



## TRADE POLICY BRIEFS

FAO SUPPORT TO THE WTO NEGOTIATIONS AT THE 12TH MINISTERIAL CONFERENCE

### ENHANCING TRANSPARENCY IN AGRIFOOD TRADE

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#### KEY MESSAGES

- Transparency is fundamental to reduce uncertainty and enhance the predictability and stability of international agrifood trade.
- A set of rules established under the World Trade Organization (WTO) Agreement on Agriculture (AoA), the Agreement on the Application of Sanitary and Phytosanitary (SPS) measures, and other agreements require governments to clearly communicate policies and regulations affecting foreign trade.
- The WTO deploys considerable efforts to monitor trade policies to enhance transparency in agrifood trade, and FAO's work on markets and trade critically contributes to this objective.

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#### The importance of transparency in the multilateral trading system

Predictability is one of the key principles of the WTO, and transparency is a fundamental requirement for its achievement. Lack of transparency may affect trust between trade partners, thus undermining the stability of agrifood markets. By contrast, prompt and comprehensive information about market conditions and the rules affecting market access are crucial for enhancing agricultural businesses' participation in international trade, which in turn improves productivity and competitiveness, and promotes economic growth, food security and poverty reduction. In the context of the WTO, information sharing allows tracking the implementation of – and compliance with – WTO obligations, thus helping to resolve trade concerns and preparing the ground for future trade negotiations.

#### WTO transparency tools and mechanisms relevant to agrifood trade

WTO rules require governments to clearly communicate policies and regulations affecting foreign trade. Basic types of transparency requirements include: publication of trade regulations; notification about new trade-related measures and legislation; and provision of other specific institutional frameworks, such as Enquiry Points, which ensure access to trade-related information, such as replies to enquiries concerning country's specific measures, policies, and the Trade Policy Review Mechanism (TPRM) (Varyanik, 2019).

Concerning the requirement to publish, [Article X.1 of GATT 94](#) stipulates that trade-relevant information should be issued in such a way that it is accessible to third parties and enables governments and traders to become acquainted with them. This requirement includes, *inter alia*, laws, regulations, rulings, and judicial decisions of general application.

*Notifications* serve the purposes of information, early warning, and reporting. They are important tools in reviewing Members'

implementation of WTO agreements and are useful indicators of compliance with specific rule-based and/or scheduled commitments. In the case of the AoA, 12 notification formats cover the policy areas of market access (tariff rate quotas and special agricultural safeguards), domestic support, export competition, export prohibitions or restrictions, as well as the follow-up to the Marrakesh Decision on Net Food Importing Developing Countries (NFIDCs). The applicability of a given notification requirement largely depends on the specific commitments assumed by each Member under the AoA. However, a few notification requirements, e.g. in the area of agricultural subsidies, apply to all WTO Members. Some notifications are periodic, and are to be regularly submitted to the Committee on Agriculture in line with the frequency and deadlines established in the [agreed notification requirements and formats](#).<sup>1</sup> Transparency requirements also form part of the agreed outcomes of the ongoing agriculture negotiations under the Doha Development Agenda (DDA). This has been the case for the Bali Ministerial Decisions on [public stockholding and Tariff Rate Quotas \(TRQs\) administration](#), and for the Nairobi Decision on [Export Competition](#), each containing specific transparency requirements in their respective policy areas.

Concerning the SPS Agreement, WTO Members shall notify any new or changed SPS regulation when no international standard exists or when the new regulation differs from the relevant international standard and regulation. SPS measures shall be signalled when they are at a draft stage, if they have a significant effect on trade. It should be noted, however, that the SPS Committee's Recommended Procedures for Implementing the Transparency Provisions of the SPS Agreement ([G/SPS/7/Rev.4](#)), include a recommendation to Members to also signal measures that are based on the relevant international standards.<sup>2</sup>

1 Document G/AG/2 was adopted by the WTO Committee on Agriculture in June 1995 and stipulates the notification requirements and formats.

2 More details and information on the notification requirements and procedures foreseen in all the WTO agreements are provided in the [technical cooperation handbook on notification requirements](#), prepared by the WTO Secretariat.

WTO Members can also discuss the trade measures notified by another Member, whenever they believe that they may distort or create barriers to trade by means of *comments, inquiries, and consultations*. Members can also raise their trade concerns at the WTO Committee meetings, and use them as fora for discussions.

Finally, the *Trade Policy Review Mechanism* allows for the monitoring and surveillance of national trade policies on a regular basis.<sup>3</sup> Conceived of as a peer review framework, it aims at a smoother functioning of the multilateral trading system by encouraging transparency in the trade regimes of individual WTO Members.

## WTO: tools and pathways to ensure transparency

The WTO makes considerable efforts to ensure transparency of policies and regulations in global agrifood trade and markets. For instance, the Committee on Agriculture regularly reviews the status of Members' compliance with their notification obligations under the AoA. To facilitate this review process, the WTO Secretariat made available an **AG-IMS** platform, a tool aimed at helping Members submit or consult notifications, raise questions, or supply responses to concerns raised. Likewise, as a joint initiative of the United Nations, the WTO and the International Trade Centre, the **e-Ping platform** was established. E-Ping is an online tool that enables private and public stakeholders to access and discuss SPS/TBT notifications to the WTO affecting products and markets of interest in a timely manner (e-Ping, 2021).

Simultaneously, the Secretariat periodically compiles a document summarizing the status of Members' compliance with notification requirements.<sup>4</sup> As of 4 June 2021, about 25 percent of all notifications since 1995 remained outstanding, with those on domestic support and export subsidies having the lowest rates of compliance, with respectively 34 and 31 percent of notifications still pending. Moreover, most of the outstanding notifications refer to developing countries' obligations, probably reflecting, among other things, a limited capacity to fulfil the relevant notification requirements under the AoA.

Strengthening the transparency rules, including with a view to reforming the multilateral trading system, is also part of the discussions in the context of the Doha Development Agenda. Such discussions include the following main topics: enhancing notification rules in specific areas; developing further supportive tools – online and in other forms; and increasing engagement and responsibility.

## FAO's work on transparency

FAO's work on markets and trade also makes an important contribution to the transparency objective, by providing up-to-date and credible information on market and policy developments, supporting countries in capacity development, and convening policy dialogue events. For instance, the delivery of capacity development workshops on multilateral trade agreements and agrifood trade policy transparency and the creation of two **FAO e-learning courses**, "Agriculture in International Trade Agreements" and "Trade, Food Security and Nutrition", contribute to strengthening countries' capacities in the area of agricultural trade policy.

Moreover, initiatives such as FAO's Global Information and Early Warning System (GIEWS) and the G20 Agricultural Market Information System (AMIS) play a crucial role by providing timely and valuable data and information on global food markets. GIEWS provides comprehensive market intelligence on agricultural commodities and supports national and regional initiatives to establish and enhance early warning systems. AMIS, a collaborative platform housed at FAO, brings together 10 international organizations - including FAO and WTO - to provide timely and reliable data on the market conditions of staple food crops, monthly updates on global supply and demand, price movements as well as the most recent policy developments of relevance to the grain and oilseed sectors.

## Actions to address key challenges:

- ▶ Raise awareness about the importance of ensuring transparency within the multilateral trading system;
- ▶ Improve countries' understanding of the relevant WTO agreements and the importance of complying with the transparency requirements;
- ▶ Support country capacity development efforts in markets and trade to enhance policy-making processes;
- ▶ Inform discussions on technical aspects at the WTO with the objective of achieving a positive outcome on transparency in the context of the ongoing negotiations.

## References

**Varyanik, A.** 2019. Transparency and notification requirements. In: *WTO*. [online]. Geneva. [https://www.wto.org/english/thewto\\_e/acc\\_e/transparency\\_anna\\_varyanik\\_12\\_feb\\_2019.pdf](https://www.wto.org/english/thewto_e/acc_e/transparency_anna_varyanik_12_feb_2019.pdf)

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<sup>3</sup> The frequency of reviews for each Member depends on its weight in the multilateral trading system, as defined by the Member's share of world trade in goods and services.

<sup>4</sup> See, for example, the latest compilation at [G/AG/GEN/86/Rev.42](https://www.wto.org/G/AG/GEN/86/Rev.42).

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