communication from brazil

The following communication[[1]](#footnote-1), dated 6 June 2022, is being circulated at the request of the delegation of Brazil.

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Brazil has continuously pursued reforms through the agriculture negotiations. Agriculture and trade policies have a role to play in addressing food security. It is Brazil's view that food security constitutes one of the foundations for the continuation of the agriculture reform program at the World Trade Organization.

Since food security-related issues are multifaceted, they can only be dealt with by the adoption of a comprehensive approach. Public stockholding (PSH) is but one of the elements of a comprehensive package, and food security is but one of the possible objectives of public stockholding programmes. The decision-making process on public stockholding is a complex task and has to take into account several aspects related to the implementation of those programs, such as over-reliance on institutional markets; operational effectiveness; fiscal sustainability; cost efficiency *vis-à-vis* other approaches; effects on international markets.

Market price support is the most distortive agricultural policy. Due to the well-documented negative effects on the international agricultural system, the curbing of market price support policies was one of the most important achievements of the Agreement on Agriculture. When procurements to build stocks are made through market price support, they cannot be left unchecked.

This is why, since 2013, most of the non-*demandeurs* have sought to:

(i) Build a common understanding of the role of PSH programmes in achieving food security through open dialogue and exchange of experiences;

(ii) Identify the implications of public stockholding programmes and related policy measures on producers, consumers, government budgets and global markets, and evaluate these measures against alternative policies and measures in each context; and

(iii) Ensure that the policy measures adopted towards achieving national food security objectives do not undermine food security objectives in other countries.

Brazil understands that the *demandeurs*' approach throughout the years and their respective proposals have not addressed non-*demandeurs* concerns. For that reason, the following proposal provides Ministers a base for continuing discussions on a compromise solution on PSH for MC13 that focus on those Members that need the most help in fighting food insecurity. The following proposal also seeks to preserve the WTO at the core of the multilateral trading system. It provides rights but also obligations.

Brazil still believes that future work within the WTO must lead to a better understanding of the relationship between trade and market related policies and food security. There are also additional steps that can be taken at MC12 to support food security and also deliver on the long-term objective of substantial progressive reductions in support and protection resulting in fundamental reform. Brazil will be presenting a domestic support proposal in the near future that should be considered in tandem with this draft PSH decision.

PUBLIC STOCKHOLDING FOR FOOD SECURITY PURPOSES

DRAFT MINISTERIAL DECISION

The *Ministerial Conference*,

*Having regard* *to* paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

*Acknowledging* the Ministerial Decision of 7 December 2013 (WT/MIN(13)/38 - WT/L/913), the General Council Decision of 27 November 2014 (WT/L/939) and the Ministerial Decision of 19 December 2015 (WT/MIN(15)/44 - WT/L/979);

*Recognizing* that Article 20 of the Agreement on Agriculture (AoA) provides that the long-term objective of substantial progressive reductions in support and protection resulting in fundamental reform is an ongoing process;

*Reaffirming* our commitment to achieving further progress in all areas of the agriculture negotiations in order to lay the ground for a fair and market-oriented agricultural trading system;

*Recalling* Members' existing rights to develop public stockholding for food security purposes programs in accordance with Annex 2 paragraph 3 of the AoA with no, or at most minimal, trade-distorting effects or effects on production;

*Recalling* that international trade in agriculture plays a fundamental role in achieving food security and that the 2030 Agenda for Sustainable Development defines trade as a means of implementation of the SDG2;

*Acknowledging* that achieving food security is a multifaceted challenge and requires a comprehensive approach;

*Recognizing* existing provisions to address food security under the AoA, including on public stockholding for food security purposes, as further highlighted by the COVID-19 pandemic;

*Decides* as follows:

1. By this Decision, Members agree to put in place a permanent solution as set out below on public stockholding for food security purposes.

2. Provided that the conditions set out in paragraphs 4 to 9, 11 and 12 are met, **a Member shall not be required to include in the calculation of its Current Total AMS** the difference between the acquisition price and the external reference price in relation to support in pursuance of public stockholding programmes for food security purposes[[2]](#footnote-2) that are consistent with the criteria of paragraph 3, footnote 5, and footnote 5&6 of Annex 2 to the AoA.

3. Developing country Members' public stockholding programmes for food security purposes that do not comply with the conditions set out in this Decision are subject to compliance with Articles 6.3 and 7.2 (b) of the AoA.

COVERAGE

4. This Decision shall apply to support provided by developing country Members for [traditional staple food crops[[3]](#footnote-3)] in pursuance of public stockholding programmes for food security purposes[[4]](#footnote-4) that are notified, as of the adoption of this decision, in accordance with domestic support notification requirements under the AoA as per document G/AG/2 and the Annex to this Decision.

ELIGIBILITY AND CONDITIONS

5. This decision covers the support that falls into one of the following categories:

(a) Support applied by a least developed Member[[5]](#footnote-5); or

(b) Support applied by a Net Food-Importing Developing Countries for the purposes of the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries; or

(c) Support applied by WTO Members listed in FAO's "Crop Prospects and Food Situation" as "Countries Requiring External Assistance for Food" at least once in the past [2] years immediately before the year for which the notification of the eligible programme is being submitted.

6. Support under (b) and (c) is covered if a Member has:

* [0.5%] or less of global export share of a product[[6]](#footnote-6), in the case that the value of the stocks procured does not exceed [15%] of; or
* more than [0.5%] but no more than [2%] of global export share of a product5, in the case that the value of the stocks procured does not exceed [5%] of

the Member's average value of production of that product as notified in the three latest domestic support notifications examined by the Committee on Agriculture.[[7]](#footnote-7)

NOTIFICATION AND TRANSPARENCY

7. To benefit from this Decision, an eligible developing country Member must:

(a) have provided general information by completing entries 4-6 of the template contained in the Annex to this Decision[[8]](#footnote-8) no later than [twelve] months after:

* the adoption of this Decision for existing programmes; or
* the implementation of new programmes

about each public stockholding programme that it maintains for food security purposes that meet the conditions set out in paragraphs 4 to 6;

(b) have notified the Committee on Agriculture that it is exceeding or is at risk of exceeding either or both of its Aggregate Measurement of Support (AMS) limits (the Member's Bound Total AMS or the *de minimis* level) as result of its programmes mentioned above;

(c) fulfil and continue to fulfil its domestic support notification requirements under the AoA, in accordance with document G/AG/2, particularly regarding paragraph 3 of Annex 2 and Article 6.3 and 7.2 (b) of the AoA[[9]](#footnote-9);

(d) provide, and continue to provide on an annual basis, no later than [180 days] after the end of the calendar/marketing/fiscal year in question, updated information on each public stockholding programme that it maintains for food security purposes, by completing entries 1-6 and 8 to the template contained in the Annex to this Decision; and

(e) provide any additional relevant statistical information described in the Statistical Appendix 1 to the Annex to this Decision as soon as possible after it becomes available, as well as any information updating or correcting any information earlier submitted.

8. Eligible Members other than least developed Members shall fulfil the obligations set in paragraph 7 above for their public stockholding programmes to benefit from this Decision.

9. Least developed Members are encouraged to fulfil obligations set in paragraph 7 for their public stockholding programmes and to request the WTO Secretariat's assistance to comply with notification and transparency requirements.

10. Members instruct the WTO Secretariat to assist developing country Members, particularly least developed Members, upon their request, to comply with notification and transparency requirements, including through ad hoc advice, technical assistance and capacity-building support. The Secretariat shall report on the activities in relation to the assistance provided.

ANTI-CIRCUMVENTION AND SAFEGUARDS

11. Any eligible developing country Member seeking coverage of its programmes under this decision shall ensure that:

1. stocks procured under such programmes shall be used exclusively for food security purposes;
2. stocks procured under such programmes do not distort trade or adversely affect the food security of other Members;
3. no direct or indirect export from the stocks shall occur upon the release of products from the stocks nor any release of products from the stock shall occur on the condition that they are exported;
4. an entity executing any function related to the implementation of public stockholding programmes shall not be engaged in export operations;
5. stocks procured under such programmes shall not be used as animal feed;
6. applied tariffs for the products procured under public stockholding programmes shall not exceed [X]% of the average applied tariffs in the period of [2019-2021].

12. This Decision shall not be used in a manner that results in an increase of the support subject to the Member's Bound Total AMS or the *de minimis* limits provided under programmes other than those notified under the Annex to this Decision.

CONSULTATIONS

13. A developing country Member benefiting from this Decision shall upon request of any Member hold consultations on the operation of its public stockholding programmes notified under paragraph 7 of this Decision and provide the necessary information.

MONITORING

14. The Committee on Agriculture shall monitor and review the information submitted under this Decision.

15. Public stockholding programmes benefiting from this decision shall be examined in annual Dedicated Discussions on food security within the Committee on Agriculture. This examination process shall provide an opportunity for Members to raise any matter relevant to public stockholding programmes operated by other Members as well as any matter related to policies and national experiences aimed at improving food security. The dedicated discussions shall be undertaken on the basis of factual information and data compiled by the WTO Secretariat provided by Members to the WTO Secretariat according to paragraph 7 above and the template contained in the Annex to this Decision.

16. The Committee on Agriculture shall review the disciplines contained in this Decision and its operation every three years, taking into account the Dedicated Discussions and the experience gained up to that time, with the aim of making recommendations that improve food security in a manner consistent with Article 20 of the AoA.

FINAL PROVISIONS

17. Pursuant to the preamble and Article 20 of the AoA, this Decision shall not be construed to impede the Uruguay Round agricultural reform programme aimed at correcting and preventing restrictions and distortions in world agricultural markets. Accordingly, developing country Members invoking this Decision for their public stockholding programmes shall undertake the necessary reforms in order to bring them back into compliance with their domestic support obligations under that Agreement.

18. As of its adoption, this Decision replaces the interim solution (WT/MIN(13)/38 - WT/L/913) for Public Stockholding for Food Security Purposes adopted in Bali, Indonesia in December 2013, as clarified in the General Council Decision of 27 November 2014 (WT/L/939).

19. This Decision shall be reviewed by the General Council taking into account the recommendations made by the Committee on Agriculture as per paragraph 16.

ANNEX

Public Stockholding programmes

Members shall provide information on public stockholding programmes within the context of an annual examination process, based on the following structure:

1. Value of production of the product subject to public stockholding in a Member.
2. Value of acquired stocks of the product subject to public stockholding in a Member.
3. Factual information confirming that DS:1 notifications and relevant supporting tables for the preceding three years are up-to-date (e.g. date and document details).
4. Details of the programme sufficient to identify food security objective and scale of the programme, including:

a. Name of the programme;

b. Traditional staple food crop(s) covered;

c. Agency in charge of implementation;

d. Relevant laws and regulations;

e. Date of commencement of the programme;

f. Officially published objective criteria or guidelines.

1. Practical description of how the programme operates, including:

a. Provisions relating to the purchase of stocks, including the way the administered acquisition price is determined;

b. Provisions related to volume and accumulation of stocks, including any provisions related to pre-determined targets and quantitative limits;

c. Provisions related to the release of stocks, including the determination of the release price and targeting (eligibility to receive procured stocks).

1. A description of any measures aimed at minimising production or trade distortive effects of the programme.
2. Statistical information (as per the Statistical Appendix 1 below).
3. Any other information considered relevant, including website references.

Statistical Appendix 1 (per crop) (data for the latest three years)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Unit | [Year 1] | [Year 2] | [Year 3] |
| **[Name of the crop]** |  |  |  |  |
| a. Opening balance of stocks |  |  |  |  |
| b. Annual purchases under the programme (value) |  |  |  |  |
| c. Annual purchases under the programme (quantity) |  |  |  |  |
| d. Annual releases under the programme (value) |  |  |  |  |
| e. Annual releases under the programme (quantity) |  |  |  |  |
| f. Purchase prices |  |  |  |  |
| g. Release prices |  |  |  |  |
| h. End-year stocks |  |  |  |  |
| i. Total production (quantity) |  |  |  |  |
| j. Total production (value) |  |  |  |  |
| k. Information on population benefiting from the release of this crop and quantities released: |  |  |  |  |
| * Estimated number of beneficiaries at national level and, if possible, at subnational level |  |  |  |  |
| * Quantity released to the beneficiaries at the national level and, if possible, at the sub-national level |  |  |  |  |
| * Other |  |  |  |  |
| l. In the case of government aid to private storage, statistics on the support granted and any updated statistics |  |  |  |  |
| m. Total imports (value) |  |  |  |  |
| n. Total imports (quantity) |  |  |  |  |
| o. Total exports (value) |  |  |  |  |
| p. Total exports (quantity) |  |  |  |  |

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1. This communication was previously circulated in document JOB/AG/230 on 31 May 2022. [↑](#footnote-ref-1)
2. This Decision does not preclude developing country Members from introducing programmes of public stockholding for food security purposes in accordance with the relevant provisions of the Agreement on Agriculture. [↑](#footnote-ref-2)
3. This term refers to primary agricultural products that are predominant staples in the traditional diet of a developing Member. [↑](#footnote-ref-3)
4. That are consistent with the criteria of paragraph 3, footnote 5, and footnote 5&6 of Annex 2 to the Agreement on Agriculture. [↑](#footnote-ref-4)
5. Graduated Members will cease to enjoy the rights entitled by this Decision [three] years after their graduation, unless they meet the conditions of 5.b or 5.c. [↑](#footnote-ref-5)
6. This determination shall be based on the data provided in the Note titled "Members' participation in the normal growth of world trade in agricultural products – Article 18.5 of the Agreement on Agriculture" by the WTO Secretariat. If the information is not available at the pertinent product level in the Note, this determination shall be made based on FAOSTAT data. [↑](#footnote-ref-6)
7. If a Member does not usually notify value of production of a product under a public stockholding programme it intends to be covered by this Decision, it must provide information for the three latest years available through the entry 1 of the Annex to this Decision when fulfilling the obligation set in paragraph 7(a) below. [↑](#footnote-ref-7)
8. In case of Members later included in the list of NFIDCS or "Countries Requiring External Assistance for Food" or a LDC Member that accedes to the WTO after the adoption of this Decision, this general information must be provided no later than [twelve] months after its inclusion. [↑](#footnote-ref-8)
9. Market price support (i.e. the difference between the administered price and the fixed external price) notified under Supporting Table DS:5 of Table DS:1 shall clearly distinguish between the support provided to public stockholding programmes for food security purposes and other market price support measures. For greater certainty, Members benefiting from the decision shall indicate, through STDS:5, the respective product-specific aggregate measurement of support related to the market price support that was provided in accordance with this Decision. [↑](#footnote-ref-9)