



# COMMITTEE ON COMMODITY PROBLEMS

## Seventy-fifth Session

13-15 July 2022

### UPDATE ON THE WORLD TRADE ORGANIZATION (WTO) AGRICULTURAL NEGOTIATIONS AND DEVELOPMENTS IN REGIONAL TRADE AGREEMENTS (RTAs) RELATED TO AGRICULTURE<sup>1</sup>

#### Executive Summary

The provision of an update on agricultural negotiations under the World Trade Organization (WTO) and on regional trade agreements (RTAs) is a regular item on the agenda of the CCP sessions, in view of the importance the Committee attaches to trade-related issues and the potential role of trade in contributing to world food security, agricultural development and sustainability. Trade is recognised as one of the key means of implementation for achieving the Sustainable Development Goals (SDGs).

In providing an update on developments since the Seventy-fourth Session of the CCP, the document reports on agriculture-related discussions in the context of the multilateral trade negotiations at the WTO. It also reports on broader developments in the WTO and discusses recent trends in RTAs, including with regard to sustainability clauses. Finally, it highlights the work of the Secretariat in supporting Members in the formulation and implementation of trade agreements.

The WTO's 12th Ministerial Conference (MC12) will take place on 12-15 June 2022. The Committee will be briefed on its outcome.

#### Suggested action by the Committee

The Committee is invited to take note of the developments with regard to the WTO agricultural negotiations and RTAs related to agriculture. The Committee may also wish to:

- Underline the significance of multilateralism and a freer, fairer, predictable, and non-discriminatory, rules-based multilateral trading system, for promoting agricultural and rural development and contributing to achieving food security and improved nutrition for all;

<sup>1</sup> This note reflects the status at the time of its drafting (March 2022). The Committee will be verbally updated during the presentation of this agenda item.

- Emphasize the role that agricultural trade can play in increasing the resilience of markets, particularly in times of crises;
- Highlight the significance of keeping markets open and ensuring a smooth flow of trade, and urge governments to avoid ad hoc and counterproductive trade border policies in this regard;
- Express appreciation for FAO's work in the area of agricultural trade;
- Provide guidance regarding future work activities to strengthen FAO's support to Members in agricultural trade.

*Queries on the substantive content of the document may be addressed to:*

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## I. UPDATE ON THE WTO AGRICULTURAL NEGOTIATIONS

### A. Update on the 12th Ministerial Conference

1. The 12th Ministerial Conference (MC12) of the WTO was scheduled to take place from 8 to 11 June 2020 in Nur-Sultan (Kazakhstan), but it was postponed due to the outbreak of the COVID-19 pandemic in early 2020.<sup>2</sup> On 16 April 2021, the Chairperson of the WTO General Council informed that the Members agreed to hold MC12 in Geneva, Switzerland, from 30 November to 3 December 2021. On 26 November, however, following an outbreak of a particularly transmissible strain of the COVID-19 virus, the General Council agreed to postpone the 12th Ministerial Conference.<sup>3</sup> WTO Members subsequently agreed on 23 February 2022 that MC12 would take place during the week of 13 June 2022 in Geneva. On 25 April 2022, the WTO Director-General, the Chair of MC12 and the Chair of the General Council informed Members that MC12 will be held from 12 to 15 June 2022 at WTO headquarters in Geneva.<sup>4</sup>

### B. Agricultural negotiations

2. On 29 July 2021, building on a working group process, aimed at addressing the different areas of agricultural negotiations,<sup>5</sup> and consultations with Members, Ambassador Gloria Abraham Peralta of Costa Rica, Chair of the Committee on Agriculture in Special Session (CoA-SS), presented a draft text proposing ministerial decisions on seven negotiation topics. These topics covered domestic support, market access, export restrictions, export competition, cotton, Public Stockholding for food security

<sup>2</sup> WTO (2021). Dates fixed for WTO's 12th Ministerial Conference. Accessed on 27 January 2022 at: [https://www.wto.org/english/news\\_e/news21\\_e/minis\\_16apr21\\_e.htm](https://www.wto.org/english/news_e/news21_e/minis_16apr21_e.htm)

<sup>3</sup> WTO (2021) General Council decides to postpone MC12 indefinitely. Accessed on 23 January 2022 at: [https://www.wto.org/english/news\\_e/news21\\_e/mc12\\_26nov21\\_e.htm](https://www.wto.org/english/news_e/news21_e/mc12_26nov21_e.htm)

<sup>4</sup> WTO (2022). Dates fixed for 12th Ministerial Conference in June. Accessed on 26 April 2022 at: [https://www.wto.org/english/news\\_e/news22\\_e/mc12\\_25apr22\\_e.htm](https://www.wto.org/english/news_e/news22_e/mc12_25apr22_e.htm)

<sup>5</sup> CCP (2021), Update on the WTO negotiations, FAO, Rome. Available at: <https://www.fao.org/3/ne937en/ne937en.pdf>

purposes (PSH), and a Special Safeguard Mechanism (SSM). The draft also included text on the crosscutting issue of transparency.<sup>6</sup>

3. The negotiating text aimed at closing gaps in Members' positions and sought possible landing zones for an outcome at the Ministerial Conference.<sup>7</sup> In the months following its circulation, intensive consultations took place, including formal and informal meetings of the CoA-SS, bilateral talks with individual Members, and discussions within smaller groups.<sup>8</sup>

4. On that basis, on 23 November 2021, Ambassador Gloria Abraham Peralta circulated an updated negotiating text.<sup>9</sup> Presenting the revised document, the Chair stressed that, despite intense engagement, Members were not able to agree on detailed and specific outcomes on several issues, and struggled to find ways to identify a balance between negotiating topics that they considered mutually acceptable.<sup>10</sup>

5. With regard to domestic support, and despite the broad agreement across the membership on the need to address trade-distorting domestic support, Ambassador Peralta informed that the views of Members continued to differ sharply on how to achieve this objective. Concerning PSH for food security purposes, the Chair reported that while this has remained a priority for many Members, others argued that parallel progress was needed on domestic support and that more information was necessary on the actual use of the programmes, before coming to an agreement on a permanent solution.

6. On market access, the Ambassador reported that countries could not agree on most issues, including those relating to transparency. On the SSM, the parties could not come to an agreement, as many considered it important to achieve progress in a parallel discussion on new market access commitments.

7. On export competition, while Members reached broad consensus on some issues, disagreements emerged regarding an update of the data requirements in the annual Export Competition questionnaire, with some Members suggesting that compliance with stricter transparency obligations would be difficult to meet due to their capacity constraints.

8. Concerning cotton, Ambassador Peralta stressed that, while an outcome remained an important element of the agricultural package for many Members, countries could not find a compromise on how to address the reductions in trade-distorting support.

9. On the other hand, the Chair expressed optimism on the issue of export restrictions, and in particular on the possibility of having a stand-alone decision on exempting humanitarian food purchases by the World Food Programme (WFP). In this regard, while the majority of Members considered this outcome within reach, some expressed doubts about its potential impacts.<sup>11</sup>

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<sup>6</sup> WTO (2021), Agriculture negotiations chair introduces draft text for ministerial outcome on farm trade. Accessed on 24 January 2022 at [https://www.wto.org/english/news\\_e/news21\\_e/agng\\_29jul21\\_e.htm](https://www.wto.org/english/news_e/news21_e/agng_29jul21_e.htm)

<sup>7</sup> WTO (2021), JOB/AG/215, Draft Chair text on Agriculture

<sup>8</sup> WTO (2021). Agriculture negotiators intensify talks on draft text. Accessed on 23 January 2022 at: [https://www.wto.org/english/news\\_e/news21\\_e/agri\\_27sep21\\_e.htm](https://www.wto.org/english/news_e/news21_e/agri_27sep21_e.htm)

<sup>9</sup> WTO (2021) Agriculture negotiations chair introduces revised text ahead of MC12. Accessed on 20 January 2022 at: [https://www.wto.org/english/news\\_e/news21\\_e/agng\\_23nov21\\_e.htm](https://www.wto.org/english/news_e/news21_e/agng_23nov21_e.htm)

<sup>10</sup> WTO (2021). Report by the Chairperson, H.E. Ms Gloria Abraham Peralta, to the Trade Negotiations Committee. Available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/TN/AG/50.pdf&Open=True>

<sup>11</sup> WTO (2021) Report by Ambassador Gloria Abraham Peralta to the Committee on Agriculture in Special Session and dedicated sessions on PSH and SSM. Available at: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/Jobs/AG/223.pdf&Open=True>

10. With regard to transparency, although some countries expressed disagreement on certain features of the Chair's proposal, many expressed their willingness to engage in a post-MC12 work programme.
11. Following the postponement of MC12, agricultural negotiations resumed in early 2022 in different settings and at different levels, including with heads of delegations and groups' coordinators.
12. At a meeting on 24 January 2022, the Chair of the CoA-SS emphasized the need to maintain the good momentum of negotiations, noting that Members had confirmed their commitment to reach a balanced and meaningful outcome at MC12.<sup>12</sup>
13. Likewise, during a subsequent meeting on 21 March 2022, Ambassador Peralta informed that extensive consultations on different topics, including PSH and SSM, in conjunction with necessary technical work, were foreseen in the run-up to MC12. On that occasion, the Chair further urged Members to submit new proposals, and to make good use of the little time remaining before MC12.<sup>13</sup>
14. The Chair noted that while several Members considered the text circulated in November as an honest assessment of the state of play and an appropriate basis to continue the negotiations, other Members had stressed the need to significantly revise the draft text in some areas, and possibly consider new alternatives, in light of the remaining gaps in negotiating positions.
15. Finally, linked to the negotiations, on 31 March 2022, the WTO General Council endorsed an agreement to help address the issue of continued "under fill" of tariff rate quotas (TRQs) on agricultural imports. Such decision was taken as a follow up of the "2013 Understanding on Tariff Rate Quota Administration", also known as the "Bali TRQ Decision", which was adopted at the WTO's 9th Ministerial Conference (MC9) in Bali, Indonesia.

## II. TRENDS IN REGIONAL TRADE AGREEMENTS

16. Since the last CCP meeting (10-12 March 2021), countries have continued to be actively involved in regional trade negotiations. As of April 2022,<sup>14</sup> there were 354 RTAs in force that have been notified to the WTO (Figure 1), an increase of 49 compared to the last note provided to the Committee in 2021.

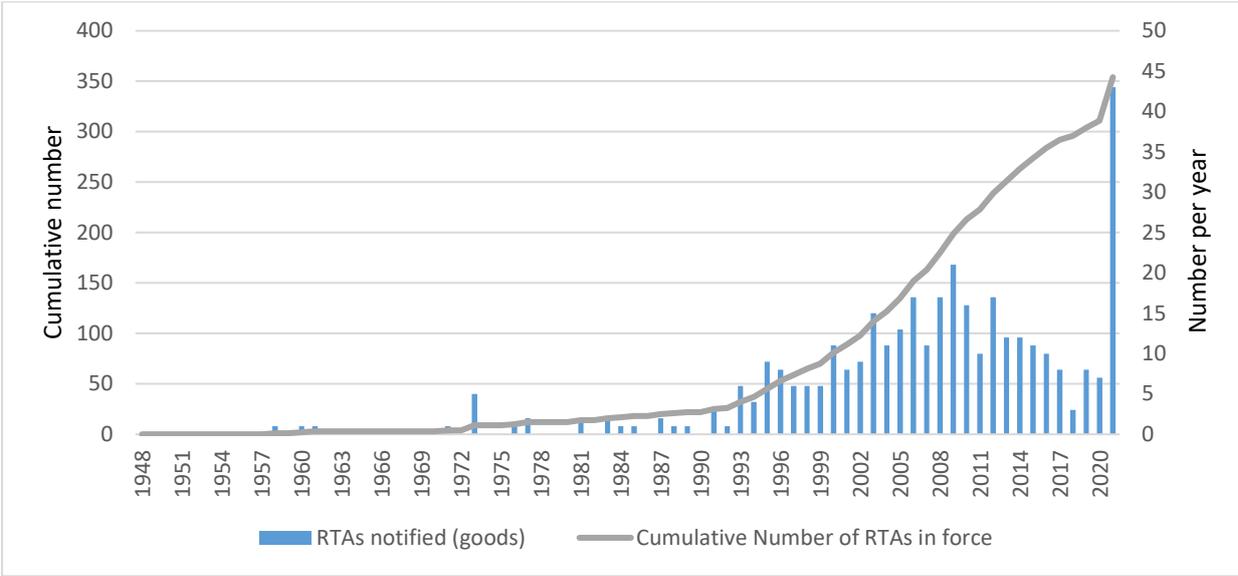
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<sup>12</sup> WTO (2022) Farm talks forge ahead despite MC12 uncertainty. Accessed on 26 April 2022 at: [https://www.wto.org/english/news\\_e/news22\\_e/agng\\_24jan22\\_e.htm](https://www.wto.org/english/news_e/news22_e/agng_24jan22_e.htm)

<sup>13</sup> WTO (2022) Agriculture negotiators chart path towards MC12. Accessed on 26 April 2022 at: [https://www.wto.org/english/news\\_e/news22\\_e/agng\\_21mar22\\_e.htm](https://www.wto.org/english/news_e/news22_e/agng_21mar22_e.htm)

<sup>14</sup> Regional Trade Agreements Database. RTAs currently in force (by year of entry into force), 1948 – 2022. Accessed on 1 April 2022 at: <https://rtais.wto.org/UI/charts.aspx>

**Figure 1. RTAs currently in force (by year of entry into force), 1948–2021**



Source: WTO

17. In absolute terms, the European Union maintained the highest number of notifications to the WTO with regard to RTAs that are currently in force (45), followed by the United Kingdom (38), Iceland, Norway, and Switzerland (33 each).<sup>15</sup> From a regional perspective, a total of 158 RTAs notified to the WTO involved Europe, 101 East Asia, 71 South America, 50 North America, and 47 involved Africa.<sup>16</sup>

18. The main reason for such a steep increase in RTA notifications since the last CCP meeting is attributable to the consequences of the withdrawal of the United Kingdom from the European Union, following the expiration, on 31 December 2020, of the transitional period foreseen in the relevant European Union-United Kingdom Withdrawal Agreement.<sup>17</sup> As can be seen in Table 1, which presents the RTAs notified to the WTO between November 2020 and April 2022, the United Kingdom and its counterparts notified a substantive set of new RTAs to the WTO.

**Table 1. RTAs notified to the WTO from November 2020 to January 2022 (WTO)**

RTA Name	Date of notification
EFTA - Ecuador	22-Feb-22
EFTA - Turkey	14-Feb-22
Turkey - Kosovo	21-Dec-21
United Kingdom - Iceland, Liechtenstein and Norway	30-Nov-21
Eurasian Economic Union (EAEU) - Serbia	03-Nov-21
ASEAN Free Trade Area (AFTA)	31-Aug-21

<sup>15</sup> Regional Trade Agreements Database. RTAs in force, including accessions to RTAs, by country/territory. Accessed on 1 April 2022 at: <https://rtais.wto.org/UI/publicPreDefRepByCountry.aspx>

<sup>16</sup> The composition of regions is available on the WTO website: [http://rtais.wto.org/userguide/User%20Guide\\_Eng.pdf](http://rtais.wto.org/userguide/User%20Guide_Eng.pdf)

<sup>17</sup> Institute for Government (2020). Brexit deal: the Withdrawal Agreement. Accessed on 27 January 2022 at: <https://www.instituteforgovernment.org.uk/explainers/brexit-deal-withdrawal-agreement>

United Kingdom - Mexico	28-Jun-21
United Kingdom - Serbia	18-May-21
United Kingdom – Albania; Jordan	03-May-21
Korea, Republic of - Central America	15-Apr-21
India - Mauritius	15-Apr-21
Pacific Agreement on Closer Economic Relations Plus (PACER Plus)	08-Apr-21
Namibia - Zimbabwe	24-Mar-21
United Kingdom - Ghana	04-Mar-21
ASEAN - Hong Kong, China	10-Feb-21
European Union - United Kingdom	29-Jan-21
Indonesia - Australia	27-Jan-21
European Union - Eastern and Southern Africa States - Accession of Comoros	14-Jan-21
Ukraine - Israel	13-Jan-21
United Kingdom - SACU and Mozambique	08-Jan-21
China - Mauritius	05-Jan-21
Several agreements notified by the United Kingdom and its partners:  United Kingdom - Switzerland and Liechtenstein; Tunisia; Ukraine; Kosovo; Lebanon; Morocco; Pacific States; Palestine; Korea, Republic of; Ecuador and Peru; CARIFORUM States; Central America; Chile; Côte d'Ivoire; Eastern and Southern Africa States; Faroe Islands; Georgia; Norway and Iceland; Israel; Moldova, Republic of; North Macedonia; Colombia; Pacific States - Accession of Samoa; Pacific States - Accession of Solomon Islands; Cameroon; Egypt; Japan; Singapore; Turkey; Viet Nam; Canada; Kenya	31-Dec-20
European Union - Pacific States - Accession of Samoa; Accession of Solomon Islands	26-Oct-20

Source: WTO

19. Apart from the notifications to the WTO, over the last years, additional RTAs were signed, ratified or reached a political agreement, but have not yet been notified to the WTO. Among those are

the MERCOSUR-EFTA Free Trade Agreement (FTA),<sup>18</sup> the Australia-United Kingdom FTA,<sup>19</sup> and the Pacific Alliance-Singapore FTA.<sup>20</sup>

20. Moreover, a significant number of RTAs are still under negotiation. A non-exhaustive list includes the Australia-European Union FTA, the Turkey-Indonesia FTA, the India-Australia Comprehensive Economic Cooperation Agreement, the China-Norway FTA, the Canada-ASEAN FTA, the European Union-Indonesia FTA, Korea-Mexico FTA, and the China-GCC (Gulf Cooperation Council) FTA.

### A. Environmental related provisions in RTAs

21. While their primary purpose is to promote trade and enhance cooperation, today, an increasing number of RTAs pursue 'deeper' integration in the sense of going far beyond the traditional trade liberalization agenda, particularly by embedding environment-related provisions (ERPs). The reasons for this are manifold. Countries may wish to avoid partners decreasing their domestic levels of environmental protection to increase production and attract more investments, hence increasing pollution levels either locally or globally. Other countries may look for options to raise the environmental standards of their trading counterparts. Some may have domestic policies requiring or calling for the inclusion of ERPs in their RTAs, while others may be inclined to include ERPs in response to concerns by the domestic industry and/or consumers.

22. Today, the vast majority of RTAs incorporate at least some reference to the environment. However, the scope and depth of sustainability provisions can vary significantly from one RTA to another. Some RTAs include only general language on environment protection. Others include additional provisions that address specific environmental issues, for instance, clauses requiring the parties to adhere to a list of Multilateral Environment Agreements. Finally, other RTAs additionally include well-structured cooperation commitments and the set-up of ad hoc institutional arrangements for the implementation of the RTA's commitments.

23. The inclusion of ERPs has evolved over the years. Between 1990 and 2005, the number of RTAs with ERPs increased substantially, but the number of specific ERPs included in those agreements remained limited. A significant change in this trend occurred after 2005, with new RTAs increasingly including specific provisions to address environmental protection.<sup>21</sup>

24. There is limited empirical evidence about the effects of including ERPs in RTAs on environmental outcomes, but some studies suggest that ERPs can play an important role in fostering environmental sustainability by reducing air pollution and CO<sub>2</sub> emissions.<sup>22</sup> With regard to deforestation, evidence suggests that while no change in net annual deforestation was recorded in

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<sup>18</sup> EFTA (2019) EFTA-Mercosur negotiations concluded in substance. Accessed on 27 January 2022 at: <https://www.efta.int/Free-Trade/news/EFTA-Mercosur-negotiations-concluded-substance-514526>

<sup>19</sup> Australian Government (2021). Free trade agreements signed or concluded (but not yet in force). Accessed on 27 January 2022 at: <https://www.awe.gov.au/biosecurity-trade/market-access-trade/fta/ftas-signed-under-negotiation>

<sup>20</sup> Alianza del Pacifico (2022). Pacific Alliance and Singapore sign Free Trade Agreement. Accessed on 27 February 2022 at: <https://alianzapacifico.net/en/pacific-alliance-and-singapore-sign-free-trade-agreement/>

<sup>21</sup> Mattoo, Aaditya, Nadia Rocha, and Michele Ruta (2020). Handbook of Deep Trade Agreements. World Bank, Washington, DC. Available at: <https://openknowledge.worldbank.org/handle/10986/34055>

<sup>22</sup> C. Brandi; J. Schwab; A. Berger; J.F. Morin. 2020. Do environmental provisions in trade agreements make exports from developing countries greener? World Development 12. Available at: <https://reader.elsevier.com/reader/sd/pii/S0305750X20300255?token=2F8E73039CE450CB194C9EDCDB026A5FCA05F816A518FE64714EEC198B5C654CF249AA2D6630218EC1E2E664C9628FDB&originRegion=eu-west-1&originCreation=20220208133544>

countries that implemented RTAs with specific clauses for forest protection, signatories to RTAs lacking ERPs witnessed substantial increases in net forest loss.<sup>23</sup>

### III. FAO'S SUPPORT TO MEMBERS ON TRADE

25. Recognizing the important role of trade in achieving world food security and the needed transformation to more efficient, inclusive, resilient and sustainable agrifood systems, FAO supports countries' effective participation in trade agreements and evidence-based design of trade and trade-related policies and strategies. This support is provided through analyses and facilitation of policy dialogue on trade, agriculture, food security and sustainability at the global and regional levels, to inform trade policy discussions and trade negotiations.

26. In 2021, FAO published a set of 12 Trade Policy Briefs on pressing issues and emerging topics within agricultural and fisheries trade in preparation for MC12. These included briefs on trade and sustainable food systems, the role of trade policies in adaptation to climate change, and trade in fisheries products. Three major reports were also produced: (i) Agricultural trade & policy responses during the first wave of the COVID-19 pandemic in 2020; (ii) Public food stockholding - A review of policies and practices; and (iii) Agricultural trade in the Global South - An overview of trends in performance, vulnerabilities, and policy frameworks. FAO presented key findings from these reports to the Geneva-based trade community, promoting a better understanding of important topics and fostering an open and interactive exchange on key agricultural trade policy issues, away from the WTO negotiating table.

27. Furthermore, FAO continued to conduct capacity development activities and facilitate knowledge sharing to boost the capacities of countries in the negotiation and implementation of trade agreements and benefit from trade opportunities. Based on two courses that are readily available through the FAO elearning Academy – “Agriculture in International Trade Agreements” and “Trade, Food Security and Nutrition” – FAO conducted six regional facilitated e-learning courses targeting policy makers within agriculture and trade. These courses were conducted in Arabic, French, Russian and Spanish, engaging over 400 officials and agrifood sector stakeholders in interactive learning and regional knowledge exchange, complementing capacity development activities at country level, for example in Kyrgyzstan and Ukraine.

28. Technical discussions and dialogues on agrifood trade and trade policy were also facilitated through FAO support to expert networks. As part of FAO's Regional Initiative on Transforming Food Systems and Facilitating Market Access and Integration in Europe and Central Asia, the Agricultural Trade Expert Network conducted several knowledge sharing and capacity development events to facilitate the generation and exchange of knowledge related to agricultural trade and trade policy. In addition, FAO concluded a study to measure policy distortions in the agricultural sector in eight Eastern European, Caucasus and Central Asian countries (Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, the Republic of Moldova, Tajikistan and Uzbekistan). A new network was launched in the Near East and North Africa region in early 2022, bringing together experts who conduct research, carry out training programmes and advise governments and the private sector on issues related to agricultural and trade policies. Technical consultations and dialogues on agrifood trade were also held with key officials in Latin America and the Caribbean and a regional project on the development of resilient food systems by promoting and strengthening intra-regional and global trade was started.

29. Additionally, FAO is supporting Geneva-based Members on agriculture trade issues, through the FAO Geneva Agriculture Trade Talks. These events aim to showcase the work of FAO, address timely issues in relation to trade and agriculture, and contribute to the ongoing trade policy dialogue in Geneva. Recent events include webinars on Soaring Fertilizer Prices, Trade and Agrifood Systems

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<sup>23</sup> R. Abman; C. Lundberg; M. Ruta. 2021. The Effectiveness of Environmental Provisions in Regional Trade Agreements. World Bank, Washington, D.C. Available at: <https://openknowledge.worldbank.org/handle/10986/35354>

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Transformation, Agricultural Trade in the Global South, and Illegal, Unreported and Unregulated (IUU) Fishing.

30. FAO has also participated in several meetings of the WTO Committee on Agriculture. The Organization has shared information and provided written submissions on various issues including "Covid-19 and Agriculture" and the "Annual monitoring exercise on the follow-up to the Marrakesh Net food importing developing countries (NFIDC) Decision".