G20 Agriculture Market Information System (AMIS)

14TH SESSION OF THE
AMIS GLOBAL MARKET INFORMATION GROUP

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Opening remarks

by

H. E. Ambassador John R. Deep Ford
Chairman, WTO Agriculture Negotiating Group
Chairman Marco Valicenti,
Distinguished Delegates of AMIS participating governments,
Distinguished Delegates of AMIS participating organizations,
Ladies and Gentlemen,

Good morning.

I have great pleasure in welcoming you today and wish to thank you for kindly inviting me to open the 14th Session of the AMIS Global Market Information Group.

I recall the food price surges in 2007/2008 and later, in 2010. I also recall the hope and excitement of FAO, and across the world, as the concept of an Agricultural Market Information System (AMIS) emerged as part of a Global Action Plan on Food Security.

The inception of AMIS in September 2011 recognized, for the first time in history, the need for a collaborative institutional and governmental framework to address the extreme food price volatility.

At the time, the institutions and the countries you all represent today were brought together in pursuit of a shared goal:

- to improve information on the global supply and demand situation of wheat, maize, rice and soybeans; and

- to facilitate policy dialogue among G20 governments in times of excessive price volatility and uncertainty.

Since its launching in 2011, the AMIS Initiative has earned its acclaim worldwide. Complementing the work of the Committee on Food Security, it
has become an effective and reliable mechanism to anticipate, and call attention to, instances of price volatility in major food security crops.

Today, I am pleased to join the chorus of praise and commend you for your numerous achievements, particularly:

- your success in fostering enhanced market transparency in a pragmatic way. You have pooled all the human, technical and information resources at your disposal, with no duplication of efforts and always interacting in perfect synergy and efficient collaboration, for the world to receive the benefits of improved, more reliable and expanded data and information;

- Your success in offering increased access to market and policy information through a well-appreciated intelligence service, posted on the AMIS website. Today, your information products have become a global public good, covering world food supplies, crop condition forecasts, policy developments, and a wide array of research studies;

- your success in promoting constructive dialogue and policy coordination among AMIS participating governments.

AMIS activities and information products are all, in my view, variations on the same theme, that of increased TRANSPARENCY.

Increased transparency is also one of the core WTO principles. Transparency is essential to trade, investment and policy decisions that promote and facilitate stability and predictability in the global market place, leading to what we are all about: GROWTH, DEVELOPMENT AND PROSPERITY.
Let me move closer to the world of the WTO and, before I share with you my personal reflections on the state-of-play of the agriculture negotiations, allow me to briefly highlight how the transparency from increased data and information – the products of AMIS - underpins our daily business activities at the WTO.

First, just as AMIS relies on its National Focal Points to supply timely and accurate market and policy information, the WTO relies on its membership for the provision of notifications on a wide array of domestic, trade and regulatory policies.

As you may be aware, a subset of such notified data is regularly incorporated in the AMIS Policy Database, for example, the applied tariffs on rice, maize, wheat and soybeans.

- Data and information fuels transparency throughout the WTO. It enables effective monitoring of the implementation, administration and operation of existing WTO agreements. Transparency is central to a well-functioning rules-based trading system.

- Data and information exchange underpins transparency, which is at work when standing WTO committees and bodies regularly conduct their peer reviews. These reviews afford everyone an opportunity to assess countries' progress in implementing their scheduled commitments and other obligations. In these sessions, specific trade concerns are directly addressed, often generating further intensive interactions, consultations and deliberations.
It is seen, however, that we still need to do better in this regard. Several WTO Members call for the monitoring and surveillance function of the WTO to be enhanced. Specific proposals by prominent WTO Members have started flowing to high-level bodies, informing that important debate.

I would also like to underscore that:

- It is recognized that the provision of timely and accurate information can be quite resource-intensive and difficult to manage and deliver. This is especially true when we consider the scope, depth and technicality of the subject matter. To a certain extent, the inclusion of an "Update on country collaboration" in the AMIS agenda reflects this shared concern.

- It is also recognized that, for certain countries, being able to deliver on their transparency commitments may require enhanced capacity-building and targeted assistance. I know that, to the extent that its own resources and funding situation allow, AMIS has always been very sensitive to this aspect.

- It is a virtuous circle that, the more data and information we have, the more effective the monitoring function becomes. This, in turn, allows countries to better understand each other’s policies and challenges, facilitating a more inclusive, informed and fuller participation and engagement. This virtual cycle is complete when such engagement fosters increased and improved flows of information and their accurate understanding.
I know that the functioning of AMIS is no different: you need reliable inputs, objective assessments, direction and support from all your stakeholders. This thought naturally brings me to my last point: the agriculture negotiations.

This is an area where the need for enhanced transparency is increasingly climbing higher on the negotiations agenda. I am convinced that building a common factual base and adopting a pragmatic approach would enable countries to make progress in the negotiations.

From the very first moment that I accepted to chair the agriculture negotiations at the WTO, I have consistently stressed the importance of increased data and information, as well as increased engagement.

And we have seen concrete results.

- Since the summer break, we have witnessed an increase in the number of notifications being made by Members in response to the demand for enhanced transparency in the negotiations. Similarly, we have also witnessed increased technical and analytical submissions from Members which are stimulating fresh discussions in all reform areas. I am happy to say that the monthly meetings of the negotiation group have been characterized by technical presentations based on these submissions.

- In that sense, the last two cycles of meetings, respectively dedicated to domestic support and market access, have been useful in promoting a practical, evidence-based understanding of diverging negotiating standpoints.
• I am confident that we will see the same momentum as we turn to export competition and export restrictions towards the end of this week. In parallel, when we convene this week, I intend to continue stimulating continued deliberations in areas that have already been the focus of our attention in the last few months.

On substance, WTO Members continue to actively pursue the long-term reform objective to “establish a fair and market-oriented agricultural trading system” while according the highest priority to legitimate non-trade concerns, such as food security. In my view, we cannot but seek to understand the offensive and defensive interests of Members, in each and every so-called "pillar" of reform.

On market access, export markets for agricultural commodities and value-added food products, particularly tropical products, continue to be affected by high and often complex tariffs; tariff peaks; tariff escalation; as well as complex and burdensome import procedures or licensing requirements, particularly under tariff quota access.

Recourse to trade-restrictive regulations in the form of unjustified sanitary and phytosanitary standards (SPS), or technical requirements continues to hamper agricultural trade flows. I am glad to see that both tariff- and SPS-related topics feature on today's agenda.

Several Members are also worried by the possible adverse impacts of sudden import surges on their farmers and domestic markets, particularly those import surges caused by the dumping of cheap agricultural produce. Furthermore, both developed and developing countries will be seeking flexibilities in one form or another to shield the products that they consider sensitive or special from further tariff reductions.
So, I am sure that you will fully appreciate that the market access puzzle that is before the membership today is rather complex. This negotiation is not just about opening market access opportunities. Furthermore, it is important to highlight that market access negotiations have been in a dormant state for the past 10 years. In a 2018 environment, we have seen this file awakening.

On domestic support, as you may be aware, WTO rules categorize government support measures to agricultural producers based on their likelihood to generate production and trade distortions.

- To avoid using our jargon, and at the risk of over-simplifying the conceptual framework, let me just say that Members have committed to reduce the level of the most harmful forms of support, for example, market price support, input and investment subsidies.

- The more trade- and production-neutral forms of support are exempted from reduction commitments subject to specific conditions. In this category, you have, for example, general government services (such as research and development, pest and disease control, training, marketing and promotion, etc.) as well as direct payments to producers (for example to support farm incomes, structural adjustment or co-finance crop insurance).

- Of course, within this framework, developing countries benefit from a certain number of flexibilities.

As I previously mentioned, last month, fresh technical analyses were tabled. These contributions gave us an opportunity to examine in detail the evolution of the various forms and levels of production incentives that were put in place by the membership.
Obviously, our common objective is to level the playing field in global agricultural production and trade by strengthening existing rules.

- In my opinion, these negotiations may involve tightening **both existing reduction commitments** as well as **specific exemption criteria**.

- A clear dilemma before us is whether to discipline the most trade-distorting forms of support first, or to take a **more holistic approach** to reforming the relevant rules in this area.

- In approaching this dilemma, Members are, of course, mindful of preventing any adverse impacts on livelihoods and food security.

- In this respect, let me recall that the right to institute **public stockholding programmes for food security** is a priority issue.
  
  - These negotiations aim at finding a **permanent solution** that would allow governments to subsidize stockholding operations for rice, maize, wheat or soybeans.

  - A sensitive concern, however, is whether subsidized stocks would cause distortions and commercial displacement of competitive supplying countries, should they be released later in international markets. Many developing Members fear that, in such a situation, their own food and livelihood security might be compromised, unless **additional safeguard mechanisms are introduced**, coupled with effective monitoring and transparency requirements.

Let me now turn to **export competition**.
Three years ago, we celebrated WTO Ministers' agreement to eliminate all forms of export subsidies to agriculture, meaningfully contributing towards meeting the UN SDG target to "correct and prevent trade restrictions and distortions in world agricultural markets". That very first instalment was hailed as a historic move. Since then, to give effect to this agreement, several Members with WTO-bound export subsidy reduction commitments undertook to revise their schedules in order to duly reflect this negotiation outcome.

Today, there is renewed interest for the other three elements of the export competition portfolio. These are: exporting state-trading enterprises, international food aid; and subsidized export credits, export credit guarantees or insurance programmes.

As these questions will only be re-visited in detail for the first time this week based on Members' submission of discussion papers, I will be more than happy to report on how these discussions have evolved at my next encounter with the AMIS group.

Finally, I would be remiss if I did not address the topic of export restrictions. This will also give me an opportunity to circle back to the initial theme of transparency.

I am fully aware of AMIS's mandate and its contribution to SDG 2, which calls on governments to "adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility".

So, preventing food security risks caused by price volatility is an aim that is shared by AMIS as well.
The multilateral trading system already recognizes governments' right to institute temporary export restrictions to relieve critical shortages of foodstuffs. Building on existing rules, there is now substantial support for improving upon the relevant WTO transparency provisions. The goal is to ensure that the impacts of export restrictions on international food price volatility are mitigated through strengthened, yet non-burdensome, notification and consultation mechanisms.

As you might have anticipated, it is much too early to devise emerging options, let alone evaluate possible outcomes, in each of these negotiation areas.

I intend to pursue these technical exchanges until the end of 2018. I am certain that the way forward in 2019 will become clearer in the light of Members' analytical contributions and other transparency initiatives. These will be key to foster cooperation, generate new momentum and explore creative solutions. In that sense, Members' inputs and active engagement will continue to shape the negotiation agenda.

It is no secret that, in the WTO, we are in troubled waters. I have already hinted at the reinvigoration process that is on-going in higher level WTO bodies, where a range of contributions have been recently tabled. Transparency and the work of AMIS lead us by example: for us, it will also be vital to characterize the problem before we find the appropriate solution.

The multilateral trading system has brought us stability and prosperity since 1948. As we exit 2018, the need for even higher transparency standards is present in our hearts and minds.

I know we can count on your continued engagement and dedication to the AMIS Initiative. Keep on supporting this transparency forum. Bring new
ideas and initiatives to the table. Broaden your perspectives in monitoring food trade.

    My very best wishes for a fruitful session.

Thank you.