



**COMMENTS BY THE LDC GROUP ON THE
DRAFT TEXT ON AGRICULTURE (TN/AG/50)**

COMMUNICATION FROM CHAD ON BEHALF OF THE LDC GROUP

The following communication, dated 13 April 2022, is being circulated at the request of the delegation of Chad on behalf of the LDC Group.

INTRODUCTION

1. In reaction to the draft text of the Chair of the negotiating group on agriculture circulated on 23 November 2021 (TN/AG/50), the LDC Group would like to share some initial reflections building on its previous submission on post-Nairobi priorities. It focuses on areas of particular relevance to food security and economic resilience for which ministerial mandates already exist.

BACKGROUND

2. It should be reminded at the outset that agriculture remains a vital sector for most LDCs, representing a significant share of GDP and directly contributing to export earnings, rural livelihood, poverty reduction, and food security. The vast majority of producers in LDCs are small or semi-subsistence farmers and remain highly vulnerable to external shocks in spite of a large underutilized production potential in agriculture. Between 2018 and 2020, LDCs accounted for around 0.83% of global agricultural exports and this share has been continuously declining to reach 0.54% in 2020, not least as a result of the COVID-19 pandemic.¹ In this context, enhanced LDCs integration in world markets can significantly strengthen LDCs exports and increase their economic resilience. To achieve this objective, however, LDCs need to develop their productive capacity, and have access to technology, inputs, financing, and undistorted international markets.

3. For these reasons, the LDC Group supports a reform of the Agreement on Agriculture (AoA) towards a fair and market-oriented agricultural trading system, which gives priority to issues related to food security and resilience, such as trade-distorting domestic support including cotton, the special safeguard mechanism and public stockholding for food security purposes. Given LDCs vulnerabilities and their marginal share in agricultural trade, special and differential treatment should be an integral part of future negotiations and exempt LDCs from any reduction commitments, in accordance with all our mandates originating under Article 20 and Article 15.2 of the AoA, and Article XI.2 of the Agreement Establishing the WTO.

DOMESTIC SUPPORT

4. After several years of negotiations, the trade-distorting effects of domestic support in agriculture continue to displace LDC producers on global markets while creating conditions of unfair competition on domestic and regional markets. Such policies directly hamper the development and food security prospects of LDCs.

¹ Based on UN Comtrade data.

5. At this juncture, there is no agreed principle and parameter on the trade-distorting domestic support reduction and the positions on agricultural negotiations remain broadly divergent. Therefore, the LDC Group is of the view that agricultural negotiations should result in substantial cuts in trade-distorting domestic support and reduce existing asymmetries in domestic support entitlements, with a particular focus on products of specific export interest to LDCs.

6. The LDC Group welcomes the references to special and differential treatment (SDT) in paragraph 12 and the principle that Members who distort trade the most shall contribute more in the reform process under paragraph 13. Based on this recognition, the text should explicitly specify that LDCs will not be expected to undertake any reduction commitments as a result of future disciplines on domestic support.

7. The LDC Group welcomes the reference to a clarification of Green Box criteria under paragraph 16. The text should nonetheless explicitly state that this clarification should ensure that such measures have no or at most minimal trade-distorting effects.

8. Domestic support provided to low-income or resource-poor farmers under Article 6.2 shall not be subject to further limitations nor included in the calculation of trade-distorting domestic support. The reference to reviewing Article 6.2 criteria shall be removed from paragraph 16 of the draft text.

EXPORT RESTRICTIONS

9. Export restrictions are an important policy tool for LDCs in times of price volatility or risks of critical food shortages on the domestic market. At the same time, as net food-importing countries, LDCs are also vulnerable to price volatility resulting from shortages on the world market.

10. For this reason, Members other than LDCs and net food-importing developing countries (NFIDC) should refrain from imposing export prohibitions or restrictions within the meaning of Article XI:1 of the GATT 1994 with respect to basic food products, when such products are requested or purchased by LDCs for their domestic use.

11. The Group also supports the special and differential treatment provision envisaged in paragraph 29 of the draft text to exclude LDCs or NFIDCs from the notification obligations listed in paragraph 28.

12. Similarly, any future disciplines in this area should fully take into account the specific needs of LDCs including through effective SDT provisions.

COTTON

13. The LDC Group recalls the importance of fully implementing the commitments contained in the Nairobi Ministerial Decision on Cotton in the three pillars of market access, domestic support and export competition.

14. The Group also stresses the need to continue negotiations on domestic support for cotton in accordance with mandates agreed by Ministers in Hong Kong, Bali and Nairobi to tackle cotton in an ambitious, expeditious and specific manner. These negotiations should result in substantive cuts with a view to eliminating all forms of trade-distorting domestic support affecting cotton markets.

15. As an interim step, Members should agree at the 12th Ministerial Conference, to:

- a. Freeze their trade-distorting support on cotton at 2019-2020 levels and refrain from introducing new such subsidies, while a negotiated solution is being sought, and
- b. Negotiate, by the 13th WTO Ministerial meeting, specific modalities to cap and progressively eliminate all forms of cotton trade-distorting support taking into account the unique challenges faced by cotton-producing Members, including developing countries and LDCs.

SPECIAL SAFEGUARD MECHANISM

16. The LDC Group reiterates that the establishment of a special safeguard mechanism to offset the negative impact of price volatility and import surges on resource-poor farmers is an important aspect for LDCs. We therefore call on Members to achieve a speedy solution on this issue as a matter of priority, in accordance with the mandate given by our Ministers in Nairobi.

17. As an interim step, Members should agree at the 12th Ministerial Conference to establish simplified investigation procedures for the application by developing countries and LDCs of safeguard measures on imports of subsidized agricultural products.

PUBLIC STOCKHOLDING FOR FOOD SECURITY PURPOSES

18. The LDC Group stresses the importance of agreeing on a permanent solution on Public Stockholding (PSH) for Food Security Purposes. This issue has been on hold for too long and concrete results are largely overdue.

19. As a priority, the permanent solution should include the purchase of food by LDCs under existing and future public stockholding programmes.

20. In addition, any permanent solution should incorporate the following elements:

- a. As envisaged by most proposals to date, the permanent solution should replace the interim peace clause with a decision that PSH programmes fulfilling certain conditions should not be included in the AMS calculation;
- b. The scope of the PSH programme should not be defined in terms of specific crops nor subject to an upper limit on total procurement of the domestic production quantity. Rather it should cover any programme for the acquisition of foodstuffs at administered prices, provided that its objective is to support low-income or resource-poor producers, and
- c. In addition, the permanent solution should cover any purchase of food at administered prices under PSH programmes, provided that the administered price is set below the level of international prices for the same crops.

21. The notification, consultations and monitoring requirements should reflect the ones envisaged by the G33 in JOB/AG/105 and limit the amount of information required to the strict minimum to ensure that LDCs can effectively use the exemption.

22. Safeguard and anticircumvention provisions should ensure that the exempted subsidies do not affect the food security of other Members and that no direct export from the stocks shall occur upon the release of products.

WFP FOOD PURCHASES EXEMPTION FROM EXPORT PROHIBITIONS OR RESTRICTIONS

23. The LDC Group supports a ministerial decision at MC12 prohibiting export restrictions on foodstuffs purchased for non-commercial humanitarian purposes by the WFP, provided that such purchases are in compliance with the "do-no-harm" principle underlying WFP's procurement policy, and that the supplying Member's food security is not jeopardized by such purchases.

24. However, nothing in paragraph 23 shall be construed to prevent the adoption or enforcement by any Member of measures necessary for its domestic food security.
