

WTO NEGOTIATIONS ON AGRICULTURE - PROPOSAL BY NIGERIA

Since the conclusion of the Uruguay Round Multilateral Trade Negotiations, the general impression among developing countries is that they undertook commitments without being able to adequately appreciate their attendant implications. This view is strengthened by the fact that while many developing countries' expectations are yet to be fulfilled, there is growing concern that some of the Uruguay Round rules did not actually take into account the weaker position and specific constraints of developing countries in the new global economy. The Agreement on Agriculture (AoA), which deals with issues of vital importance to all developing countries, is one such area, that Nigeria believes was not adequately addressed from a developmental perspective.

The controversy over the WTO Agreement on Agriculture arises from the fact that while it is often portrayed as a sweeping reform of world agricultural trade and a significant move towards liberalization the reality is that although it may have involved a major change in the rules for international agricultural trade, it has not brought about any significant reduction in border protection or an increase in access to protected markets, leading to distortions in commodity markets. Taking into account the varied interest of the major players that shaped the final agriculture agreement, it is now clear that their defensive strategies worked as their farmers continue to be heavily subsidized and shielded from international competition. Developing countries outside the Cairns Group, on the other hand, have had a limited impact on the agenda for the agricultural negotiations and the outcome. In fact perhaps all that the Uruguay Round Agreement on Agriculture did was to provide the necessary ground work for the next round of negotiations and reform.

In Nigeria, the agricultural sector contributes to over 40 per cent of GDP at constant prices and over 70 per cent of employment are in this sector. Climatic and soil conditions allow Nigeria to produce a wide variety of agricultural products including food and cash crops. The area currently under cultivation (an estimated 34 million hectares) constitutes less than half of the potential agricultural land, indicating that the sector has a strong growth potential. Indeed, 70 per cent of the nation's poor and 95 per cent of the extremely poor live in rural areas. Under these circumstances, Nigeria's agricultural policy objectives include: to increase production of food; increase production of agricultural raw materials as inputs for the economy; promote cash crop production as a source of export diversification; and enhance incomes of small farmers and households with a view to alleviating poverty and promoting rural development/employment.

Nigeria's expectations in the ongoing negotiations pursuant to Article 20 of the AoA is to ensure equity and fairness in international trade in agriculture by the elimination of trade distorting practices, while at the same time addressing the development concerns of developing countries and the existing imbalances in the Agreement. Nigeria will therefore support further work in the following areas:

1. Market Access, Domestic Support and Export Subsidies

- Examine the major difficulties experienced with respect to market access in international trade in agriculture, especially for products of interest to developing countries and

consider specific and substantial proposals for further reduction in tariffs, rationalizing the use of export subsidies and domestic support and limiting the use of special safeguard provisions by developed countries;

- Inclusion of a provision for ceilings on tariff peaks in developed countries to be complemented with expanded tariff quotas and lower in-quota tariffs;
- Tariff quotas to be made global, except in very exceptional cases; and if country quotas follow bilateral agreements, the global tariff quotas should be an additionality over these countries' quotas, to be allocated to those that are not covered by bilateral country quotas;
- All subsidies covered by Article 6 of the Agreement should continue to have the benefit of exemption from countervailing duty and Article 13 (Due Restraint Clause) as in the case with those listed in Annex 2 to the Agreement, especially the investment and input subsidies by developing countries;
- To ensure fairness in the system of commitment for reduction of import restraint, domestic support and export subsidy, the limitations in these areas on countries that have not included these measures in their schedules should be removed. This is particularly desirable, as countries who had notified their base support levels in their schedules have been able to retain restraints and subsidization almost up to 65 to 80 per cent. To ensure equity and a balance of obligations, developing countries should be allowed to take new measures, for instance in the area of domestic support, up to levels substantially higher than the *de minimis* levels.

2. **Sanitary and Phytosanitary Measures**

- There is need for all Members to apply a unified set of international measures that are reflective of the specific constraints of developing countries, so as to eliminate the misuse of SPS measures for protective purposes.

3. **Special and Differential Treatment for Developing Countries**

- S&D measures should give realistic equity to developing countries, taking into consideration factual developmental constraints militating against their active participation in world trade;
- Commitments, obligations and concessions in all areas should be commensurate with capabilities of developing countries, taking into account trade, financial and developmental positions;
- Technical assistance to facilitate the full integration of developing countries into the system, as well as to support and sustain increased domestic production should become part of the provisions of the Agreement on Agriculture;
- Specifically, the negotiations should recognize the need for flexibility for developing countries in the following areas:
 - (i) flexibility in reducing tariffs, particularly on sensitive products;
 - (ii) flexibility on domestic support measures to be able to address the concerns of the rural population in this sector for the sustenance of their livelihood and employment; and

- (iii) flexibility on attainment of certain degree of food self sufficiency to ensure that all/any measures aimed at enhancing domestic production is exempt from reduction commitments.

4. **Food Security**

Maintaining food security is of vital importance to Nigeria and most developing countries. Action in the new negotiations must therefore focus on:

- Increasing flexibility for developing countries to use domestic support measures aimed at maintaining food security and enhancing the incomes of small farmers and households;
- Decreasing the levels of protection and support in developed countries which have possible distortive effects on trade in agricultural products;
- Increasing the level of commitments by the developed countries to address concerns relating to food aid, problems of net food-importing developing countries (NFIDCs) and the food needs of LDCs, particularly in times of emergency;
- Concrete action with respect to the problems of net food-importing countries;
- Flexibility regarding import restraint and domestic subsidy for the protection of, and support to household subsistence farming and small-scale farming in countries where such farming is very important;
- Subsidies by developing countries for the purchase of food products for public stocking should be excluded from the aggregate measure of support (AMS), as is the case with other exempted subsidies;
- Developing countries experiencing foreign exchange difficulties for the purchase of imported food for their population should be allowed to encourage and develop their domestic food production; and to that extent should also be permitted to protect their production against cheap food imports as well as provide domestic support for food production.

5. **Disciplines on International Market Structure and Competition in Agriculture**

The Agreement on Agriculture set out to address distortions in world agricultural markets while taking into account non-trade concerns, including food security:

- Neither objective can be realized unless the role of multinationals in these markets could be better understood and regulated;
- Hence, the needs to ensure that developing countries' food needs are not sacrificed to multinational interest in expanded stockholder value.

6. **Transparency and Provision of Information**

- There is need for adequate information about what is happening in the world agricultural market, especially regarding the operations of international multinational companies, and what they control;
- The questionnaire approach for state trading enterprises may be expanded to include multinational companies, with a requirement for notification of relevant information;

- The WTO Secretariat should also review these companies as part of the Trade Policy Review process of Member countries;
- FAO and/or UNCTAD should establish data banks containing comprehensive information on the major players in the world food system;
- Ensure some predictability about the specific products and rates in the care of domestic support. Countries should be required to announce plans of their allowance expenditure of domestic support within commitment levels in advance.

This submission broadly outlines the essential elements regarding those areas that Nigeria believes Members should commit themselves to improve the overall balance and effectiveness of the AoA.
