

*Current Challenges and Opportunities For Agricultural Negotiations at the
World Trade Organization (WTO)*

**Remarks of
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Thank you for the invitation to join you at the 61st Annual Board of Delegates Meeting of the U.S. Grain Council, and to address the very topical issue of current challenges and opportunities for agricultural negotiations at the World Trade Organization (WTO).

The news these days is filled with consideration of how to improve America's physical infrastructure which is in serious need of repair.

In North America during the 1800s, moving grain within the continent was part of the story of building this nation, first with canals and then with railroads. Improvements in infrastructure were vitally important to the growth of American agriculture. Communications improved, inland and ocean freight rates dropped, and by the time of the Civil War demand for American grain exports grew first in Europe and then in Africa and Latin America.^{1 2} Ever since that era, foreign markets have been extremely important to American grain producers, despite wars, the growth of the European Common Market, the Russian grain embargo, in recent years trade issues with China, and a wide variety of other factors.

The infrastructure for trade in grain is not just physical. There is also an infrastructure of rules, and the place where those rules are negotiated and enforced is the World Trade Organization, the WTO.

During the last four years, before the pandemic, I travelled widely in the cause of improving the rules governing world trade often with a focus on agriculture.

In February 2020, just before the lockdown, my last trip was to Addis Ababa. Ethiopia is seeking to become a member of the World Trade Organization and accessions was part of my

¹ *Agricultural History*, Vol. 50, No. 1, Bicentennial Symposium: Two Centuries of American Agriculture (Jan. 1976), pp. 137-150, Published by: [Agricultural History Society](#).

² Ditto. https://www.jstor.org/stable/3741911?read-now=1&refreqid=excelsior%3A4584826d5e0283ed9b97501c1c294160&seq=14#page_scan_tab_contents.

responsibility. Most of farming today in Ethiopia, I was told, does not differ from what it looked like over 2000 years ago. You can see the same plows in a museum of history in Addis as you can see in three-quarters of the farms of Ethiopia. But look on the web and you will find awards given to agricultural start-ups in the digital space,³ for young entrepreneurs between for their innovative digital solutions for the agricultural sector.

I have taken a tour of the Agriculture Museum in Beijing, which sets out the progress that has been made in Chinese agriculture stretching over six thousand years. A few hours later, I visited the high-tech nerve center of China's Ministry of Agriculture, where my host, Vice Minister Qu Dongyu (now the Director General of the FAO), took me to a large room filled with an impressive array of computer screens displaying current data on Chinese crops in real time. His major goal was to use digital commerce to move fresh fruit and vegetables from the Northeast of China to dense population centers in the Southeast of the country, and he is a champion of digital commerce at the FAO.

In May 2019, the Japanese Government took those of us attending the G20 Agricultural Ministers Meeting to a farm an hour's drive from the conference location in Niigata on the Japan Sea. We were given a demonstration of plowing, planting, and fertilizing of a rice paddy humans are never expected to enter. Farmers work on computers, remotely operating machinery that performed all necessary tasks, monitored by a drone overhead. These farmer technologists could direct differentially the amount of fertilizer and water needed for each square meter of land in that rice paddy.

In Kenya, there is a drought crop insurance program that farmers gain access to via cell phone, and they do not apply for benefits if there is a drought. Thanks to satellite imagery, the insurance company knows where the drought is and simply pays out benefits.

While at the WTO, I met annually in Berlin with Trade Ministers from about 80 countries at the Global Forum for Food and Agriculture. One of the chief purposes of the last two meetings has been to focus on the use of digital commerce for agriculture.

To each of these countries, to all WTO Members, agriculture is essential.

At the WTO, there is a negotiation on e-commerce that is advancing. A lot has been accomplished, but there will ultimately be problems in reaching conclusions on some difficult subjects, like the free flow of data across borders, banning forced server location, and there will be concerns about how to assure privacy. Absent a good result, the world of digital commerce will likely become fragmented, subject to chaotic national regulations that may conflict. Grain is traded worldwide, and the grain sector benefits from the use of data from science in laboratories, to farming, to movement of crops across borders, and finally to the point of

³ <https://www.cta.int/en/blog/all/article/cta-awards-ethiopia-s-digital-agriculture-start-ups-sid0f7ba5756-ed11-4251-82ee-c98b97d0fc2c>.

consumption. I urge you to be knowledgeable about the talks and press for their successful conclusion.

Farmers everywhere, and all agribusinesses, have a stake in having access to digital technologies.

The U.S. in agricultural trade negotiations

The importance of agriculture to American trade policy is reflected in U.S. law. The Congressional mandate for trade negotiations states that:

The overall United States negotiating objective . . . shall be to obtain more open and equitable market access and the harmonization, reduction, or elimination of devices which distort trade or commerce. To the maximum extent feasible, the harmonization, reduction, or elimination of agricultural trade barriers and distortions shall be undertaken in conjunction with the harmonization, reduction, or elimination of industrial trade barriers and distortions. [Emphasis supplied].⁴

A constant theme of U.S. trade policy for many decades has been pressing for more open international markets for agriculture.

During the time that I was a U.S. trade negotiator, U.S. agriculture, then as now, needed foreign markets. A major challenge was trying to find common ground with our European counterparts, then known as the European Communities, or EC. When the six EC Member States expanded to nine, I was the lawyer for the U.S. negotiating team, and worked to preserve U.S. grains rights. In the multilateral trade talks of that time, called the Tokyo Round, we worked on a national stocking arrangement for wheat to help stabilize world prices. That effort did not result in an agreement and was abandoned.⁵ What we did get was important. For grain – codes on subsidies and standards. The subsidies code began the process of seeking an agreed means to counter the distortions of world trade due to government support. The standards code began the effort to keep standards from becoming unnecessary barriers to trade.

⁴ ([Pub. L. 93-618, title I, §103, Jan. 3, 1975, 88 Stat. 1984.](#)) 9 USC §2113. Overall negotiating objective

⁵ Alan Wm. Wolff, Testimony before the Committee on Agriculture, Nutrition and Forestry, U.S. Senate, February 26, 1979.

https://books.google.com/books?id=jiLWAAAAMAAJ&pg=PA37&lpg=PA37&dq=james+starkey+assistant+trade+representative&source=bl&ots=JSq4Iz1Etx&sig=ACfU3U1CYJc-M IXyB_9Ny3C7JpfeVKXoA&hl=en&sa=X&ved=2ahUKEwiZioCbyszxAhWIZ80KHRsxCqYQ6AEwBHoECACQAw#v=onepage&q&f=false.

See also A Short History of US Agricultural Negotiations, Jane M. Porter and Douglas A. Bowers, FAS, USDA, https://www.ers.usda.gov/webdocs/publications/41764/54007_ages8923.pdf?v=42298.

The breakthrough for agriculture in the multilateral trading system came with the Uruguay Round, which created the WTO and the WTO Agreement on Agriculture in 1995. The agreement finally began to set limits on domestic support levels. One problem now is that the reference period for calculating disciplines was 1986-88, and the world has changed a lot since then.

The Agriculture Agreement (AoA) calls for ongoing negotiations. The one major accomplishment creating new disciplines under the Agreement during the last 26 years was the decision of the WTO Nairobi Ministerial Conference in 2015 to eliminate agricultural export subsidies.⁶ Now, continued and progressive steps are needed to "establish a fair and market-oriented agricultural trading system" as pledged in the opening words of the Agreement.

Where agriculture talks stand now

Discussions are underway ahead of a WTO Ministerial Conference (MC12) scheduled for late November, about how to reduce trade-distorting support, improve disciplines on export restrictions, enhance market access opportunities, and further improve export competition rules. There will also be keen interest on the part of other WTO Members in addressing issues relating to cotton, special and differential treatment for developing countries, and public stockholding for food security purposes. I do not expect any major consensus to be reached in the lead-up to the Ministerial other than, I would hope, an agreed work program for agriculture. Frankly, it is long overdue.

This does not mean that the WTO has been inactive on agriculture. The opposite is the case.

During this pandemic, the WTO Secretariat working with Members gave Members current information on restrictions placed on food, and drawing on AMIS and other sources, made sure that Members knew that global food stocks were robust and export restrictions were generally not necessary, and a number of these measures were rolled back. A key feature of the WTO is providing transparency so that national decision makers can make better informed decisions. Can the WTO do a better job of this? Of course it can. The secretariat should be given more latitude to report on what it finds in terms of trade measures and have the resources necessary to be the best possible source of information of this kind.

What the WTO Members did not do, and have to do, is make sure that the trading system is better prepared to meet crises, this and future pandemics, and extreme weather events made worse by climate change. Food has to be able to move more freely from areas of plenty to areas of need. This is not just an economic question it is a moral imperative.

⁶ <https://www.brookings.edu/blog/future-development/2016/02/08/the-wtos-decision-to-end-agricultural-export-subsidies-is-good-news-for-farmers-and-consumers/>.

In addition to monitoring activities, over the last several years the secretariat has hosted seminars and Members have put forward papers on many of the technical aspects that are required to make negotiations possible. There has been substantial work done on identifying current levels of domestic support, on gaps between bound and applied tariffs, and other technical subjects.

To move forward on agriculture, there must be better disciplines on domestic support. To get substantial results what is needed most importantly is leadership. Mid-sized countries cannot carry this forward alone. Major trading countries, the U.S. in particular, must join them, and find some common ground with others including the European Union and China, while accommodating the interests of India to the extent possible with respect to food security. Other WTO Members will insist that industrial subsidies and non-agricultural market access must be addressed at the same time. As you can see, it is more complicated than a game of three-dimensional chess, but the WTO can provide a better, less distorted environment for agricultural trade than exists now. And, frankly, without the U.S. deeply committed and engaged what is difficult becomes impossible.

Agriculture also must be a centerpiece of the WTO agenda going forward. In no economic sector do we see as much need for a multilateral approach as we do in agriculture. To date there has not been a single regional or bilateral trade agreement that has tackled the issue of agricultural subsidies. These agreements, if they include agriculture at all, tend to focus on immediate market access. They do not seek to correct the more deeply embedded trade distortions that prevent farmers from competing in world markets with an even prospect for success. Larger solutions require broad multilateral participation.

It is unlikely that there will be a breakthrough on agriculture in the WTO in 2021, but the stage can be set for progress. The WTO's Members' inability to agree to ban export controls on purchases by the World Food Program would be the first down-payment. That should have been agreed months ago and still can be agreed by year end. There needs to be better transparency, not only through giving the WTO Secretariat a mandate to report on the best information available, but by giving it the resources to do so. There must be a concrete and robust work program put into place for 2022 onward. There can be reassurance that food security broadly defined, in a form acceptable to all, will be one priority.

What can you do?

Make sure that policy-makers in Washington know that you care about trade.

Make sure that the President is in a position to negotiate.

Four weeks ago, on July 1, Trade Promotion Authority (TPA) lapsed. TPA is the way in which Congress, which has under the U.S. Constitution the exclusive power to regulate U.S. Commerce and the President, which has the exclusive foreign affairs power, work together so

that the trade agreements that the President negotiates have a decent chance to get implemented. It is also where Congress stipulates U.S. negotiating objectives. This country has a dismal record of implementing trade agreements that were not authorized in advance by the Congress or did not have these special procedures requiring an up or down vote with no amendments possible. USMCA was unusual in having forged a coalition for support. Other trade agreements may well have more of an uphill challenge in Congress. To give one illustration of the problem and a solution, lately, there has been a lot of discussion about whether the filibuster will be retained, requiring 60 votes in the Senate to pass almost any legislation. When TPA is in effect, there is no filibuster possible for trade agreements.⁷

According to the Council's website, U.S. grains, co-products and ethanol are sold to buyers in more than 75 countries, with sales amounting to about 35 billion dollars a year. The only way to assure access to foreign markets is to negotiate agreements providing for it. A President has to give this priority and Congress has to support the effort.

There are plenty of other priorities for any administration or any Members of Congress. The first requirement is showing up. One thing I want to commend you for is the fact that grains was one of the only American agricultural interests that visited me during my 3 1/2 years at the WTO as Deputy Director-General.

Make sure that you follow all the areas of negotiation that can substantially affect your businesses. This includes not only the e-commerce talks, what is done on agriculture but also restoring reliable dispute settlement to the WTO. And most of all, make sure in every way possible that all know that the Grains Council supports adoption in the WTO of an ambitious work program for agriculture.

⁷ *In each chamber, once the measure is under consideration, debate is limited to 20 hours, no amendments may be considered, and various potentially dilatory motions are prohibited. In the Senate, this limit on debate means that no super-majority vote will be needed to overcome a filibuster. Each chamber can pass the implementing bill by a majority of the Members voting.*

TPA was reauthorized in 2015 by the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA) (P.L. 114- 26), which was signed by then-President Obama on June 29, 2015, after a contentious legislative debate. For the first 20 years of TPA's existence (1974-1994), it continually was in force. However, it lapsed from 1994-2002 and from 2007-2015. TPA: Key Facts • President tariff reduction authority first enacted in 1934 • TPA First enacted in 1974 • Renewed 4 times • Used to consider 15 FTAs and 2 multilateral GATT/WTO rounds • TPA 2015: In force until July 1, 2021.

Congressional Research Service, *Trade Promotion Authority (TPA): Frequently Asked Questions*, Updated June 21, 2019. <https://fas.org/sgp/crs/misc/R43491.pdf>.
[https://crsreports.congress.gov/product/pdf/IF/IF10038#:~:text=Trade%20Promotion%20Auth,ority%20\(TPA\)%20is,meet%20certain%20statutory%20requirements%20\(see](https://crsreports.congress.gov/product/pdf/IF/IF10038#:~:text=Trade%20Promotion%20Auth,ority%20(TPA)%20is,meet%20certain%20statutory%20requirements%20(see)

Conclusion

None of the challenges I have addressed today can be met absent success in breathing new life into the rule-making function of the WTO. Trade policy questions relating to the agricultural sector must be successfully addressed, both for the sake of U.S. agriculture and the world's producers and consumers, and they need to be addressed at the WTO.

While continued agricultural trade policy reform at the WTO may seem hard or discouragingly slow, progress is essential. Given the immense benefits that would accrue to agricultural trade, I urge you and other stakeholders to be fully engaged. Agribusiness can play a crucial role in designing international trade rules. Throughout the history of negotiations in the multilateral trading system, private sector expertise and advice have been crucial to identify the opportunities and challenges in international trade negotiations. With your active support, negotiators can upgrade the WTO rulebook and facilitate its serving trade as it evolves. The WTO can continue delivering the stability and predictability that all those who are engaged in trade or benefit from it require, serving the people the system was designed to serve.