



## IPC Seminar Proceedings

# Agricultural Trade Negotiations: Politics and Prospects

May 17, 2004 - Brussels, Belgium

To begin the seminar, Carlos Perez del Castillo, former WTO General Council Chair, gave participants a picture of the negotiating process to date. Perez del Castillo blamed the failure of the Cancun Ministerial Meeting on three aspects of the Doha Development Round, which can be seen as lessons for future rounds: First, the Round's complex mandate –28 issues in only three years. Second, the title "Development Round" created enormous expectations among developing countries that many Member Countries did not expect. Third, it was unclear which subjects were to be included in the "single undertaking."

He told participants there had been virtual paralysis in the talks in Geneva until just before the Cancun Meeting. After Cancun, negotiators realized that the Meeting had been a missed opportunity and its dissolution sent the wrong signal. He asserted that the elements of an optimal outcome were clear to him as he developed the paper he issued as General Council Chair before the Meeting; but when it was issued in December 2003, the necessary political will to make the compromises necessary to come to agreement did not exist.

Upon returning to Geneva, negotiators agreed to focus on the four most controversial issues: agriculture, cotton, non-agricultural market access (NAMA), and the Singapore issues. Perez del Castillo characterized the period between the collapse of the Cancun Meeting and the end of 2003 as a time of useful debate, but little willingness to make concessions.

According to Perez del Castillo, United States Trade Representative, Robert Zoellick's February letter to all WTO delegations calling for 2004 not to be a lost year breathed life into the negotiations. His subsequent meetings in several Member Country capitals and the positive reaction and follow-up letters from European Commissioners Pascal Lamy and Franz Fischler provided additional impetus. He reminded participants that the Doha Round is a single undertaking, but "Results in agriculture will be a catalyst to the work that remains."

### About the IPC

The International Food & Agricultural Trade Policy Council (IPC) convenes high-ranking government officials, farm leaders, agribusiness executives and agricultural trade experts from around the world and throughout the food chain to build consensus on practical solutions to food and agricultural trade problems.

An independent group of leaders in food and agriculture from industrialized, developing and least developed countries, the IPC's thirty-six members are chosen to ensure the Council's credible and impartial approach. Members are influential leaders with extensive experience in farming, agribusiness, government and academia.

## Session One: The Politics of Trade

In the first session, speakers from several key players in the negotiations discussed the political realities driving negotiators in their country or region. Joe O'Mara, chief Uruguay Round agricultural negotiator from the United States and IPC Member, illustrated the difficulty of 147 member countries each facing political realities that may, in many cases conflict. "Not only does each country have to find a balance within its own political situation, but all other countries are seeking that same balance, and the negotiators have to find a balance among all of those."

### Increased market access is key for the United States

According to O'Mara, while opinions differ among US farm groups on the picture of an ideal outcome, their interests all boil down to increasing market access. He said there is an informal consensus in the United States that substantial reduction in domestic support will arise from the Doha Round. There will not be new farm legislation until 2007, but if the Round concludes in 2005 or 2006, the 2007 Farm Bill will inevitably shift toward direct payments.

IPC Chairman, Robert L. Thompson, noted that the budget cost of the 2002 Farm Bill would have forced a budget cut in 2005, but because of high-market prices, counter-cyclical payments in US farm programs were not particularly high. However, he argued that the cost of US farm programs is likely to rise in the future, at which point the budget will have to be reevaluated. "Policy makers will not deprive elderly Americans of prescription drugs to pay farmers a huge amount of money."

Ron Heck, a soybean farmer from the Midwestern United States and President of the American Soybean Association, assured participants that US agricultural producers are committed to WTO negotiations that continue to reform agriculture and food trade, and understands that in order to come to an agreement the United States will have to make some compromises. But, he cautioned, support of those compromises is contingent on phasing out export subsidies and similar trade distorting policies such as STEs; increasing market access; and substantially reducing trade-distorting subsidies for all members.

He said that he would be willing to give up trade-distorting support if world-class, food-exporting developing countries face the same disciplines as developed countries; countries providing higher levels of trade-distorting subsidies are required to make larger reductions; and expenditures for non-trade distorting policies are not subject to payment limits or caps.

A Brazilian government official asked Heck if he would be prepared to accept harmonization of AMS and market access conditions among US agriculture and food-exporting developing countries in exchange for those countries forgoing special and differential treatment. Heck said he supported exploring the idea of harmonizing support levels for all WTO member countries.

### The G20 is united against policies that distort trade

According to Paulo Estivallet de Mesquita, a Counselor from the Brazilian Mission to the World Trade Organization, the G20's position is not driven by politics in G20 countries, but by the current rules of international agricultural trade. He claimed that the G20's fight is not against the North, per se, but policies used by Northern countries. He pointed out that export subsidies and the distortions in domestic support essentially come from Northern countries.

Critics of the G20 are skeptical that the diverse interests of its individual members can result in common positions. According to de Mesquita, G20 Members agree on the elimination of export subsidies, substantial reductions in domestic support, and market access in developed countries. He acknowledged that market access tends to offer the largest diversity of views among developing countries.

However, he argued that it is more important to increase market access into developed countries than developing countries. He pointed out that applied tariffs in most developing countries are far below bound tariffs, so further tariff reductions are unlikely to have a major impact on market access in the short run. Furthermore, other factors influence market access in developing countries. In Brazil, like in most other developing countries, if the economy grows, imports will increase. On the other hand, he asserted that it is tariffs and TRQs that keep imports out of developed countries, so lowering tariffs and expanding TRQs in developed countries will have an immediate impact on trade.

### **Japan needs a convincing external inducement for agricultural reform**

According to IPC Member and Japanese agricultural negotiator during the Uruguay Round, Jiro Shiwaku, Japan's highest priority in the agricultural negotiations is to ensure that the negotiations recognize multifunctionality and result in balanced commitments between exporting and importing countries.

Shiwaku asserted that, unlike the United States, Japan will not gain from negotiations that result in increased market access. More than 60% of Japan's food requirements are met on the global market. He said that Japan's willingness to accept any market access formula will be contingent on how well it accommodates the sensitivities of various products, and said that the size of a country's current TRQs on various products should be considered when negotiating TRQ increases. "A mandatory, across the board increase in TRQs does not ensure fair treatment."

He acknowledged that the Doha Round is a single undertaking, and therefore the outcome should not be evaluated on the basis of one sector. But, he explained that it is difficult to convince the Japanese agricultural community that they must bear the brunt of the Japanese contribution in the form of increased market access.

The Ministry of Agriculture in Japan is undergoing agricultural policy reform consultations. Policy reform in Japan has been moving from product specific price supports to direct income payments. Japan will need a convincing external inducement in order to move forward with reform. The Doha Development Round provides significant motivation for policy reform deliberation in Japan.

### **African countries must increase competitiveness to gain from more open trade**

Ajay Vashee, President of the Southern African Confederation of Agricultural Producers, praised the meetings conducted by the Ambassador Zoellick and Commissioner Lamy after the Cancun Ministerial Meeting. The meetings gave political leaders a chance to see where the EU and US positions were coming from, and allowed technical officials and political officials in developing countries to find consensus. He lamented that too often African countries' technical staff in Geneva is isolated from political leaders leaving a communication gap.

Vashee explained that Africa's biggest objectives for its agricultural sector are to increase productivity and competitiveness of its products so that they may contribute to poverty reduction and smooth integration into global trade. He asserted that unless efforts are made to upgrade overall productive capacity, export capacity, ability to respond to market requirements, and governance, many African countries will not benefit from these talks immediately. "The WTO is not a development agency, but variables for developing and least developed countries must be in place for meaningful global trade.

IPC Vice Chairman, Piet Bukman asked Vashee where the improvement of competitiveness in agriculture is on the list of developing countries' priorities. Vashee answered that it is increasingly acknowledged that comparative advantage must be translated into competitive advantage. He admitted that increasing competitiveness in agriculture is not made a priority because of the structure of politics in developing countries. He argued that stronger advocacy organizations in agriculture and industry could convey the message that addressing competitiveness must be a priority.

### **The European Union is taking big political steps in the Doha Round**

IPC Member and former Director General of Agriculture for the European Commission, Guy Legras, said that Commissioners Lamy and Fischler's letter indicating a willingness to consider the elimination of export subsidies in the Doha Round was an important offer. He pointed out that export subsidies have been consistently reduced – from one-third of the Union's agricultural budget fifteen years ago to 7% today. He emphasized that, while the offer is therefore primarily symbolic, its political and economic importance should not be underestimated.

He asserted that the key to reforming agricultural policy is to begin with domestic support, and Lamy and Fischler's letter rightly brought the focus back to that pillar. He noted that market access will be the most difficult area of the negotiations, as it was in the Uruguay Round. He cautioned that there are some sensitive products in the European Union for which reform will be extremely difficult.

A participant from the United Kingdom argued that today, resistance to liberalization is a fight against competition from producers that are not exposed to costs imposed on European producers rather than a fight to keep government payments. Legras agreed that regulatory cost is a significant issue. He noted that these costs arise from changes in European agricultural policy – increasing environment, animal welfare, and food safety standards – on which other countries are not ready to accept rules. This trend will not change in Europe, but negotiating rules in the WTO are unrealistic.

## Poland is facing its second major transition in twenty years

Jerzy Plewa, Poland's Deputy Minister of Agriculture, pointed out that Polish agriculture faces unique challenges. After more than 40 years of central planning, Poland moved to a market-oriented economy. Now the country is joining the European Union's common market, and undergoing the costly process of implementing EU standards in agriculture.

He explained that Poland is the biggest agricultural country of the new Member States and has a complicated agricultural structure. It has 1.8 million farm holdings, half of them semi-subsistence. There are also 150,000 commercial farms in Poland prepared to compete on the single market. Agriculture's share of Poland's GDP is 2.7% - close to the EU average - but employment in agriculture is very high. Thirty-eight percent of Poland's total population lives in rural areas and 18% of the labor force is engaged in agriculture.

He illustrated the difficulty and uncertainty that the Union faces with enlargement. Over the 40 years preceding 2004 the Union was enlarged by only nine countries. The most recent enlargement added 10 countries at once, with additional countries to follow. The agricultural sector plays a very important role in the economies of the new and prospective members, and GDP per capita is much lower in these countries than in the EU 15.

## Political factors effect the persistence of distortive farm subsidies

Several speakers and participants criticized particular policies that, while legal under current WTO rules, negatively affect other Member Countries. Several speakers referred to demands that developed countries eliminate trade-distorting farm subsidies. Brian Chamberlin, a Special Trade Ambassador from New Zealand during the Uruguay Round, blamed domestic politics in subsidizing countries for their persistence. "The wealth that has fallen into the hands of a few interests through agricultural protectionism is stark in some cases... The real tragedy is that producers in other countries are often paying the price."

Chamberlin also blamed continued protectionism on arguments that attempt to convince the public that the support is absolutely necessary, which are generally false. "The policies have not delivered what they were intended to. They have not kept people from leaving the land, they have not preserved family farming, they have not encouraged young people to move into the industry and they have stifled initiative and opportunity, especially for educated young people."

Vashee suggested that the Agreement should recognize the difference between supports for products consumed domestically and products exported through government support. Chamberlin countered that schemes aimed at supporting domestically consumed products often lead to surplus production and inspire the need to export. Furthermore, they prevent efficient producers of the subsidized product from gaining the market share in the subsidizing country. Thompson added that any time local production for a food product is subsidized, "the egregiousness of the subsidies is in the eye of the beholder." "Alaska could be self-sufficient in oranges and bananas at a cost, but that is what international trade is about."

## Session Two: After the Peace – The impact of trade panels

### The Canadian Wheat Board Panel

The Canadian Wheat Board Panel confirmed that the Board conformed to Article XVII of the GATT, which establishes international regulations on state trading enterprises. But, it found that certain provisions of the Canada Grain Act and its regulations, and certain aspects of the Canada transportation Act were inconsistent with the Article III, "National Treatment on Internal Taxation and Regulation," which requires that internal taxes, regulations and the like not be applied in a manner that protects domestic production.

### US producers will appeal the ruling on the Board's compliance with Article XVII

Neal Fisher, Administrator of the North Dakota Wheat Commission, asserted that the Canadian Wheat Board was designed to undermine the free trade of wheat and is not only a serious threat to the competitiveness of producers in the United States, but all exporting countries.

He contended that the WTO panel's analysis of commercial considerations "robbed Article XVII of its meaning" and precludes Member Countries from having a "viable manner to assure that STE's operate in a non-discriminatory manner." He explained that the panel concluded sales based on government policies or the national interest of the STE are not conducted under commercial considerations and therefore would be impermissible. At the same time, it determined that an STE could charge a lower price than the market would bear in order to prevent competitors from entering the market, which might be considered to be based on commercial considerations.

Fisher criticized specific aspects of the Board's activities that insulate it from market disciplines and allow it to offer valuable services to its customers such as government-granted monopoly procurement rights, government-guaranteed initial payments, price pooling mechanisms and lack of transparency. Furthermore, he protested at the Board's use of discounted price offers, bonus deliveries, delayed payments and other favorable contract terms. He insisted that these mechanisms were equivalent to export subsidies. He noted that the Board obtains its total financial security from the government of Canada. Moreover, Western Canadian producers are required to market through the Board, giving it even more control over procurement cost because it does not have to bid for wheat in the open market.

### **Canada will fight to maintain its right to export STEs**

Despite Fisher's arguments, IPC Member and Canada's agricultural negotiator during the Uruguay Round, Mike Gifford, maintained that the panel confirms the Canadian Wheat Board operates in compliance with WTO disciplines on STEs. Therefore, countries using STEs can be expected to continue arguing for their right to maintain export STEs as long as they are operated in a commercial manner and are not used to circumvent other WTO obligations. On the other hand, Gifford expected the United States and other critics to suggest that the panel result confirms existing WTO disciplines on STEs are inadequate.

Gifford explained that one of the key aspects of STEs that opponents are fighting is the existence of government financial support to an export STE, calling for it to be disciplined as an export subsidy. According to Gifford, such support is not contingent on exports, and therefore classified as domestic support. He argued that if countries want forms of domestic support provided to an export STE treated like export subsidies, they should expect countries using STEs to argue that all forms of price support should be treated in this fashion. "If the United States insists that the only source of trade distortion arising from export credits is the subsidized element, disciplines on export STEs should also be concentrated on trade distorting government financial assistance."

Fisher confirmed the United States' intentions to keep the issue of STEs on the table. Gifford acknowledged that the larger the overall result of the Doha Round, the greater will be the pressure on Canada and the other STE users to make an equal contribution.

### **The Cotton Panel**

#### **African cotton producers are victims of measures that hinder free competition**

According to Ibrahim Maloum, President of the African Cotton Association, African cotton is one of the most competitive in the world, yet farmers do not benefit from any state subsidies. In spite of its competitiveness and its extreme importance in African economies, cotton producers are victims of developed country measures that hinder free competition. The 2002 US Farm Bill has had enormous consequences, but in terms of subsidies per kilogram, Europe is the champion. The value of the subsidies affects the amount of cotton produced in subsidizing countries and causes a fall in world prices. Falling prices provokes additional subsidies to support farmers' revenue. The victims of this vicious cycle are producers in developing countries – particularly in Africa.

Maloum contended that cotton is a special product in African countries and therefore it must be treated differently in global negotiations. While the Cotton Initiative was politely rejected by the United States and the European Union in Cancun, it has mobilized the support of much of the international community. African cotton simply demands that the law of markets and the fundamental principles of the WTO and the Doha Declaration are respected. Technical and financial assistance to the African cotton sector from developed countries is not a substitute for the elimination of trade distorting subsidies.

He stressed that developed country agricultural policies should be consistent with their development policies – in favor of African countries. "All countries have the right to support the incomes of their families, but only if the support does not hurt producers in other countries particularly, if they are already disadvantaged."

#### **Brazil's position in the cotton case**

The subsidies at issue in Brazil's case against the United States are:

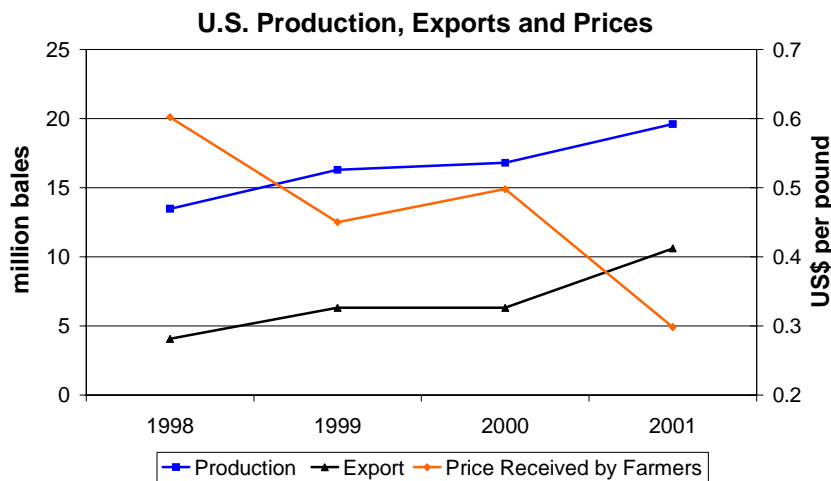
1. The Marketing Loan Program (\$898 million in 2002)
2. Counter-Cyclical Payments (\$1,309 billion in 2002)
3. Direct Payments (\$617 million in 2002)
4. Crop Insurance Subsidies (\$194 million in 2002)

- 5. Step Two Subsidies (\$415 million in 2002)
- 6. Export Credit Guarantees (\$349 million for US cotton exports in 2002)

Figure One illustrates that, as world prices have declined, production and exports of US cotton have risen. Under normal circumstances, production and exports do not increase when prices fall. Pedro De Camargo, IPC Member and the former Secretary of Production and Trade from Brazil who launched the cotton case, acknowledged that a developed country should be able to provide a safety net for its producers; “developed country farmers should not have to live with the savage situation that we farmers from developing countries have to live with, but the situation in the cotton sector must be wrong.”

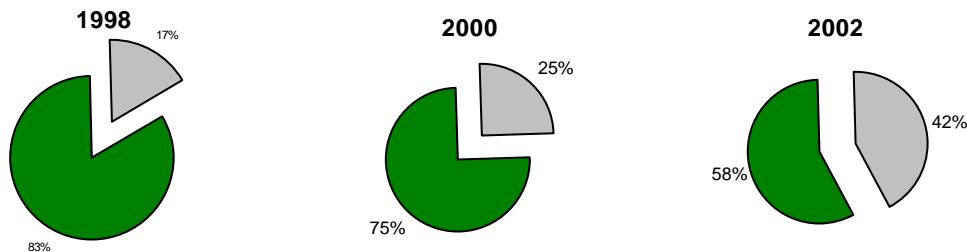
Brazil claimed that US cotton production increased despite market signals because the marketing loan program and counter-cyclical payments provide a revenue floor; the step two program and export credit guarantees ensure that excess US cotton is sold on the world market regardless of internal prices; crop insurance subsidies reduce the economic risks posed by crop failure; and direct payments effectively contribute to farmers’ costs of production. All of these payments allowed the United States to increase its world market share in cotton significantly (See Figure Two).

**Figure One:**



**Figure Two:**

**U.S. Market Share increased from 17% in 1998 to 42% in 2002**



**The United States Response**

Mark Lange, President of the Cotton Council of America, argued that the United States believed it was abiding by its WTO commitments in drafting the 2002 Farm Bill. According to Lange, Brazil claimed US policies significantly depressed world prices for raw cotton, giving the United States an unfair share of the world market. “The panel will

have to interpret the meaning of *significant* in this context. Is 1% price suppression significant? Is 2%?" The panel will also have to interpret the meaning of *world market share*. "Does it refer to world trade in raw cotton or is it the share of world production?" In response to Brazil's argument that the United States exceeded the level of support that it committed to in the Uruguay Round, Lange asserted that the panel would have to define the meaning of *level of support*. If the loan rate remains unchanged from one year to the next, but the world price changes, spending outcomes can be considerably different while policies remain unchanged.

Lange disagreed with Brazil's contention that US programs were not covered by the Peace Clause, which was in effect when the case was filed. According to Lange, the panel will have to determine how the level of support decided in a year should be measured. "If a country establishes multi-year farm legislation – the practice in the United States and European Union – virtually nothing is *decided* in most years."

He argued that if the panel interprets the Uruguay Round Agreements in an unexpected or novel way, it "will frustrate even the best intentions of policy makers to comply with WTO commitments." Furthermore, he warned that if the panel finds most US programs are not in compliance with their WTO obligations, policy makers might be less inclined to continue moving toward decoupling support from production and planting decisions. And, US negotiators will be pushed very hard to come back with concrete examples of policies that will function without test. That will make the agriculture agreement extraordinarily difficult to achieve because negotiators will get mired in the details of what is the legal meaning of *level of support* and what is *decided in a year*, which will take a long time.

## The Sugar Panel

IPC Member and Stanford University Professor, Tim Josling, explained that Brazil, Thailand and Australia's case against the European Union has two elements. First, they argued that sugar produced in excess of quota –C Sugar – from the European Union is sold below the cost of production and is therefore cross-subsidized. Second, they argued that the re-export of sugar imported from ACP countries under the Union's special preference scheme is an export subsidy that was never notified.

### The C-Sugar claim relies on a precedent contrary to negotiators' intentions

Simon Harris, a retired executive from British Sugar, explained that the C-sugar claim is an attempt to apply the outcome of the Canada dairy panel to sugar, but he argued that the ruling in the Canada dairy case did not interpret the Uruguay Round disciplines the way negotiators intended. It set the precedent that exporting at a price below average total cost of production is *prima facie* cross subsidization where there is governmental involvement. However, Harris maintained that there are many commercial circumstances in which one would sell below the average total cost of production.

### The pursuit of the re-export issue violates good faith in negotiations

The second aspect of the case – the claim that the re-export of 1.6 million tons of sugar, an amount equivalent to ACP imports, should have been notified as an export subsidy – was explicitly discussed during the Uruguay Round agricultural negotiations, according to Harris. Letters from the Union's Ambassador to the GATT and a footnote to the Union's commitment schedules spelled out that the Union was not taking a commitment on these exports. Complainant countries did not express opposition at the time although it was directly discussed with some of the complainant countries.

He told participants that ACP States view this element of the case as a blatant attack by the big players on the small and vulnerable. The sugar regime provides for a roughly \$900 million resource transfer to the ACP. If the Doha Development Round threatened the value of ACP preferences it would be a perverse outcome.

### The Sugar Case could force reform of EU sugar policy

Harris argued that many countries' support policies raise internal prices. Table 1 compares internal prices of selected major sugar exporters with prices on the world market. It illustrates that countries like El Salvador and Costa Rica, with internal prices over \$500 get an export price of \$200. According to the argument in the sugar case, this would imply cross subsidization. Furthermore, all countries have the equivalent of C sugar. "Roughly 80% of world production remains in the country of origin, where it generally receives an administered price."

Harris pointed out that countries support their sugar industries in a large number of ways. He noted that Brazil cross-subsidizes sugar with its alcohol program using half of all Brazil's sugar cane. Thailand's sugar system is the same as the European Union's. In Australia, the government provides a support package worth about \$450 million Australian.

## EU sugar reform could hurt ACP countries that rely on preferential access

Ahmed expressed concern that, while the case is not targeted at eliminating the preferential access granted to ACP countries, sugar reform could create political pressure on the European Union to radically reform its sugar regime to the disadvantage of ACP countries. He argued that the slightly higher world market price that would likely result if the Union was forced to end its exports of C Sugar, would only benefit countries like Brazil since production costs in almost all LDCs would remain higher than the new price.

A participant from a complainant country reassured Ambassador Ahmed that the group is not opposed to the European Union exporting ACP sugar, and not even to the European Union subsidizing exports of ACP sugar. The complainants are only asking that the European Union remain within its export subsidy commitments. "If the Union wants to subsidize and provide preferential access, it must do it at its own expense, not the expense of the world market of efficient producers."

IPC Member, former Argentine Secretary of Agriculture and President of the Argentine Sugar Growers Association, Jorge Zorreguieta, recognized that sugar imports coming into the EU market from ACP countries and India will inevitably be affected by reform. But, he contended, "The distortions generated by one country lead others to defend themselves by applying regimes contrary to market principles."

Mark Painsmaye, President of the European Committee of Industrial Sugar Users, pointed out that the regime is not only hurting competitive sugar producers ineligible for preferential access, but it is also hurting sugar-using industries in the European Union.

### What is the likelihood of reform?

A participant asked why there has not been sugar reform in the past and asked if it is likely to happen now. Legras said that two of the most significant reasons for previous reforms were the size of the agricultural budget and the existence of large stocks. He noted that the sugar regime carries neither a large budgetary cost nor a problem with stocks. Furthermore, sugar reform is difficult because EU Member Countries are divided on the issue. Legras and Plewa agreed that sugar reform will only be more difficult with the recent enlargement. Plewa indicated that the new member states recognize that the reform is necessary, but "it is difficult to propose something concrete."

Painsmaye and Zorreguieta agreed that sugar should be included in the CAP's movement toward decoupling. Painsmaye noted that the Commission has proposed three options for reform of the sugar regime: continuing the status quo, price reduction and quota elimination, or full liberalization. He said, "Sugar supply in Europe should be based on efficiency, competitiveness and specialization." According to Painsmaye, regardless of the panel's outcome, the quota system must be abolished and the minimum price of sugar should be reduced to an equilibrium level over a short transition period.

**Table One: Sugar prices in major sugar exporters: US\$/tonne for 2001/02**

	White sugar		Raw sugar	
	Domestic	World Market export	Preferential export	World Market export
<b>Australia</b>	288	233	436	179
<b>Brazil</b>	191	174	394	151
<b>Colombia</b>	500	209	409	152
<b>Costa Rica</b>	636	206	415	140
<b>El Salvador</b>	509	206	415	140
<b>Fiji</b>	406	252	436	179
<b>Guatemala</b>	381	212	421	146
<b>Guyana</b>	246	237	433	174
<b>India</b>	262	214	418	130
<b>Mexico</b>	514	199	414	136
<b>Nicaragua</b>	484	206	415	140
<b>Pakistan</b>	302	193	na	149
<b>Poland</b>	479	228	na	158
<b>South Africa</b>	379	225	424	173
<b>Sudan</b>	399	193	392	135
<b>Thailand</b>	261	217	406	150
<b>Turkey</b>	655	228	na	158
na = not applicable				
Source: LMC, <u>Protected domestic sugar markets</u> , 2003				

## Litigation vs. Negotiation

Many participants were concerned that WTO jurisprudence is reinterpreting the Uruguay Round disciplines as envisioned by negotiators. Legras expressed particular concern that press reports indicated that the Cotton Panel found that US export credits were export subsidies. He recalled that during the Uruguay Round negotiations, the United States fought to keep export credits from being considered export subsidies. "In Article X negotiators agreed to devise rules on export credits in the future, but it was absolutely clear that export credits were not deemed by the negotiators to be export subsidies. When something is clearly negotiated between the negotiator and the politician, this cannot be changed by a panel, whatever the quality of the panel."

Gifford recalled that during the Uruguay Round, negotiators discussed how governments could obtain an authoritative reading on whether a new policy would be consistent with the new international rules. The answer was that panels will provide guidance over time. He insisted that there must be some consideration given in the Doha Development Round to how domestic policy makers can have confidence that they understand their international obligations.

O'Mara agreed, but insisted that this is the very reason countries are required to annually notify their agricultural programs to the WTO. It is in the notification procedure that countries can raise questions, and the country making the notification can respond. If this procedure does not work, WTO Members must create a better solution.

### The disputes resolution procedure plays an important role

Zorreguieta maintained that it is important to have a dispute system that works for every country. He asserted that rather than hinder the multilateral negotiations, the panels might be an incentive to reach agreement. De Camargo defended Brazil's decision to pursue litigation. "As long there is no progress in negotiations, countries should utilize the WTO's dispute resolution procedure to fight policies they feel are not in compliance with WTO commitments." He agreed disputes are not a substitute for negotiation, but argued that countries must have recourse if negotiations are bogged down.

### The relationship between litigation and negotiation is an area for further study

Josling acknowledged that countries do not want to litigate and negotiate at the same time. On the other hand, negotiations can be a convenient place to tie up some loose ends from litigation as the soybean dispute was tied up with the Uruguay Round at Blair House. He suggested that the question of balance between litigation and negotiation must be further analyzed, as there may be additional cases on agricultural policy in the future and case law will continue to grow.

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**33rd IPC Plenary Seminar: Agricultural Trade Negotiations – Politics and Prospects**  
**May 17, 2004**  
**Brussels, Belgium**

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**Welcoming Remarks: Piet Bukman\***, IPC Vice-Chairman, Former Minister of Agriculture, of Trade and of Development Cooperation

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**Setting the Stage: Carlos Perez del Castillo**, Former Chairman, General Council and Ambassador of Uruguay to the World Trade Organization

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**Session One – The Politics of Trade**

Chairman, Robert L. Thompson\*, IPC Chairman, Gardner Farm Bureau Chair in Agricultural Policy, University of Illinois, and Former Director of Rural Development, World Bank

**United States:** Joe O'Mara\*, Uruguay Round Agricultural Trade Negotiator, United States

**Cairns Group:** Brian Chamberlin\*, Uruguay Round Special Trade Ambassador, New Zealand

**G20:** Paulo Estivallet de Mesquita, Counselor, Brazilian Mission to the World Trade Organization

**G10:** Jiro Shiwaku\*, Uruguay Round Agricultural Trade Negotiator, Japan

**Africa Group:** Ajay Vashee\*, President, Southern African Confederation of Agricultural Producers, Zambia

**European Union:** Guy Legras\*, Former Director General, Agriculture, European Commission, France

**European Union, New Member State:** Jerzy Plewa, Deputy Minister for Agriculture, Poland

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**Luncheon Speech: The Domestic Politics of Trade – A US Farmer's View**, Ron Heck, President, American Soybean Association, United States

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**Session Two – After the Peace: The Impact of Trade Panels**

Chairman, Timothy Josling\*, Professor, Food Research Institute, Stanford University

**The Cotton Panel**

Pedro de Camargo Neto\*, Former Secretary of Production and Trade, Brazil

Mark Lange, President, Cotton Council of America, United States

Ibrahim Maloum, President, African Cotton Association, Chad

**The Canadian Wheat Board Panel**

Mike Gifford\*, Uruguay Round Agricultural Trade Negotiator, Canada

Neal Fisher, Administrator, North Dakota Wheat Commission

**The Sugar Panel**

Simon Harris, Former Director of Corporate Affairs, British Sugar, United Kingdom

Jorge Zorreguieta\*, President, Argentine Sugar Growers Association and Former Secretary of Agriculture, Argentina

Marc Painsmaye, President, Committee of Industrial Sugar Users, Belgium

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**Closing Observations and Conclusions**

Chairman: Robert L. Thompson\*, IPC Chairman

Pedro de Camargo\*, Former Secretary of Production and Trade, Brazil

Raul Montemayor\*, President, Federation of Free Farmers Cooperatives

Piet Bukman\*, IPC Vice-Chairman

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*\*Indicates Member of the International Food & Agricultural Trade Policy Council (IPC)*