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COMMON POSITION OF THE MEMBER STATES OF THE WEST AFRICAN ECONOMIC AND MONETARY UNION (WAEMU) IN THE MULTILATERAL TRADE NEGOTIATIONS ON AGRICULTURE

The following communication has been received from the Delegation of Senegal on behalf of the WAEMU member States.

The WAEMU is an organization for regional integration, which was founded on 10 January 1994. It is made up of the following member States: the Republic of Benin, Burkina Faso, the Republic of Côte d'Ivoire, the Republic of Guinea Bissau, the Republic of Mali, the Republic of Niger, the Republic of Senegal and the Republic of Togo. With the exception of Côte d'Ivoire and Senegal (developing countries), these countries belong to the group of least-developed countries (LDC) and are all eligible for relief under the Heavily Indebted Poor Countries Initiative (HIPC). All the WAEMU member States are, moreover, agricultural exporters and net food-importing countries.

The WAEMU member States consider that the current multilateral trade negotiations on agriculture should focus more on development policies than on customs tariffs. The agricultural sector is an essential component of the economies of the WAEMU member States in terms of contribution to GDP, employment, international trade and food security. Recognizing the importance of agriculture, the Treaty establishing the WAEMU prescribes, in Chapter V of Additional Protocol No. II relating to sectoral policies of the Union, the implementation of a common agricultural policy geared towards the following objectives:

- (a) Food security and an adequate level of self-sufficiency in the Union, having regard to the complementarities between the member States and their respective comparative advantages;
- (b) sustainable increase in agricultural productivity, by mastering technological advances and by promoting the development and rational management of research, production and agricultural sectors, as well as optimal use of production factors such as labour and inputs, in order to raise the standard of living in rural areas;
- (c) better functioning of markets in agricultural, livestock and fisheries products for the benefit of producers and consumers.

In establishing the guidelines for the common agricultural policy, due account was taken of:

- (a) The special nature of agricultural activity, with its specific social features and the structural and natural disparities between different agricultural regions;

- (b) the need to make appropriate adjustments on a gradual basis;
- (c) the close connection, in the member States, between agriculture and the other economic sectors.

Noting that the implementation of the Agreement on Agriculture negotiated in the Uruguay Round has not yielded the anticipated results in the agricultural sector and that it will be impossible to achieve the objectives of the common agricultural policy under the existing rules, the WAEMU member States hereby establish their common negotiating positions.

The challenge facing the WAEMU member States in the future agricultural negotiations is twofold:

- To ensure that the developed countries effectively liberalize their agricultural policies, in order to increase the internal and external competitiveness of agricultural products of interest to the developing and the least-developed countries, and especially high value-added products;
- to work towards strengthening and improving waivers in favour of the developing and the least-developed countries.

I. Measures aimed at effective liberalization of the agricultural policies of developed countries

These measures concern market access, domestic support and export subsidy policies.

I.1 Market access

The forthcoming negotiations on agriculture should lead to:

- A substantial reduction in tariff peaks by the developed countries and the newly industrialized countries; this will enable developing countries to benefit from lower tariffs and will facilitate access to developed markets for their products;
- a major reduction in tariff escalation, in order to diversify the developing countries' agricultural production through greater emphasis on high value-added products; indeed, since customs duties on African exports entering the markets of developed countries are proportional to the level of processing of the goods, African countries tend to continue exporting agricultural products that have received little or no processing, which is not conducive to the creation of local added value;
- unrestricted access for agricultural products from the least-developed countries to developed markets, instead of the average 43 per cent tariff reduction accorded so far; the offer by the European Union to grant total exemption for the least-developed countries should be adopted by all the developed countries;
- preservation of the Special Safeguard Clause in a renegotiated Agreement on Agriculture, and extension of these provisions, irrespective of the tariffication process, to developing and least-developed countries that are currently excluded from this mechanism; this will enable the WAEMU member States to bring the short-term import tax (TCI) into conformity with the WTO rules;

- greater flexibility in the conditions for use of the Special Safeguard by developing countries; the trigger levels (quantities or prices) could thus be determined annually by the countries concerned, on the basis of their domestic consumption and production (quantities for the previous year) or their domestic production costs (prices).

I.2 Domestic support

- Reduction in domestic support measures

Domestic support measures in the developed countries will have to be substantially reduced, in order to eliminate the imbalance, in their use, between the developed and the developing countries.

- Critical review of the use of Green Box and Blue Box measures by the developed countries
 - Green Box

Despite the reductions in domestic support in the developed countries, which is determined on the basis of the AMS, overall levels of support have generally risen rather than fallen. It appears that many developed countries, including the European Union and the United States, are channelling their agricultural support away from the AMS, which is subject to reduction commitments, and into Green Box programmes, thus avoiding the obligation to make reductions.

Moreover, decoupling support from production levels does not preclude effects on production, for example by raising farmers' incomes, which may increase the farmers' propensity to invest in production.

Use of the Green Box may thus serve to disguise the support that the developed countries continue to provide for their agriculture. Provision should therefore be made in the new Agreement for restricting abuse of Green Box measures by the developed countries.

- Blue Box

All support linked to production must be abolished.

- Increase in *de minimis* levels

The *de minimis* percentage threshold for developing countries should be raised to at least 10 per cent. This would give them greater scope for implementing support measures suited to their agricultural sectors.

I.3 Export subsidies

It is necessary to abolish export subsidies and to establish a discipline on export credits.

It is often argued that the beneficiaries of export subsidies, which are granted mainly by developed countries, are urban consumers in developing countries, who thus have access to low-cost food products.

This generally proves to be no more than a short-term benefit, for it is often eroded by balance-of-payment difficulties, so that the real beneficiaries are the producers in the developed countries, whose income levels are maintained through subsidies.

Moreover, export subsidies are a factor in maintaining flows of artificially competitive goods – a process that facilitates trade diversion, cuts back agriculture-related economic activity and increases food dependency in the developing countries.

Abolishing such practices in the developed countries will provide a lasting solution to food security problems in the developing countries.

The least-developed countries will have to be allowed greater flexibility in their use of export subsidies, however, so as to boost their exports of agricultural products with strong export potential. In other words, it is a matter of moving beyond these countries' Schedules and of extending the scope of the waivers to other forms of export subsidies.

II. Strengthening of waivers in favour of the developing and *the least-developed countries*

II.1 Special and differential treatment

In most developing and least-developed countries, including the WAEMU member States, significant progress in promoting economic growth, combating poverty and improving food security appears impossible to achieve without substantially developing the potential of the agricultural sector and its contribution to global economic development.

Special and differential treatment is a means of reducing the inequalities that exist between the developed and the developing countries in the economic, financial, technological and development fields.

Preservation of this principle should therefore not be called into question in the negotiations. On the other hand, its application should be reflected in the relevant provisions, through the strengthening of current waivers in favour of the developing and the least-developed countries and with due regard for the specific situation of land-locked countries.

Hence the definition of criteria for commitments and timeframes should be based, *inter alia*, on objective and verifiable economic indicators and take greater account of development levels and growth in the agricultural sector.

The developing and especially the least-developed countries should be given more flexibility in implementing emergency measures to protect small-scale farmers against imports and unfair trade practices, particularly those affecting basic food production for local consumption.

II.2 Creation of a "Development Box"

Considering the role of agriculture and its horizontal links with other sectors in the WAEMU countries and the developing countries generally, the WAEMU countries request the creation of a "Development Box", whose principal aim will be to provide greater flexibility in framing national agricultural policies.

Article 20 of the Agreement on Agriculture stipulates that commitments under the reform programme should be made, having regard to non-trade concerns, including food security and the need to protect the environment.

The developing countries might need to provide targeted aid for their agricultural sectors in the form of support for investment, research and the transfer of technology, input subsidies and protection of natural resources, in order to move towards high value-added activities or to address supply-side constraints with a view to fostering economic development. Such support would be discontinued as competitiveness and profitability increased.

"Development Box" instruments should contribute to the following objectives in particular:

- To increase domestic supply of food products, especially key staples;
- to foster sustainable agricultural development;
- to increase food security and food accessibility;
- to promote employment for the rural poor, in order to raise their standard of living as part of the effort to combat poverty;
- to protect local production from cheap imports;
- to allow the flexibility needed to support the development of production capacities and competitiveness.

II.3 The Marrakesh Ministerial Decision

The Ministerial Decision on possible negative effects of the reform programme on least-developed and net food-importing developing countries has not been translated into practice.

Operational mechanisms should be adopted in order to implement the support measures, in particular technical and financial assistance, provided for in the Decision. Implementation of the Decision will have to be followed and evaluated on a regular basis, in a formal institutional framework. The mechanism for introducing food aid into the local markets of developing countries should be targeted so as to avoid any disruption in domestic production.

II.4 Other topics for negotiation

- **Sanitary and phytosanitary measures**

Quality and safety standards are set mainly by the developed countries, and developing countries are rarely represented in decision-making bodies.

Such standards are difficult to meet for developing countries and may be used as disguised protectionism by the developed countries. Most developing countries, including the WAEMU member States, have to contend, at the administrative and technical levels, with a lack of institutions and a shortage of skills needed to validate the quality of imports and exports. This means that little use is made in these countries of the risk management system, which is one of the cornerstones of the SPS Agreement.

Article 9 of the SPS Agreement stipulates that the WTO Members agree to facilitate the provision of technical assistance to developing countries, either bilaterally or through the appropriate international organizations. The WAEMU countries therefore request that this provision, which is designed for mobilizing such assistance and other means, be effectively applied in order to ensure:

- The training of control staff in the developing countries;

- more effective and efficient participation by developing countries in the work of the various committees;
- the creation or strengthening of capacities to conduct laboratory analyses and of certification and control services;
- the development of control services' inspection capacities.

The WAEMU further proposes the negotiation of a provision whereby prohibition of production, marketing and use of intermediates, inputs and other intermediate consumption items in developed countries would also be extended to developing country Members. In other words, a "generalized precautionary provision" should be introduced to cover prohibitions on sanitary and phytosanitary grounds.

- **Compatibility between WTO-authorized and SAP/ASAP measures**

Almost none of the WAEMU countries have been able to benefit from the exemptions and other forms of special and differential treatment stemming from the Uruguay Round Agreements, particularly in the agricultural sphere, because of the conditionalities attached to the Structural Adjustment Programmes (SAP) and/or Agriculture Sector Adjustment Programmes (ASAP) that these countries have signed with the Bretton Woods institutions. As a result, the level of liberalization and market-opening far exceeds that prescribed by the commitments under the Agriculture Agreement, whereas support levels remain low and inadequate for promoting the forms of agricultural production needed in the Union.

The WAEMU member States therefore wish to see the negotiation of a "provision of minimum conformity" between WTO-authorized measures and the conditionalities attached to the reforms advocated by the Bretton Woods institutions, in order to enable the countries concerned to take full advantage of the waivers for which they might be eligible.

This issue may be raised in the framework of the Inter-Agency Working Group (World Bank, IMF, ITC, UNCTAD, WTO and UNDP), along with a request to broaden the latter's sphere of competence and the group of countries concerned.

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