The inclusion of local food trade in the on-going debates on agricultural subsidies at the WTO

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Changing the WTO rules to foster local food trade implies to revisit the issue of agricultural subsidies

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For trade to be inclusive and foster sustainable development implies prioritizing local food trade

If trade is to contribute to the SDGs in Sub-Saharan Africa, in the context of climate change, demographic explosion and sharply rising food deficit, priority should clearly be given to local food trade instead of international trade.

West Africa (WA) food trade deficit has exploded from $373 M in 2000 to $9.640 bn in 2013, and from $2.320 bn to $14.685 bn without cocoa and coffee.

Unemployment affects already 50% of the WA youth and the population would rise from 363 M in 2016 to 800 M in 2050, requiring the creation of 284 M additional jobs.

Huge potential of remunerative agricultural jobs in WA

For the WB a 1% increase in agricultural per capita GDP reduces poverty 5 times more than a 1% increase in per capita GDP elsewhere, mainly among the poorest people.

But this requires a minimal financing by national and external public funds which are falling and cannot be expected to rise in line with the agricultural jobs that need to be created

So that the solution is to use the same tools of developed countries when they were themselves poor before climbing at the top of the ladder of agricultural competitiveness today

Instead of trade liberalization, reauthorize GATT exceptions allowing import protection for agricultural products

Free trade has never worked in agricultural markets which cannot self-regulate: facing a steady food demand in the short run, agricultural production fluctuates with wheather vagaries – that will intensify with climate change – and so do agricultural prices and incomes and food prices.

That is why the GATT tolerated agricultural exceptions: no limits to the level and types of import protection up to 1994.

The EU used variable levies on cereals (also in imported meat), beef and dairy products: they could not enter the EU at prices below the remunerative prices for the EU farmers.

The US preferred to use import quotas and got a GATT waiver in 1955, used mainly for sugar, dairy and peanuts.

Another crucial issue is developed countries' dumping through their large agricultural domestic subsidies

Agricultural domestic subsidies are the most contentious issue in the debate at the WTO agricultural committee, and *"a key potential outcome"* for the XIth 2017 Ministerial

The developed countries keep an unyielding stance denying the dumping effect of domestic subsidies. The EU adds that this is all the more verified with its *"decoupled"* subsidies

A stance based on the scandalous definition of dumping in GATT: no dumping as long as exports are sold at domestic "market prices", even if lower than national production costs. The US and EU have used this definition to lower their agricultural prices, offsetting farmers with blue & green subsidies.

Another crucial issue is developed countries' dumping through their large agricultural domestic subsidies

As domestic subsidies have an import substitution effect and as DCs cannot subsidize their many farmers at a significant level they should be allowed to raise their applied import duty per tonne by adding the subsidy per tonne of the exporting country even if this ends up in exceeding the bound duty.

WTO members should notify their subsidy per tonne per tariff line as they have to notify their import duty per tariff line.

Administered prices *versus* market prices

The US and EU have lowered by steps their administered (guaranteed) prices since the 90s to increase their competitiveness with huge offsetting amber, blue and green subsidies

AoA annex 2 paragraphs 3 and 4 deal with "current market prices". The US and EU provisions on "non market economies" define market prices when "*there are virtually no government involvement in setting prices*", which is not verified for all US and EU agricultural prices.

They should be corrected by adding the subsidies to get the actual *administered prices* comparable to prices of DCs unable to grant such payments to their so many farmers.

The US AMS of its domestic food aid in 2012

The AoA definition of the market price support (MPS) in the AMS (aggregate measurement of support of trade-distorting subsidies) is absurd: gap between present administered price and border price of 1986-88 times the eligible production.

The only difference between the US and EU farm prices and DCs *administered prices* such as the Indian MPS (Minimum Support Price) of rice and wheat is that, in the US and EU, the subsidy is not incorporated in the MSP at purchased time but is granted along the year under various types of coupled and decoupled payments.

SOL has shown that for 8 US products – 3 cereals, 3 meats, eggs and dairy – the US should have notified to the WTO $14.9 billion in 2012 for its AMS linked to domestic food aid, compared to the $2.1 billion of Indian AMS on rice & wheat.

ECOWAS should become a full WTO Member

To reinforce its policy space on trade at the multilateral and bilateral levels ECOWAS should become a WTO Member as the EU has done on behalf of all its Member States at a period when it was not yet a full common market.

Whereas ECOWAS CET (Common external tariff) has only fixed applied duties, WTO membership will bring bound duties – at the average level of the bound duties of its 15 Member States, weighted by the share of each in extra ECOWAS imports, i.e. at around 85% – , allowing to change applied duties according to economic conditions.

ECOWAS could then apply *variable levies* instead of *ad valorem* duties for most agricultural products, provided they would not exceed ECOOWASe bound duties.