



THE CAIRNS GROUP'S OBJECTIVES FOR MC11 AND BEYOND

COMMUNICATION BY THE CAIRNS GROUP

The following communication, dated 17 May 2017, is being circulated at the request of the Delegation of Australia on behalf of the Cairns Group.

1. The Cairns Group (www.cairnsgroup.org) is a coalition of 19 agricultural exporting countries which account for over 25% of the world's agricultural exports, 12% of world economic output and 17% of the global population. Cairns Group members are particularly reliant on trade in agriculture and food for sustainable economic growth and development. Distortions to production and trade in agriculture and food harm farmers that rely on trade – especially those in developing and least developed countries. It is in this context that the Cairns Group lays out its broad objectives on agriculture for MC11 and beyond.

2. This paper is without prejudice to specific proposals that may be developed on one or more elements of the agricultural negotiations for MC11 and beyond.

OBJECTIVES FOR MC11 AND BEYOND

Domestic Support

3. There is overwhelming support for an outcome on domestic support at MC11. The Cairns Group notes the wealth of valuable analysis and effort already put into framing and informing an outcome on domestic support, including recent papers from the LDC Group (JOB/AG/90), the ACP group (JOB/AG/87) and several Cairns Group members (JOB/AG/72 and Add.1).¹

4. The outcomes we achieve in negotiations on domestic support at MC11 and beyond must contain the following elements.

i. All production and trade-distorting domestic support must be subject to greater scrutiny with a view to further advancing the reform process.

5. Domestic support that distorts prices, encourages over-supply, and increases global market volatility, is bad for farmers and global consumers. This heavily impacts developing countries. Unable to compete with the massive levels of expenditure provided by some larger economies and subsidized exporters, farmers in developing and least developed countries suffer most from reduced prices and lost export markets.

6. For this reason, all forms of production and trade-distorting support must be subject to greater scrutiny, with a view to further advancing the reform process.

ii. Disciplines on production and trade-distorting domestic support must have a constraining impact.

¹ Submission by Brazil, Argentina, Chile, Colombia, Paraguay, Peru and Uruguay.

7. Limits must not be set at artificially high levels and must meaningfully reduce the massive entitlements we see today. At present the entitlements of just nine major Members allow for over US\$625 billion of trade-distorting domestic support.² Ultimately, there must be a tangible impact on the level of expenditure that may be made on trade-distorting domestic support.

iii. Product specific concentration of support must be addressed.

8. Product specific support, particularly by large agricultural producers and large agricultural exporters has a negative impact on the prices received by all farmers worldwide. Excessive concentrations of product specific support continue to impact world market prices for a range of goods, many of which are of great importance to developing and least developed countries, including rice, sugar, dairy, wheat, soybeans, beef and cotton.

9. Domestic support negotiations must address these product specific concentrations of support. Initially, disciplines may be applied to products that matter the most to developing and least developed Members, before being extended across all products.

10. Cotton in particular needs to remain a focus. The Cairns Group supports the LDC Group's call (JOB/AG/90) that negotiations must lead to a significant reduction, with a view to total elimination, of all types of domestic support that have distorting effects on the cotton market.

Market Access

11. Negotiations on market access must continue at MC11 and beyond in pursuit of tangible outcomes that result in substantial progressive reductions in protection. Ultimately, market access outcomes must level the playing field for agricultural products versus all other goods in world trade. Average tariffs on agricultural products remain more than eight times higher than tariffs on industrial products; and tariffs of more than 300% are not uncommon.

12. We should look to make incremental, yet substantive steps on market access for MC11, including technical work and examining existing entitlements, in order to help us launch into substantive negotiations on remaining market access issues for future ministerial meetings.

Export Competition

13. The Nairobi Ministerial Decision on Export Competition (WT/MIN(15)/45), represents a significant and historic achievement for the WTO. The elimination of export subsidies was a longstanding negotiating objective for the Cairns Group and many other WTO Members. The Decision demonstrated that agreements on meaningful new disciplines on trade-distorting practices continue to be possible. This decision should be used as a stepping stone to further strengthen disciplines on export competition, and in particular on export credits.

14. In that regard, the Cairns Group reaffirms its commitment to the continuation of the negotiations under this pillar and the triennial review process put forward by para. 5 of the Nairobi Ministerial Decision on Export Competition (WT/MIN(15)/45).

Greater compliance with notification requirements

15. Greater efforts need to be done to comply with the notification requirements of the Agreement on Agriculture and relevant Ministerial Decisions across the three pillars. Nonetheless, the situation is particularly grave concerning domestic support. According to the latest report by the Secretariat (G/AG/GEN/86/Rev.27) there are over 800 outstanding domestic support notifications. The lack of timely, complete and accurate notifications on domestic support is frustrating our ability to review compliance and undermining confidence in the multilateral trading system.

² Calculated as the *de minimis*, and AMS entitlements of Australia, Brazil, Canada, China, the European Union, India, Indonesia, Japan, and the United States, calculated using the Australian Permanent Mission Domestic Support Calculator, available at: <http://geneva.mission.gov.au/gene/AgriculturalTradeDistortingSupportCalculator.html>.

Special and Differential Treatment

16. The Cairns Group reaffirms that the principle of special and differential treatment for developing countries, including least developed countries, must remain integral to all negotiations. The framework for trade reforms must continue to support the economic development needs, including technical assistance requirements, of these WTO Members.

PURSUIT OF MINISTERIAL DECISIONS

17. The Cairns Group notes the Ministerial Decisions of 7 December 2013 (WT/MIN(13)/38) and 19 December 2015 (WT/MIN(15)/44) and the General Council Decision of 27 November 2014 (WT/L/939) regarding Public Stockholding for Food Security Purposes; and the Ministerial Decision of 19 December 2015 (WT/MIN(15)/43) regarding the Special Safeguard Mechanism (SSM) for Developing Countries. The Cairns Group will continue to engage constructively to negotiate on an SSM for developing country Members; and a permanent solution on the issue of public stockholding for food security purposes.
