

Trade Agreements for consideration in the Agricultural Marketing Act

Some of the Trade Agreements

WTO- AoA

COMESA – FTA

SADC Trade Protocol

ACP-EU Cotonou Agreement

1. WTO - AoA

- WTO (as General Agreement on Trade and Tariff GATT) born 1947
- Sought substantial reduction in tariffs and other barriers to trade as well as to eliminate discriminatory treatment in international trade
- Eight rounds of negotiations took place during GATT existence
- At end of 1994 128 signatories
- Zambia signed to GATT on 10 February 1982

Transition from GATT to WTO

- WTO born on 1/1/1995 with the conclusion of Uruguay Round Multilateral Trade Negotiations at Marrakesh on 15/04/1994 with the objectives of:
 - Creating a transparent, free and rule-based trading system
 - Providing common institutional framework for conduct of trade relations among member countries
 - Facilitating the implementation, administration and operation of Multilateral Trade Agreements

Transition from GATT to WTO (2)

- Creating rules and procedures Governing Dispute settlements
- Creating a trade policy review mechanism
- With concern for LDCs and NFIDCs
- Concern on non-trade issues such as Food Security, environment, health, animal rights, etc

BASIC PRINCIPLES OF WTO

- Non – Discrimination
 - MFN (exceptions RTAs, SPS)
 - National Treatment (exceptions Government Procurement, GATS)
- Market Access
 - Reduction and binding of tariffs
 - General elimination of quantitative restrictions on imports and exports (exceptions Article XX, XXI of GATT)

Why AoA?

- Agric always in GATT but controls Non Tariff Barriers
 - High Tariffs
 - Export Subsidies
 - Domestic Support

Why AoA (2)

- Outside GATT
 - Research showed inefficiency of market support & cross border effects
 - Spending on supports unsustainable
- Inside GATT
 - Increasing trade tensions and trade distortions
 - Dispute settlement cases

---Why AoA (3)

- Leading to Punta del Este Declaration launching the UR Negotiations (1986) and
- Agreement on Agriculture

WTO – Agreement on Agriculture, aims at:

- Fair and market oriented trading system
- Commitments on support and protection
- Operationally effective GATT Rules and Disciplines
- Equitable Trade Reform process
- Greater opportunities and Terms of Access to developing countries
- Concern for LDCs and NFIDCs
- Concern on Non-trade issues e.g.. Food security, environment, health, etc.

Preamble to AoA: Establishing a fair and market-oriented agricultural trading system

- Trade Concerns
 - Market Access
 - Domestic Support
 - Export Competition
 - SPS aspect

....Preamble (2)

- Non-Trade Concerns
 - Food security
 - Environment
 - Special & Differential Treatment
 - Special needs: NFIDCs &LDCs

The three Pillars of WTO AoA (rules and Commitments)

- **Domestic Support**
 - Substantial reductions
- **Export Competition**
 - Reductions with a view to phasing out
- **Market Access**
 - Substantial improvements

- **Other rules**
 - Export prohibitions and restrictions

...Three Pillar (2)

- **Non-Trade Concerns**
 - Geographical indications
 - Animal welfare
 - Food security
 - Multifunctionality

Reduction Commitments in WTO- AoA

NEGOTIATION REDUCTION	Implementation Period	
	Developed Countries (1995-2000)	Developing Countries (1995-2004)
Market Access	%	%
Average tariff cuts for all agr. Products	- 36	-24
Minimum tariff cuts per product	-15	-10
Domestic Support		
Total Cuts in Aggregate Measurement of support	-20	-13
Export Subsidies		
Value cut	-36	-24
Volume Cut	-21	-14

Domestic Support

- Exempt categories
 - Green Box: domestic support policies not subject to reduction commitments e.g. support to extension, research, food security stocks disaster payments and structural adjustment programmes Annex 2
 - S & D Treatment: the provision allowing exports from developing countries to receive preferential access to developed mkts without reciprocal treatment in their domestic mkts, Article 6,2 (encouraging Agric & rural Development)

Domestic Support (2)

- Blue Box: set of policies exempt from reduction commitments – Article 6.5
- De minimis (non exempt category AMS): total AMS includes a specific commodity support only if it equals more than 5% of its value of production.

Market Access

- Prohibition of non-tariff measures
- Schedules of concessions
 - Tariff cuts for all Annex 1 Products
 - Tariff rate Quotas (TRQs)
 - Special Safeguards (SSGs)

Market Access (2)

- Specifically prohibited measures Article 4.2
 - Quantitative import restrictions
 - Variable import levies
 - Minimum import prices
 - Discretionary import licensing
 - Non-tariff measures maintained by state trading enterprises
 - Voluntary export restraints
 - Similar border measures other than ordinary customs duties

XIII Article 12: Disciplines on X Prohibitions/Restrictions

1. Where any member institutes any Export prohibition/restriction on foodstuffs in accordance with para 2 (a) of Article XI of GATT 1994, the member shall observe the following provisions:

Disciplines---

(a) the Member instituting the export prohibition or restriction shall give due consideration to the effects of such prohibition or restriction on importing Members' food security;

Article 12

(b) before any Member institutes an export prohibition or restriction, it shall give notice in writing, as far in advance as practicable, to the Committee on Agriculture comprising such information as the nature and the duration of such measure, and shall consult, upon request, with any other Member having a substantial interest as an importer with respect to any matter related to the measure in question. The Member instituting such export prohibition or restriction shall provide, upon request, such a Member with necessary information.

Article 12

- 2. The provisions of this Article shall not apply to any developing country Member, unless the measure is taken by a developing country Member which is a net-food exporter of the specific foodstuff concerned.”

Market Access (3)

- Under AoA only use of tariffs, but high in agricultural products
- Simple Average Bound rate and simple average Applied tariff are 123.3%, 18.4% respectively based on 2001

Market Access (4)

- Tariff Rate Quotas
 - Low Tariff Rate with volume limit
 - Opportunity not commitment
 - Economic Rents

Market Access (5)

Tariff Quota Administration

- Country Allocation (Article XIII of GATT 1994)
 - By negotiation
 - By representative historical period
 - Import licenses (import Licensing Agreement), cannot add to country discrimination

Market Access (6)

- Special Safeguard 1 Article 5
- General –
 - Only products in tariffication
 - Only if members has SSF in schedules
 - Temporary measure
 - Notification of price and volume triggers
 - Only applied to out of quota imports

Market Access (7)

- Volume Based SSG
 - Import surges – volume trigger
 - Extra duty one third of applied rate
 - Trigger volume depends on
 - Market penetration and
 - Change in Domestic consumption

Market Access (8)

- Price Based SSG
 - Price Falls – Price Trigger
 - Extra Duty depends on Price

Export Promotion

- General Prohibition – Article 3
 - Exceptions:
 - Scheduled reduction commitments
 - Roll-over provisions: 1996-99
 - S & D
- Prevention of Circumvention

Prohibited export subsidies

- Contingent upon export performance, including:
 - Direct payments by Govts to exporters
 - Sale of non-commercial stocks at lower prices than charged in Domestic mkt
 - Producer-financed subsidies (levies on prodn)
 - Cost reduction measures (upgrading/handling, international freight costs)

Prohibited Export Subsidies

- Internal transport subsidies to central point of export
- Subsidies on incorporated products

Special and Differential Treatment

- **Market Access - Reduction Commitments**
 - Developed
 - -36% average
 - 15% minimum
 - Developing
 - 20% Avg
 - 10% min
 - LDcs
 - None
 - None

S &D Treatment (2)

- **Domestic Support**
 - Developed 20% over 6 yrs
 - De minimis 5% over 10 yrs
 - Developing – 13%, 10 yrs 10% de minimis
 - LDcs – no reductions. De minimis 10%

S&D Treatment – reduction (3)

- Export Competition
 - Developed, 36% value 24% volume 6 yrs
 - Developing, 21% value, 14% volume 10 yrs
 - LDCs No reductions

Non-Trade Concerns – Multifunctionality

- Arguments for:
 - Agric provides public goods –govts be allowed to redress mkt failures
 - Food security and prodn cannot be separated rice paddies provide flood control (Japan)

Non-trade concerns (2)

- Arguments against
 - Your non-trade concerns are my trade concerns
 - Green box adequate to redress these (US)
 - X-subsidies main foe of food security
 - Address food security concerns through disciplines on X- restrictions

Key Dates DOHA to Cancun

- Started 2000, brought into Doha Agenda, 2002 with unprecedented participation, 1st year: 45 proposals from 126 countries
- 2000-03 A lot of work on developing positions and detail but no movement toward consensus
- March 2003: Deadline missed for revised 'modalities', draft circulated
- July- September 2003: first attempt at compromise – US-EU framework – other 'frameworks' based on US-EU model
- September 2003: deadlock in Cancun

Keys Dates CANCUN to GENEVA

- IN GENEVA Technical (Officials)
 - Sept 2003 –Mar 2004: Talks suspended
 - 22-26 Mar 2004 talks resume
 - Emphasis: consultations between groups. Not negotiations with chair
 - First shift ‘declaratory phase’ into ‘listening phase’.
 - But yet, not ‘problem-solving phase’

OUTSIDE GENEVA Political build-up (Ministers)

- **Many ministerial groupings around the world**
 - **Letters:** Zoellick (January), Lamy +Fischler (May)
 - **May-June:** OECD, UNCTAD mini-ministerials, the five (Australia, Brazil, EU, India, US)
- 1 August 2004:** framework’ agreed

2.COMESA -FTA

- The Treaty creating PTA came into force in September 1992 following ratification by nine Member States
- COMESA began in December 1994 , formed to replace the Preferential Trade Area (PTA) which had existed from the earlier days of 1981.
- first step towards higher forms of regional economic cooperation and integration for sustainable growth and development of Member States.

COMESA

- Free Trade Area in October 2000
- The Treaty establishing COMESA was signed on 5th November 1993 in Kampala, Uganda
- ratified in Lilongwe, Malawi on 8th December 1994.
- Members: Angola, Burundi Comoros, D.R. Congo, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

COMESA

- CET by 2004 0%, 5%, 15% and 30% on capital goods, raw materials, intermediate goods and final goods respectively.

Agreed to maintain

- a full free trade area guaranteeing the free movement of goods and services produced within COMESA and the removal of all tariffs and non-tariff barriers;
- a customs union under which goods and services imported from non-COMESA countries will attract an agreed single tariff all COMESA States;
- persons.

Agree to maintain (2)

- free movement of capital and investment supported by the adoption of common investment practices 50 as to create a more favourable investment climate for the entire COMESA region:
- a gradual establishment of a payments union based on the COMESA Cleaning House and the eventual establishment of a common monetary union with a common currency;
- the adoption of a common visa arrangement, including the right of establishment leading eventually to free movement of bona fide

Requires

- Common Tariff comprising
 - Common External Tariff (uniform COMESA-wide duty rates) and
 - Common Tariff nomenclature -common description and coding of traded goods

Aims of the COMESA Trade Regime on Agric commodities

- Co-ordinate member states policies and activities that relate to the export of crops, livestock, livestock products, fish and fish products and forest products.
- Harmonise member states policies in relation to international commodity agreements for the export of crops, livestock

Agric Trade

- and livestock products, fish and fish products and forest products.
- Co-operate in solving specific problems relating to the export of crops, livestock, livestock products, fish and fish products and forest products.

Agric Trade (2)

- Harmonise member states policies and regulations relating to phyto-sanitary and sanitary measures without impeding the export of crops, plants, seeds, livestock, livestock products, fish and fish products; and
- Harmonise members' states agreements granting concessions for the exploitation of their agriculture resources especially fisheries and forest products by third country nationals.

In a nutshell also aims at:

- Tariff reductions with a view to elimination
- Removal of NTBs (tariffication)
- Rules of Origin

Current status

- Customs Union not yet reached
- Only 9 (+ 2 in 2004) of the 19 members states have attained FTA status
- Eight still to complete tariff reduction

3. SADC Trade Protocol

- Objectives
 - Liberalize intra-regional trade of goods and services
 - Ensure efficient production – comparative advantage
 - Contribute towards investment
 - Enhance economic Development & diversification
 - Establish a Free Trade Area

SADC Trade Protocol (2)

- All goods and Services are covered
- 85% of intra SADC trade expected to be liberalised by 2008
- Remaining 15% by 2012
- Need for setting standards of trade
- Little work done in terms of agric goods and services

4. ACP-Cotonou Agreement

- Successor to Lome Convention
- Btw EU and 77 countries in Africa, Caribbean and the Pacific
- Will go on till 2020
- Non-reciprocal trade preferences granted by EU to ACP States
- Preferential treatment for LDCs under General System of Preferences (GSP)

Preferential Treatment

- EBA initiative since 2001 with extended duty and quota free access to imports of all products from LDcs except arms.

Objectives

- to reduce and eventually eradicate poverty
- contributing to sustainable development and
- to the gradual integration of ACP countries into the world economy.

Current Negotiation themes launched 27 Sept 2002

- Market Access;
- Agriculture and Fisheries;
- Trade in Services;
- Development Co-operations;
- Trade related issues; and
- Legal issues.

Strategic Approach

- Need for development, by each country, of national strategy that would feed into the regional strategy
- Need to draw up strategies that were backed by technical studies on such as generic market access and case studies;
- Need for consultations and networking with the private sector and civil society as well as regionally;

Strategic Approach (2)

- Zambia should reinforce her capacity to follow and participate in the negotiations both in Brussels and at line Ministries;
- Need to quickly pick out contentious issues and inform decision makers in good time;
- Need to fuse in the whole process political leaders with zeal to follow up issues and accordingly be able to inform cabinet way before the Minister involved takes an issue for approval.

Way Forward

- WTO rules and regulations are superior to national regulations
- Despite this, there is need to provide for anticipated actions in the national legislation
- Need also to define what commodities are special and cardinal for national food security
- A number of arguments under WTO esp. in AoA negotiations yet to be agreed

THANK YOU

