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WFO Policy on International Trade

PROVISIONAL DRAFT POLICY

Coordinated by the International Secretariat

Farmers play a crucial role feeding the world's population. We also help maintain viable rural communities and care for much of the world's land resources. But the challenges we face are increasing.

Farmers will need to increase production significantly if future demand for food is to be met. Yet the world's resources of land and water are finite. In addition, we are facing more extremes of climate and long-term shifts in growing conditions due to climate change, while price volatility is also on the increase.

A strong and viable agricultural sector will be essential if the world's population is to be assured of stable and secure supplies of food in future and farming is to continue to contribute to growth and employment in both national economies and rural communities.

Encouraging trade will be one important way of meeting these challenges. Trade helps to even out demand and supply imbalances, thus contributing to food security, and promotes resource use efficiency and economic growth. It is also a way of providing farmers with increased market opportunities and thereby helps to improve our incomes and the prosperity of rural communities.

The WFO is committed to the pursuit of ambitious trade policy objectives and the reinforcement of the global agricultural trading system so that we can operate in a fair, transparent and predictable trading environment. It is equally important that international trade is guided by some basic principles to ensure that farmers throughout the world can fulfil their wider economic, social and environmental role and that the special needs of the least developing countries are taken into account. Agriculture must also continue to be treated differently from other economic sectors in trade agreements in recognition of its fundamental importance for food security and rural areas.

i) Policy Objectives

The WFO is committed to achieving the following policy objectives for international trade provided they are achieved in a way which respects Guiding Principles (see section iii) to ensure that agriculture can fulfil its wider role:

- the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect
- improved market access
- a substantial reduction in trade-distorting domestic support
- special and differential treatment for developing countries and least developing countries
- strengthened rules applied to export prohibition/restriction and export taxes
- proper protection of geographical indications as provided for under the WTO agreement on trade in intellectual property (TRIPS) and recognition of country-of-origin requirements that allows countries to distinguish their products without distorting trade.

The WFO is committed to working with governments and relevant stakeholders to achieve multilateral improvements to the global trading system. The WFO strongly supports the World Trade Organisation and believes that multilateral negotiations leading to a comprehensive trade agreement is the best way to pursue these objectives if the greatest benefit for the widest population is to be achieved.

In parallel, it should be ensured that bilateral and regional trade agreements contribute towards achieving these objectives in a way which is WTO compatible and also respects the Guiding Principles outlined below (see section iii).

ii) **WFO calls for the following action to reinforce the global agricultural trading system**

Strengthen international standards

The more open markets become the more important it is to establish international standards to protect human, animal and plant life and health and to facilitate trade so that consumers are informed and have confidence in the food they eat and that farmers who adhere to science-based standards are not undermined by unfair competition. The WFO supports the principles set out in the WTO SPS and TBT agreements. It calls for further progress to agree international science-based standards relating to food within the framework of Codex Alimentarius, the International Plant Protection Convention (IPPC) and other organisations such as the World Organisation for Animal Health (OIE). The farming community should be consulted in the development of these standards in order to ensure they can be implemented in a practical and effective way.

Reduce protectionist measures

The WFO calls on all governments to remove any measures which are inconsistent with WTO disciplines, including both export and import prohibitions or restrictions. The WFO also calls for on-going progress in investigating and eliminating non-tariff barriers which impact unfairly on farmers.

Encourage capacity building

The WFO calls upon the governments of developed and advanced developing countries to provide farmers in the least developing countries with support for capacity building in order to improve their access to international markets. This could include support to comply with, or adopt, international standards and to implement WTO safeguard measures. It is also important to improve access to, and management of, market information and to develop stronger local networks and training that addresses, in particular, the needs of the very many women farmers in developing countries.

Processors and retailers should also take responsibility to assist farmers to meet private standards which, increasingly, are becoming a barrier to trade for producers.

Increase the transparency and predictability of agricultural markets

The Agricultural Market Information System (AMIS) set up by FAO should be developed further in order to increase transparency and predictability of prices on the world market and therefore assist towards greater stability for the benefit of farmers and consumers.

Ensure farmers benefit fairly from the opening of markets

The very heavy concentration which has taken place amongst traders, processors and retailers, and the growth in multinational operators, means that farmers frequently find themselves in a weak bargaining position.

The WFO calls upon governments to prevent the abuse of market power and implement competition policies which allow strong farmer-owned organisations, including cooperatives and collective marketing initiatives, to operate effectively. For its part, the WFO will seek to strengthen farmers' organisational structures so that farmers can be more effective participants in the marketplace.

iii) **Guiding Principles**

If agriculture is to fulfil its wider economic, social and environmental role, with countries able to take account of their domestic concerns and conditions, trade policy should respect the following Guiding Principles.

Coherence

International trade agreements should be coherent with other international commitments which have an impact on the agricultural sector, such as commitments aimed at reducing poverty and hunger. A common set of outcomes will complement and maximise development in agriculture.

Domestic Policy

All governments must have the right to define their own domestic agricultural policy, in order to ensure that the major concerns of their citizens are met, including the provision of safe and secure supplies of food for their people, the well-being of rural communities and environmental concerns. Trade rules should also permit domestic policy measures which promote stability of supplies, such as safety nets, orderly marketing and supply management. Governments should ensure that domestic policy is fully transparent, complies with international obligations and does not disrupt global markets.

Sanitary and Phyto-sanitary Standards

In setting standards with the objective of protecting human, animal, plant and environmental health, governments should ensure they are based on sound science and should adopt internationally agreed standards in line with the WTO SPS agreement.

Least Developing Countries and Developing Countries

It is important that trade does not undermine the development of fledging agricultural sectors which have the potential to contribute to economic growth and more viable rural communities. Trade agreements should therefore have inbuilt provisions to address these needs on the basis of special and differential treatment which takes account of different levels of economic development.

Government support and development aid (education, training, research & development, infrastructure, marketing and providing social safety nets) should be directed to these sectors during their development period.

Food aid

Genuine food aid for humanitarian purposes should be secured in order to address natural and man-made disasters but must be carried out in a manner that does not damage domestic markets or distort international trade and is not a disguised export subsidy. Governments should address food aid needs resulting from disasters first and foremost by sourcing in the country concerned providing this does not undermine affordable access to food.

Consultation with farmers' organisations

Farmers are critical stakeholders in the global and rural agricultural economy. Representative farmers' organisations must therefore be fully consulted in the decisions to open trade negotiations involving agriculture, including those at bilateral, multilateral and plurilateral level.

The WFO will support proactive, results-driven and transparent negotiating processes in which governments provide impact assessment of the consequences of trade agreements for the agricultural sector and inform and consult their farmers throughout the negotiating process.

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