



**OVERVIEW OF EXPORT RESTRICTIONS**

COMMUNICATION FROM JAPAN; ISRAEL; KOREA, REPUBLIC OF; SINGAPORE; SWITZERLAND AND THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

The following communication, dated 13 November 2018, is being circulated at the request of the aforementioned Members.

**1 CURRENT SITUATION OF WORLD AGRICULTURAL TRADE**

1.1. A small number of countries in the world account for the majority of total exports in global agriculture trade, as shown in Table 1. This has an impact on food supply and food prices. In any case, only a small share of a country's agriculture production is actually used for export purposes.

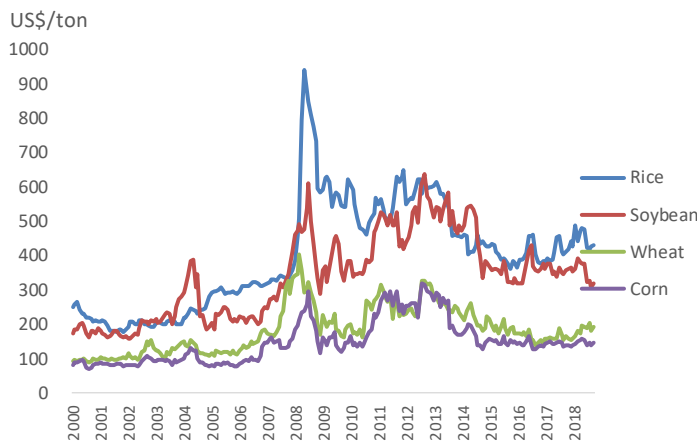
**Table 1 - Major exporting countries and market share**

Commodity	Major exporting countries	Market share
Wheat	EU, Russian Federation, US, Canada, Australia	74%
Rice	India, Thailand, Viet Nam, Pakistan, US	82%
Corn	US, Brazil, Argentina, Ukraine, Russian Federation	90%
Soybean	Brazil, US, Paraguay, Canada, Argentina	96%

Source: Wheat and Rice: "Members' participation in the normal growth of world trade in agricultural products" WTO Document G/AG/W/32/Rev.16, 9 February 2018, WTO; Corn and Soybean: "Production, Supply and Distribution", Foreign Agricultural Service, USDA, September 2018.

1.2. In addition to supply and demand factors, food prices can fluctuate due to weather conditions and other causes. From 2008 to 2012, in particular, food prices skyrocketed, as shown in Figure 1, and many export restrictions were imposed during this period.

**Figure 1 - Trends in food price**



Source: Chicago Board of Trade (Wheat, Corn, Soybean); Board of Trade of Thailand (Rice).

## 2 ANALYSIS OF NOTIFICATIONS ON EXPORT RESTRICTIONS

2.1. The analysis presented in this section is based on Members' notifications on Export Restrictions (ER1) available in the AG-IMS. This is summarized in Table 2. While there is a total of 22 ER1 notifications, only 16 of them are actual ER1 notifications. This is because several notifications were submitted only to inform about the repeal of the measure, cancelation of the notification or change of the content.<sup>1</sup>

2.2. According to the "WTO Report on G20 Trade Measures"<sup>2</sup>, as many as 23 export restrictions measures on agricultural products were introduced in G20 countries from 2008 to 2011, during which export restrictions drew much attention due to the food crisis and price fluctuations for food. The FAO also conducted a research on export restrictions during that time and published a review.<sup>3</sup> According to the review, 87 measures were taken during 2007 to 2011. These figures are shown in Table 2.

**Table 2 – Number of measures**

	<b>Duration</b>	<b># of notifications or measures</b>
ER1 notification	1995 – present	16
Report on G20 trade Measures (WTO)	October 2008 to April 2011	23
FAO Report	2007 to end March 2011	87

2.3. Regarding the timing for notifications, Article 12 of the Agreement on Agriculture requires Members to notify "*as far in advance as practicable*". Out of the 16 notifications, eight notifications (i.e. 50%) were submitted before the date of implementation of the measure. Of these eight notifications, the average time in terms of submitting the notification was 9.6 days before the implementation of the measure. Another eight notifications were made after the date of implementation of the measure, one of which was 97 days after the event.

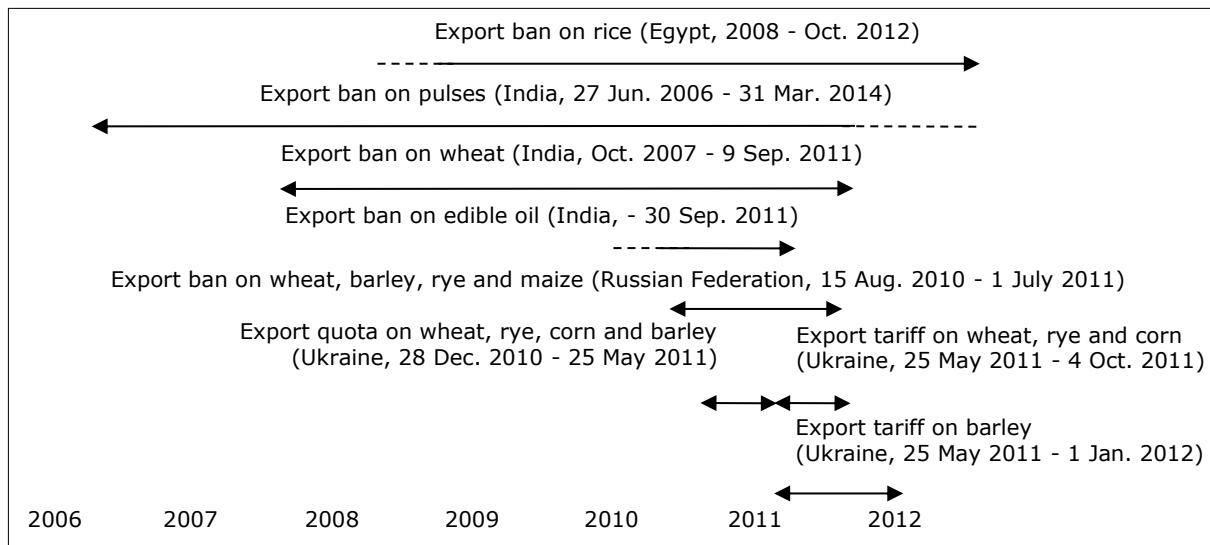
2.4. Regarding the duration of measures, GATT Article XI 2(a) requires export prohibitions or restrictions to be applied only "*temporarily*". The average duration of measures, calculated based on the 16 notifications, is five months and 14 days. Among these notifications, the shortest duration is two months and 25 days, and the longest one is ten months. The annual reports of the Director-General to the Trade Policy Review Body<sup>4</sup> also covers measures taken by countries, including export restrictive measures. According to these reports, six cases are identified to have taken measures around one year or longer, as shown in Figure 2, five of which have not been notified as ER1 to the Committee on Agriculture.

<sup>1</sup> Background paper on export prohibitions and restrictions was prepared in 2013 by the Secretariat (TN/AG/S/28). Fourteen notifications are identified in the paper, which is different from the number in this paper. It is because the background paper counts sequential notifications by Ukraine (G/AG/N/UKR/5/\*) as one.

<sup>2</sup> WTO, Report on G20 Trade measures (mid-October 2010 to April 2011).

<sup>3</sup> Sharma, R. (2011), "Food Export Restrictions: Review of the 2007 – 2010 Experience and Considerations for Disciplining Restrictive Measures", *FAO Commodity and Trade Policy Research Working Paper*, No. 32.

<sup>4</sup> WTO documents in series WT/TPR/OV/13, 14 and 17, *Overview of Development in the International Trading Environment*, Trade Policy Review Body.

**Figure 2 – Export restriction taken around one year or longer**

2.5. Quantitative export restrictions also need to be notified to the Committee on Market Access.<sup>5</sup> Among all quantitative restrictions notified so far (those taken under GATT Article XI 2(a) regarding agricultural products are summarized in Table 3), none has been notified as ER1.

2.6. Export restrictions have an effect of reducing food supply to the international market, which in turn shrinks the market and makes it more volatile and less predictable. It makes it difficult for importing countries to access the market. Importing countries also face "*lower terms of trade and have to pay a larger food import bill, which impacts negatively on trade balance and affects the strength of their currency*".<sup>6</sup> There is evidence that export bans, although applied only temporarily, cause long lasting price effects on importing countries until former trade relations are restored or replaced.<sup>7</sup> This might cause a price hike and have a negative impact on food supply stability as it takes time for importing countries to find alternative sources of food. In the long run, export restrictions might also have a negative impact on the country that takes such measures by causing income loss to some classes of society.<sup>8</sup>

<sup>5</sup> G/L/59/Rev.1

<sup>6</sup> FAO (2012), *Guide for Policy and Programmatic Actions at Country Level to Address High and Volatile Food Prices, updated version*.

<sup>7</sup> OECD (2017), *Impact of Agricultural Export Restrictions on Prices in Importing Countries*.

<sup>8</sup> Mermigkas, G (2018), *Agriculture Export Restrictions*, FAO Geneva Agriculture Trade Talks, FAO, <http://www.fao.org/3/CA0473EN/ca0473en.pdf>.

**Table 3 – ER1 notifications**

	Country	Implementation date	Duration of application	Notification date	Circulation date	Products	Symbol	Interval
		(1)		(2)				(1) – (2)
1	Hungary	25.10.1995	-	30.10.1995	30.10.1995	Maize	G/AG/N/HUN/2	-5
2	Poland	1.01.1996	31.08.1996 (8 months)	6.12.1995	11.12.1995	Wheat and meslin, rye, barley, oats	G/AG/N/POL/2	+26
3	Czech Republic	1.03.1996	-	6.06.1996	18.06.1996	Wheat and wheat or meslin flour	G/AG/N/CZE/6	-97
4	Hungary	8.08.1996	-	11.09.1996	24.09.1996	Barley, cereals, etc.	G/AG/N/HUN/6	-34
5	Czech Republic	1.04.1997	-	12.03.1997	13.03.1997	Rye, oats, cereals, etc.	G/AG/N/CZE/11	+20
6	Hungary <sup>9</sup>	10.11.2000	-	17.11.2000	21.11.2000	Maize fodder	G/AG/N/HUN/24	-7
-	(Republic of Moldova) <sup>10</sup>	-	-	-	-	-	G/AG/N/MOL/2	-
7	Republic of Bulgaria	1.10.2003	31.07.2004 (10 months)	22.09.2003	24.09.2003	Wheat, mixture of wheat and rye and flour	G/AG/N/BGR/10	+9
8	Former Yugoslav Republic of Macedonia	21.01.2004	30.06.2004 (5 months 10 days)	26.01.2004	13.02.2004	Wheat and meslin, etc.	G/AG/N/MKD/1	-5
9	Kyrgyz Republic	5.07.2008	5.01.2009 (7 months)	4.07.2008	9.07.2008	Wheat and meslin, sunflower seeds, etc.	G/AG/N/KGZ/2	+1
10	Ukraine	4.10.2010	31.12.2010 (2 months 27 days)	18.10.2010	28.10.2010	Wheat and meslin, corn, barley, rye, buckwheat	G/AG/N/UKR/5	-14
11	Ukraine (extension of UKR/5)	1.01.2011	31.03.2011 (3 months)	30.12.2010	10.01.2011	Wheat and meslin, corn, barley, etc.	G/AG/N/UKR/5/Add.1	+2
12	Ukraine (extension of UKR/5/Add.1) <sup>11</sup>	1.04.2011	30.06.2011 (3 months)	31.03.2011	7.04.2011	Wheat and meslin, corn, barley, rye, etc.	G/AG/N/UKR/5/Add.2	+1
13	Kyrgyz Republic	5.11.2010	5.05.2011 (7 months)	21.10.2010	7.01.2011	Oats, maize, cereals, etc.	G/AG/N/KGZ/3	+15
14	Republic of Moldova <sup>12</sup>	3.02.2011	1.05.2011 (2 months 25 days)	2.03.2011	11.03.2011	Wheat and blend of wheat and rye	G/AG/N/MOL/3	-27
15	Former Yugoslav Republic of Macedonia	10.03.2011	6 months	7.03.2011	8.03.2011	Wheat and meslin	G/AG/N/MKD/12	+3
16	Former Yugoslav Republic of Macedonia	8.04.2011	15.09.2011 (5 months 6 days)	15.04.2011	19.04.2011	Wheat flour	G/AG/N/MKD/13	-7

<sup>9</sup> Addendum (G/AG/N/HUN/24/Add.1) was circulated to inform the measure was lifted on 14 February 2001.

<sup>10</sup> G/AG/N/MOL/2 was cancelled by Corrigendum (G/AG/N/MOL/2/Corr.1).

<sup>11</sup> Two addenda (G/AG/N/UKR/5/Add.3 and Add.4) were circulated to inform that corn, wheat and rye and barley are excluded from quantitative export restriction.

<sup>12</sup> Addendum (G/AG/N/MOL/3/Add.1) was circulated to inform the measure was repealed.

**Table 4 – Quantitative Restrictions notifications on agricultural product under GATT XI 2(a)**

Year	Country	Type of Restrictions	Products	WTO Justification	Symbol
2012-2014	Thailand	Export Licensing	Rice	GATT XI – 2(a)	G/MA/QR/N/THA/1
2012-2014	Thailand	Export Licensing	Bean cake	GATT XI – 2(a)	G/MA/QR/N/THA/1
2012-2014	China	Export quota and/or licensing administration	Live cattle, live swine, live chicken	GATT XI <sup>13</sup> , XX	G/MA/QR/N/CHI/1, G/MA/QR/N/CHI/2, G/MA/QR/N/CHI/3,
2012-2014	China	Export quota and licensing administration	Wheat, wheat powder, maize powder, rice powder, liquorice and its products, Chinese iris and its products	GATT XI <sup>14</sup> , XX	G/MA/QR/N/CHI/1, G/MA/QR/N/CHI/2, G/MA/QR/N/CHI/3,
2012-2014	China	Export quota, licensing and state trading administration	Maize, rice	GATT XI <sup>15</sup> , XVII, XX and Annex 2A2 of China's Accession protocol	G/MA/QR/N/CHI/1, G/MA/QR/N/CHI/2, G/MA/QR/N/CHI/3,
2012-2014	China	Export Licensing	Live cattle, live swine, live chicken, shilled and fresh beef, frozen pork, chilled and fresh chicken, frozen chicken	GATT XI <sup>16</sup> , XX, XXI	G/MA/QR/N/CHI/1, G/MA/QR/N/CHI/2, G/MA/QR/N/CHI/3,

<sup>13</sup> Which section of GATT XI is applied is not identified.

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<sup>15</sup> Which section of GATT XI is applied is not identified.

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