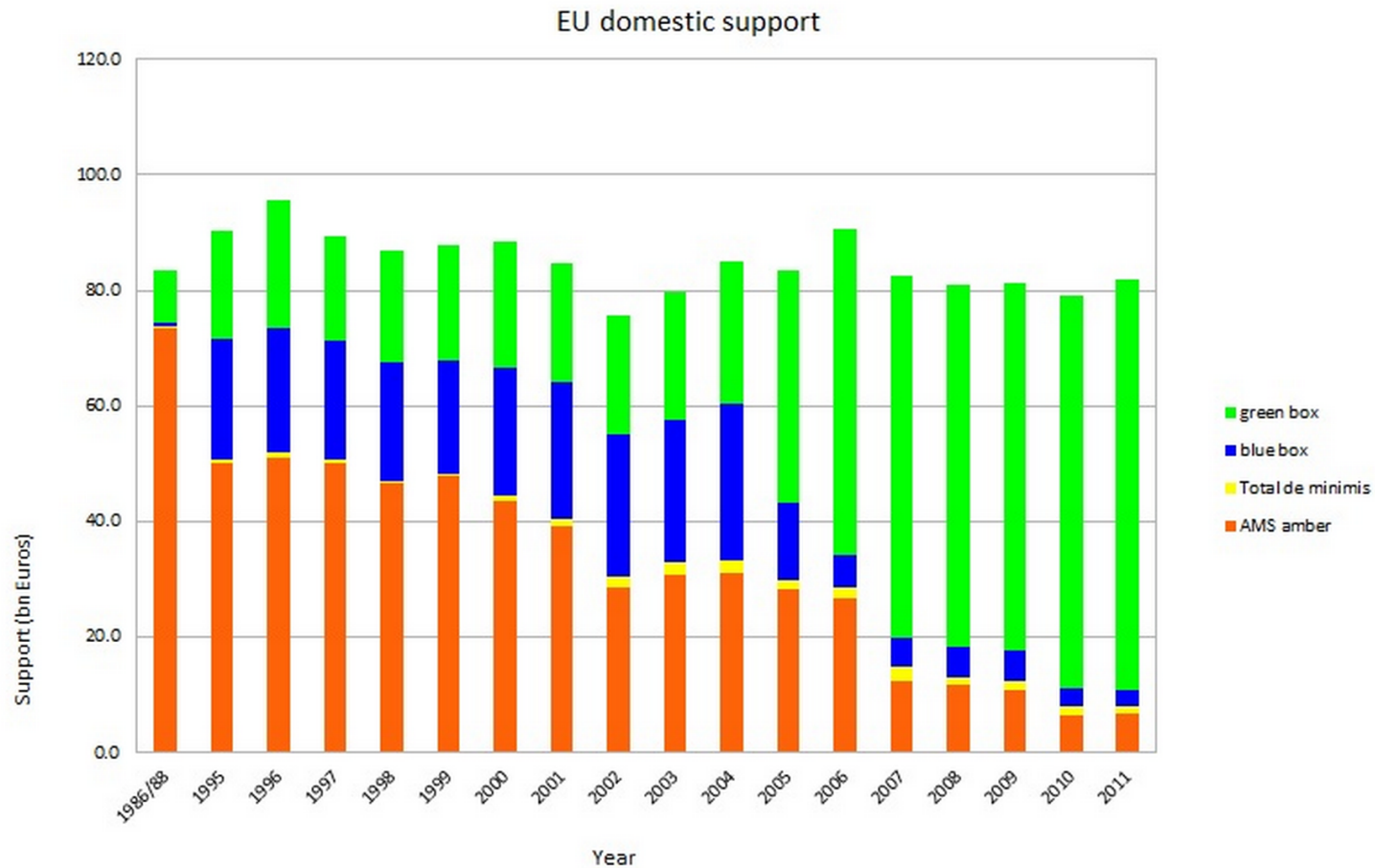
Index

1. Trade in Agriculture in the WTO
2. BRICS and Trade in Agriculture
3. DOHA Round and Bali Package

1. Trade in Agriculture in the WTO

- Trade in Agriculture was loose regulated in the GATT 1947 and allowed countries to use non-tariff measures as import quotas or subsidies. Agricultural trade became highly distorted and export subsidies were introduced by many countries.
- Marrakesh Agreement on Agriculture (1995)
 - Market Access - fix reduction of tariff & non-tariff barriers over time
 - Export Subsidies - fix reduction over time by volume or value
 - Domestic Support - box system (amber / blue / green)
- Replacement of agricultural price support with direct payments to farmers

1. Trade in Agriculture in the WTO



1. Trade in Agriculture in the WTO

2013	AoA	NAMA
Value	\$ 1450 bn.	\$16850 bn.
Share	7.9 %	92.1 %

Exports	Value	Share
1. EU 28	\$ 661 bn.	37.9
1a) Extra EU28	\$ 175 bn.	10
2. USA	\$ 176 bn.	10.1
3. Brazil	\$ 91 bn.	5.2
4. China	\$ 70 bn.	4
5. Canada	\$ 66 bn.	3.8
6. India	\$ 47 bn.	2.7
12. Russia	\$ 30 bn.	1.7

Imports	Value	Share
1. EU 28	\$ 664 bn.	35.9
1a) Extra EU28	\$ 178 bn.	9.6
2. China	\$ 165 bn.	8.9
3. USA	\$ 146 bn.	7.9
4. Japan	\$ 84 bn.	4.6
5. Russia	\$ 45 bn.	2.4
6. Canada	\$ 39 bn.	2.1
11. India	\$ 24 bn.	1.3

2. BRICS and Trade in Agriculture

2013	Agriculture in % of GDP	Labor force in %	Exports in %	Imports in %	Net trade in Agri.
Brazil	6	17	37.4	5.9	\$ 76.5 bn.
Russia	4	10	5.7	13	\$ - 15.1 bn.
India	19	52	15	5.2	\$ 22.5 bn.
China	10	40	3.2	8.5	\$ -95.3 bn.
South Africa	3	5	11.6	7.4	\$ 3.5 bn.

2. BRICS and Trade in Agriculture

- For the BRICS trade in agriculture is (should be) an extremely important issue
 - China #1 food importer / Brazil #2 in exports of agricultural products
 - Huge populations / growing middle class / food security
 - India has over 200 million undernourished citizens
- Since the second BRICS Summit in 2010 the BRICS hold also meetings of the ministers for agriculture and ministers of trade – but separately.

*“Ensuring **food security** requires a well-functioning world market and trade system for food and agriculture. In this regard, it is of paramount importance to accelerate the Doha round of talks at the World Trade Organization”*

(BRICS Ministers of Agriculture 2010)

2. BRICS and Trade in Agriculture

“We reiterate our commitment to carry out closer cooperation on **food security** within BRICS, and will further explore ways to provide more accurate long-term market forecast for food producers and purchasers to reduce excessive speculative activities. We also call for **developed countries** to phase out trade-distorting subsidies and barriers.”

(BRICS Ministers of Agriculture 2012)

“We also underline that trade distorting subsidies granted by **developed economies**, particularly in agriculture, are one of the most harmful forms of protectionism. These subsidies generate **food insecurity** and deny the development potential of this key sector in countries that already face formidable challenges to participate in global trade flows.”

(BRICS Ministers of Trade 2011)

2. BRICS and Trade in Agriculture

Agricultural Expert Working Group (since 2010) drafted in 2011 an Agricultural Action Plan 2012-2016 which follows the following labor division:

- Creation of Basic agricultural **information exchange system** of BRICS Countries (**CHINA**)
- Development of a general Strategy for **ensuring access to food** for the most vulnerable population (**BRAZIL**)
- Reduction of negative impact of **climate change** on food security and adaptation of agriculture to climate change (**SOUTH AFRICA**)
- Enhance **agricultural technology** cooperation and innovation (**INDIA**)
- Trade and **investment** promotion (**RUSSIA**)

3. Doha Round and Bali Package

- In 2003 IBSA and the BIC have been “successfully” blocked the Doha Round by rejecting the EU/US proposal regarding agriculture during the Cancun Ministerial. Furthermore they created the G-20 where especially India and Brazil played a leading role in countering Western proposals.
- Besides the G20 the BICS (Russia joined the WTO in 2012) have no big record of convergent WTO politics. India and China were part of the G33 which advocated special safeguards for agriculture, while Brazil was still part of the Cairns-Group, which strongly advocated further liberalization in agriculture.
- Therefore the main agenda of the BICS in the Doha Round is the liberalization of agriculture in developed countries and special rights for developing countries to protect their agricultural markets due to food security issues (“Food Security Box”).

3. Doha Round and Bali Package

- After years of deadlock, suspensions and frustrations in the Doha Round, the Bali Package from December 2013 was a major breakthrough for the WTO – mainly because the WTO withdrawal from the idea to bring forth one comprehensive agreement and agreed to capture the possible in a first package.
- Negotiations on agriculture during the Bali process circled around different viewpoints on the price benchmark for the valuation of the volume of food stocks.
- India's position was to use current prices, which would mean amending the already existing Agreement on Agriculture and was not acceptable to other members. Therefore India made another proposal for an interim arrangement until a common solution was found, which led to the final agreement. But later India delayed the ratification process by dropping out of the deal in spring 2014. Only a special agreement with the USA and further concessions to India led in November 2014 to an end of India's resistance and therefore to the actual ratification.

Conclusion

- The BRICS haven't come up with a common agenda on agriculture in the WTO, besides the G-20. Their main agricultural cooperation has bilateral character and is focused on food security, on technology and investment, and on information exchange.
- The common position of BRICS is to **criticize developed countries** for subsidies and markets protectionism, and to demand special treatment for developing countries.
- The Bali Package has not made sufficient progress in the global governance of agricultural trade, but it has reserved India's contra-position and given back the WTO some legitimation by finally reaching an agreement.
- Trade in agriculture is also a huge opportunity for the BRICS to deepen their ties. South-South/BRICS cooperation could lead to **spillover effects**, which can influence the WTO negotiations. Preferential trade agreements between the BRICS for example could lead to the end of Western protectionism or bandwagoning of other countries.



Thank you for your attention

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