

Food Security: Bali Decision and Options

Structure of presentation

- What is the problem being addressed?
- G20 / G33 proposals
- Key elements of Bali Decision
- Way forward

Relevant AoA provision: Footnote 5

- ... governmental stockholding programmes for food security purposes in developing countries under which stocks of foodstuffs for food security purposes are acquired and released at administered prices considered to be in conformity with the requirements of Green Box
- provided that the **difference** between the **acquisition price** and the **external reference price** is **accounted for in the AMS**.

Why has the problem arisen

- ERP based on average price of 1986-1988
- Over the past 20 years Administered Price (AP) has progressively increased
- As AP is compared with ERP, the support would be accounted for in Amber Box even though AP may be very close to prevailing market price
- Footnote 5 does not reflect economic reality

G20 / G33 proposals

- To modify the existing footnote 5 of Annex 2 of the Agreement on Agriculture so as to provide that acquisition of stocks of foodstuffs by developing country Members with objective of supporting low-income or resource-poor producers shall not be required to be accounted for in the AMS.
- By 2008 , there was a consensus on the proposal – Modalities Text of December 2008

G 33 proposals (ii)

- Issue raised again in 2013
- Formal proposal made in October 2013
- Reiterated the need to amend Footnote 5
- 3 options proposed till amendment completed
- ❖ Understanding on modifying base period for ERP
- ❖ Decision elaborating Article 18.4 of AoA
- ❖ Decision on exempting dispute challenges to public stock holding programme under AoA and ASCM

GC Text sent to Bali

- Commitment to negotiate a permanent solution for adoption by MCXI.
- Interim solution , but only till MCXI
- Interim solution would have lapsed if permanent solution not agreed by MCXI

Bali Decision: Key Elements

- Commitment to negotiate an agreement for a permanent solution. The permanent solution would be adopted by the 11th Ministerial Conference.
- Due restraint clause would remain in force until a permanent solution is found
- Conditions have to be met for seeking recourse to the Bali Decision

Bali Decision: Key Elements

- Decision covers staple food crops
- Application of interim solution limited to existing measures ... but no such restriction for permanent solution
- Protection from disputes under AoA but no protection from ASCM disputes ...
- but difficult for a complaining country to sustain a dispute under ASCM

Notification and Transparency requirements

- Member has to notify that it is exceeding or is at risk of exceeding de minimis/ AMS limits
- Fulfilled its domestic support notification requirements
- Provides additional information required in the prescribed template and statistical appendix

General information

- 1. Factual information confirming that DS:1 notifications and relevant supporting tables for the preceding 5 years are up-to-date (e.g. date and document details)**
- 2. 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**
- 3. 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)**
- 4. A description of any measures aimed at minimising production or trade distortive effects of the programme**
- 5. Statistical information (as per the Statistical Appendix below)**
- 6. Any other information considered relevant, including website references**

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 sub-national 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)

Anti-circumvention / safeguards

- Stocks procured **do not distort trade** or **adversely affect the food security** of other Members
- 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 **other** programmes

Way forward: Art 18.4

- COA required to review progress in the implementation of commitments negotiated under the Uruguay Round reform programme
- Article 18.4: “In the review process Members shall **give due consideration** to the influence of **excessive rates of inflation** on the ability of any Member to abide by its domestic support commitments.”

Article 18.4 : G33 proposal

- Defines “excessive inflation”
 - Members agree on “normal rate of inflation” (2-3%)
 - An inflation rate above the normal rate would constitute excessive inflation
- Elaborates one possible way in which “due consideration” could be given
 - AP reduced by a factor based on excessive inflation

Thank You