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**Committee on Agriculture
Special Session**

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STATEMENT ON EXPORT COMPETITION

SUBMISSION BY THE PHILIPPINES

The following communication, dated 9 December 2015, is being circulated at the request of the delegation of the Philippines.

This submission seeks to remind Members of the critical importance the Philippines places on the need to address its specific concerns on export competition contained in JOB/AG/55 on 27 November 2015 (attached) which have remained unaddressed in the current working draft of the COA-SS i.e. the product of Members' constructive engagement in the WTO "Room E process" on 5 December 2015.

While some Members are seeking to address the above "5 December draft" in various formats since Saturday, the Philippines would like to see this draft in 10th Ministerial Conference (MC10) in Nairobi as it was on 5 December 2015, unless of course, our issues hereunder are being favourably addressed in these discussions in advance of the 10th Ministerial Meeting in Nairobi.

Our strong resolve is clear: The need to eliminate all forms of export subsidies -- including those provided through programs on export credits and financing, agricultural exporting STEs, and international food aid -- closest to the missed 2013 deadline of the 2005 Hong Kong Declaration (i.e. by 31 December 2016) is critical to the Philippines and other non-subsidizing countries if we are to make the WTO rules fairer and more balanced and the 10th Ministerial Conference in Nairobi successful.

In this regard, the Philippines resubmits the statement hereunder on export competition and special safeguard delivered in the COA-SS on 27 November 2015, for consideration of Members.

PHILIPPINE STATEMENT ON EXPORT COMPETITION

COA-SS SMALL GROUP CONSULTATION

27 November 2015, 10 am, WTO S3

1. The Philippines thanks the Chair for holding this meeting and for the opportunity to introduce our proposal on export competition.
2. But before I introduce our proposal, allow me to provide some general points.
3. Chair, this important issue could not be resolved among the very limited G-7 players only, and we certainly commend you Chair to see larger number of delegations in this transparency and consultation exercise today.
4. Chair, there appears to be lack of appreciation of our very high stake in export competition simply because our trade regime is one of the most liberalized (with no export subsidies and entitlements, no AMS entitlement, and low tariff regime).
5. On the other hand, the openness of our trade regime means our farmers have been exposed to all sorts of trade distortions created elsewhere; hence, the high degree of our stake here to ensuring real reform takes place in export competition.
6. The lack of reform in export competition also magnified the apparent direction of a few Members to maintain unbridled subsidization in agriculture production especially in the largest Members of this organisation.
7. Fourteen years since our ministers in Doha have mandated us to substantially reduce domestic support and eliminate export subsidies and twenty years since the establishment of the WTO, the scale of subsidization in production and export remains unperturbed and in fact increased in unprecedented levels in some Members.
8. For illustration purposes only: the US overall domestic support more than doubled over 15 years, from US\$61 billion in 1995 to US\$130 billion¹ in 2010 – the latter was roughly about, if not more than, 130 times the size of the Philippines total expenditures in agriculture in the same period.
9. No matter what is the "colour" of subsidies being provided, some studies would point that virtually all kinds of subsidies are essentially and inherently trade distorting.
10. We have been deeply disappointed with the direction in which a few Members are taking us all away from truly eliminating export subsidies and trade-distorting domestic support.

Chair:

11. **Turning on to the PHL proposal contained under JOB/AG/55**, the elements and thresholds we inscribed especially the elimination of all forms of export subsidies by the end of 2016 are minimum for us, and must be for all, because this is the closest we could get to the missed 2013 deadline that our ministers agreed to in Hong Kong.
12. Some may argue that we also missed incorporating the phasing out modalities in Rev.4 and quickly conclude that our proposal is "Rev.4 plus". For us, the fact that the 2013 elimination date has been missed, there is no more reasonable alternative modality and expectation than immediate elimination.

¹ JOB/AG/55 of 25 November 2015.

13. **On export monopolies:** These should likewise be immediately terminated because these do not only make subsidized exports artificially more competitive but these can also be used as effective instruments in restricting exports that undermine the food security of low income food-deficit developing countries, as was the case at the height of food crisis in 2008. However, we recognise that export measures in some developing countries may also be necessary for price stability and food security.

14. **On export credit, guarantee and insurance:** The subsidy components of these schemes should likewise be immediately removed. Ensuring the schemes do not cause commercial displacement can also minimize, if not totally eliminate, the subsidy elements therein.

15. **On international food aid:** We appreciate the critical role of food aid from donor Members, most especially in times of emergencies. The PHL -- a hotspot for natural disasters such as super typhoons and floods, earthquakes, and volcanic eruptions -- sincerely thanks donors who regularly come to our aid in times of these emergencies. However, aid must not be designed and provided in ways that undermine food and livelihood security in recipient countries.

16. Thus, the Philippines cannot accept the retention of **monetization of aid in times of emergencies**. However, a special dispensation can be provided to small countries as provided under paragraph 8 of Annex L of Rev.4.

17. **For aid in non-emergency situations**, monetization may only be allowed to finance transport and delivery of the same in some recipient countries such LDCs, NFIDs, the 2015 FAO list of low-income food deficit countries, and land-locked countries. Provided the monetized aid shall not exceed 15% of the total donation and a program is in place between the donor and recipient Members that would ensure trade distortions, including commercial displacement, can be avoided/eliminated.

18. We would not also be in a position to endorse any proposal in export competition that would derogate or circumvent the subsisting provisions of **Agreement on Agriculture (AoA) and Agreement on Subsidies and Countervailing Measures (ASCM)**.

Chair:

19. In considering these proposals, we should not forget the need to provide meaningful special and *differential treatment for developing countries, as mandated in Hong Kong as an integral part of every element in the Doha negotiations.*

Chair:

20. The elements in our proposal are critical if we are to support export competition as a meaningful outcome for Nairobi. There is no better time to eliminate all forms of export subsidies and send a positive signal to world than now, the 20th anniversary of the multilateral trading system.

21. However, Members must not misconstrue that the elimination of all forms of export subsidies can ever replace the need to eliminate all forms of trade distorting domestic support.

22. **Finally, Chair, any export competition outcome would not make a serious dent to the inequities and imbalances that are built-in under the AoA, which have been disadvantaging and penalizing many developing countries, LDCs, and SVEs. Thus, our strong resolve to continue pursuing other necessary developmental elements of the DDA such as SSM and Public Stockholding would not diminish until we successfully deliver them in Nairobi.**
