



Development and Agriculture in the WTO: A Comparison between the Development Box, the EU's Food Security Box and the Harbinson Draft Modalities

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Introduction

The purpose of this briefing is to contrast the different approaches taken by the Friends of the Development Box (a group of Developing Countries promoting a more development-friendly set of rules in the WTO Agreement on Agriculture), the European Union, which in January 2003 proposed the creation of a 'Food Security Box' within the AoA as part of its Modalities Proposal in the WTO Agriculture Negotiations, and the Harbinson Draft Modalities of February 2003. Although the Friends of the Development Box have made a number of submissions, this analysis is based on their November 2002 submission, the most comprehensive to date.³

The briefing is written by Action Aid and CAFOD, two UK NGOs that have been involved in developing and promoting the development box concept in recent years.

Contrasting the Harbinson Draft, the Food Security Box and the Development Box

In January the EU Trade Commissioner, Pascal Lamy, informed an audience at the London School of Economics that the Food Security Box 'was a concept we picked up from the NGOs'. While NGOs welcome this interest from the Commission, on closer inspection, the EU's 'Food Security Box' looks alarmingly empty, bearing little resemblance to the kind of broad, pro-development proposal put forward by both developing countries and northern aid agencies.

While the Harbinson draft goes a little further, for example in allowing developing countries slower rates of tariff rates on what it terms 'strategic products', (also known as 'food security crops'), it too fails the development test on a number of counts.

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² This is a second version, incorporating comments on the first draft of 14th February

³ Submission by Dominican Republic, Honduras, Nicaragua, Nigeria, Pakistan, Sri Lanka and Venezuela. WTO document JOB(02)/174

Both the Harbinson and the EU proposals:

- Fail to address developing country concerns over the imbalances of the AoA. In particular, they ignore calls that until the industrialised countries deal with their huge levels of domestic support and export subsidy, developing countries should not be forced further to open their markets to dumped products. (This is referred to as 'rebalancing' the agreement).
- Refuse to countenance the idea of exempting food security crops from tariff reduction commitments. Food security crops are staple foods produced by millions of poor farmers, largely for the domestic consumption. Dumping of subsidised northern foodstuffs is causing havoc in rural communities around the developing world. All the Harbinson draft offers is a slower rate of tariff reduction for strategic products, while the EC 'would agree to developing countries assuming substantively lower commitments if this is necessary for them to attain their legitimate objectives regarding food security.'
- While both Harbinson and the EU show more flexibility in allowing developing countries to use government spending to support their poor farmers, in practice this is of little help, as most governments do not have the resources to do this. The crucial element for them is the ability to protect their own markets, and in particular their poor farmers, through the use of tariffs and other border measures.
- Both the Harbinson and the EU proposals rely almost exclusively on an expanded use of the special safeguard mechanism by developing countries. While a revised SSG that is available to all development countries should be part of a development box within the AoA, (i.e. an appropriate safety measure and instrument to respond to import surges in food security crops), the SSG is a very specific tool that is aimed at a specific problem – short-term import surges. It does not tackle more fundamental problems of the imbalances within the AoA.

Conclusions

While both the Harbinson and EU proposals include some improvements on the current Agreement on Agriculture, both fall far short of the kind of courageous reforms needed to make agricultural trade work for the poor. Developing countries, and those in the North who support their efforts, should be demanding much more before the agriculture proposals can be held to be pro-development, and part of the putative Doha Development Agenda.

Development Box v EU v Harbinson: Market Access in Developing Countries				
Issue	What the Current AoA Allows	Development Box	EU Food Security Box	Harbinson Draft
Rebalancing	Nothing	Developing country Members may impose an additional duty on imports of agricultural products benefiting from export subsidies and trade-distorting domestic support (i.e. AMS support) ⁴ .	Nothing	Nothing
Exemptions of staple foods from obligatory tariff reductions in the interests of food security	Nothing	Developing country Members in pursuing food security and rural development shall have the flexibility to exempt from reduction commitments certain agricultural products.	The EC 'would agree to developing countries assuming substantively lower commitments if this is necessary for them to attain their legitimate objectives regarding food security.'	Developing countries shall have the flexibility to declare up to [] agricultural products as being strategic products with respect to food security, rural development and/or livelihood security concerns. The simple average reduction rate for all SP products shall be [10] per cent subject to a minimum cut of [5] per cent per tariff line [, except for SP products for which a developing country opts to have access to the special safeguard provisions under paragraph 24 below]. ⁵

⁴ The proposed balancing mechanism may be imposed to off-set trade distorting support as reflected in the AMS and export subsidies.

⁵ Minimum tariff reductions on non-SP products are 27%, with a minimum of 17% on each tariff line.

Development Box v EU v Harbinson: Market Access in Developing Countries (continued)

Issue	What the current AoA allows	Development Box	EU Food Security Box	Harbinson draft
Special Safeguard Mechanism against price falls due to import surges	Members have the right to invoke the SSG for those products that had undergone tariffication. This only applies to 21 developing countries for a small number of product lines.	Only Developing country Members shall be granted the right to use the Special Safeguard Mechanism. It may be invoked for all agricultural products	A Special Safeguard instrument shall be extended to all developing countries for 'essential food security agricultural products.'	For SP products, developing countries shall have the flexibility to apply a special safeguard mechanism. Only products designated in this way in the Schedule, as well as items already currently covered and designated with the symbol "SSG", shall be eligible for measures under the SSM.
Flexibility to increase excessively low tariff ceilings for food security crops	Nothing. All crops treated in the same way.	Developing country Members in pursuing the objective of food security and rural development, shall have the flexibility to increase low tariff bindings in relation to food security and staple crops	Nothing	Nothing
Not expanding Tariff Quotas on Food Security Crops	Nothing. All crops treated in the same way.	Developing country Members shall have the flexibility to maintain their current TRQ commitments (i.e. no quota expansion).	Nothing	Developing countries shall not be required to expand tariff quota volumes for SP products.

Development Box v EU v Harbinson: Domestic Support in Developing Countries				
Issue	What the Current AoA Allows	Development Box	EU Food Security Box	Harbinson Draft
Green Box: Differentiate between crops for domestic consumption and for export	No distinction currently made	Any support provided by any Developing country Member in respect of an agricultural product whose productivity in that country is less than the world average (as determined by FAO), and exports of that product represent less than 3,25 per cent of world trade of that product for two consecutive years, shall be deemed to have no, or at most minimal, trade-distorting effects or effects in production and hence be excluded from any domestic support calculation.	No distinction made	Exclude (from reduction commitments) payments to maintain domestic production capacity of staple crops for food security purposes (attachment 8)
Exempt spending on Food Security and Rural Employment from reduction commitments	Article 6.2 allows greater flexibility to developing countries in providing general subsidies to agriculture and inputs to low-income/resource poor farmers, as well as product diversification from illicit crops.	Special and Differential Treatment in respect of domestic support shall reflect the agreement that government measures of assistance, whether direct or indirect, to encourage agricultural and rural development, rural employment, food security, poverty alleviation, and diversification of agriculture shall become an integral part of Annex 2 of the AoA (Green Box). These include investment subsidies and agricultural input subsidies generally available to low-income and resource poor producers.	Exemptions (for developing countries) for domestic support measures for agricultural products considered necessary for food security and for the diversification of agricultural production	Expanded Article 6.2 to include subsidies for credit cooperative, transportation subsidies to remote areas and on-farm employment subsidies for families of low-income and resource-poor producers