



# United Nations Environment Programme

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PROGRAMME DES NATIONS UNIES POUR L'ENVIRONNEMENT • PROGRAMA DE LAS NACIONES UNIDAS PARA EL MEDIO AMBIENTE  
ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

## Summary of discussion: the preparatory workshop on integrated assessment of trade liberalization in the agriculture sector

Geneva, 13 February 2002

### Objective of the meeting:

- (1) Introducing and reviewing the UNEP assessment framework, consisting of a set of country level assessment projects and a reference document "Reference Manual for the Integrated Assessment of Trade-Related Policies."
- (2) Consulting experts to help UNEP design the next set of projects on agriculture sector, consisting of four country level assessment projects and a reference document on assessment focusing on agriculture sector.

In designing country-level assessment framework in agriculture sector, UNEP asked the following questions:

- (a) Which crop/sector is the most likely to show clear environmental impacts?
- (b) How the sustainable development priority of the country plays a role in designing the assessment?
- (c) Which countries could be representative samples of the different policy priorities at the World Trade Organization (WTO) negotiation?

### Participation:

International organizations (FAO, UNCTAD, WTO, OECD, UNEP-ROE) non-governmental organizations (IATP, ICTSD, Oxfam, IISD) and an academic institute (IUED) that work on the area of environment, development and agriculture were invited. The workshop benefited from active participation of 12 experts.

### Discussion summary:

The morning sessions were devoted to establish common understanding between experts and ETB. UNEP's approach to the country-level assessment, methodological framework, timing, and scope were discussed. As in the past studies, UNEP intends to work with national research institutions that will undertake the assessment work in the specific country with close collaboration and consultation with the government and other national stakeholders. UNEP provides an assessment framework it developed in the "Reference Manual for the Integrated Assessment of Trade-Related Policies." The process shall result in proposing a policy package for the government to be implemented in face of identified environmental changes caused by trade policies, if any. In this round of studies, to mobilize the resources effectively and also to strengthen the network and cooperation between research institutions, one sector or one crop approach—all

four country projects will focus on the same sector or crop—was proposed for experts' consideration.

The task for the experts was to define the scope of the assessment, and to identify the crop on which the assessment will take place, and the countries where such assessments take place.

## SCOPE

Some experts expressed worries concerning the scope of the country case studies, in particular about the meaning of trade liberalization. Experts recommended that the country level assessment shall focus on the provisions and on the negotiating agenda of the WTO Agreement on Agriculture (AoA), namely market access, domestic support and export competition. Finally, it was suggested that the assessment will cover both negative and positive aspects of the impacts of agriculture on the environment (including biodiversity).

## TIMING

Some concerns were expressed about the timing of the studies, i.e. if these country case studies will be able to feed into the WTO agriculture negotiations. It was then expressed that the WTO negotiations will certainly last longer than foreseen. Furthermore, intermediate results would be presented in about 8 months. Finally, directly influencing the WTO negotiations is one main objective, but the capacity-building component is as important.

## SECTOR

**Corn, rice and wheat** were initially put on the table by UNEP for experts' consideration. Expert discussion was confined to the market character and the trends in world trade of each crop. **Rice** was considered as having the most desirable characters as an analytical object. It is an important diet for many countries around the world, rice production and rice as a food has important social implications, and environmental implications of rice production have been under debate. It involves some potentially large markets such as China and Japan with a large producer in the US. Substitutability of different types of rice, namely irrigated, lowland, high land and swamp rice, could be possibly high. The crop is grown in both temperate and tropical zones, and thus covers a wide geographic range. Under the AoA, the crop is under quantitative restriction for market access. Domestic support is high for this crop in certain countries. The amount of export competition measures for this crop in certain countries is also suspected to be high.

**Wheat** has been rejected on the basis of an observation that the world wheat market is highly distorted by the existing flows of food aid, and that it is only a temperate zone crop.

**Corn** was considered to pose an interesting analytical opportunity because of its highly complex connection to the upstream and downstream industries, such as beef sector (where corn is used as feed), soy sector (as the rotating crop with the corn), palm oil (as a substitute for corn oil), tapioca and manioc (as a substitute for corn as feed). The disadvantages of choosing corn are that it is produced in a limited number of countries; white corn and yellow corn seem to have low substitutability; major market liberalization has already taken place, and it is largely temperate zone crop. Also the complexity of the market structure may pose difficulties if the number of the studies is limited to four.

Other crops suggested for consideration by experts were: **sugar and sweeteners, coffee, cotton, banana, cattle and coarse grain**. Although rice can cover a wide range of geographical regions as well as political and economic circumstances, certain specific contexts like that of small island developing state within regional trade protocols or agreements cannot be addressed. In this respect, **sugar and sweeteners** is considered to be an ideal complement to the rice studies. Sugar and sweeteners also cover tropical and temperate zones. **Coffee** has been rejected on the

grounds that it is more influenced by regional agreements rather than multilateral trade agreement, and although processing side of industry chain demands attention, there is no prospect for further trade liberalization in this crop. **Cotton** was rejected mainly because its downstream industry, textile sector, and the WTO textile agreement attract more attention, and thus make it difficult to analyze the effects of trade liberalization on cotton sector. It may also have a less straightforward implication for food-security issue, one of the non-trade concerns under the AoA. **Banana** displays a horizontal integration of the production chain, dominated by oligopolistic multinational companies, in which the WTO rules are not directly applied. **Cattle** sector was raised for its important environmental implication in managing on-farm biodiversity for extensive cattle farming in both developed countries and in subsistence economies. In subsistence economies cattle farming can have important food security implications. High political sensitivity of the sector and regional specificity discourage to take up this sector. However, cattle could also complement the rice studies, if the necessary funds could be met. Lastly, **coarse grain**, such as millet or sorghum, was proposed but rejected mainly because of their small volume in world trade.

## REPRESENTATIVE COUNTRIES

After crops of interest had been identified, experts named some examples of countries in which studies could take place for each crop. The following table, by no means exhaustive, is a list of countries. The categorization has been proposed by UNEP for experts' consideration. An additional category of accession countries is added to the original list.

- (1) Least-developed and net food importing countries anticipating the possible negative effects of the AoA reform programme;
- (2) Countries who produce and protect the crop as a sensitive product in the domestic market, and provides export competition measures for exporting such crops (Major economic powers with trade-restricting policies);
- (3) Developing countries who could have producing and exporting capacity for the crop, only if the competitive world market price prevails and if trade barriers of potential markets are lowered;
- (4) Countries who produce the crop in a large-scale industrialized basis and dominate the world market share (Major economic powers with a trade liberalization orientation).
- (5) WTO accession countries.

	Rice	Sugar and sweeteners	Maize	Beef
LDC and net food importing countries	Senegal, Haiti	Mauritius, Fiji	Honduras, Tanzania, Zimbabwe	Burkina Faso, Mali
Sensitive product country	Japan, Korea, Spain, possibly China	US, Germany, France, UK	EU, Mexico	France
Potential exporters	Australia, Uruguay	Australia	Latin America	
Dominant exporters	US, Thailand	Cuba, Mexico, Brazil	US, Brazil, Argentina	Argentina, Brazil

Acceding countries	Vietnam			
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### Next steps:

#### PREPARATION FOR THE PROJECT

- Experts may guide UNEP in finding relevant literatures and experts specialized in rice.
- Experts and institutions may inform UNEP on countries and institutions that can work with UNEP.
- UNEP aims to strengthen institutional cooperation in having technical supports from specialized agencies to the project
- ETB will revise the background paper for the workshop reflecting experts' advice.

#### LAUNCHING THE PROJECT

Drawing upon the expert advice, UNEP shall start its project with four country level assessments on rice. Following the UNEP mandate, it will mainly concentrate on developing country national research institutions for cooperation in conduct the study, but developed country assessment projects could be part of the project in case it is funded directly by the institutions and governments concerned. If extra funding becomes available, UNEP will focus its work on other crops highly recommended by experts, such as sugar and sweeteners or cattle/beef.

In the next meeting, tentatively proposed on 5th April 2002, 10 national research institutions from 5 geographical regions (Africa, America, Asia, Europe and West Asia) will be briefed on the project. In the coming month, UNEP will:

- Search for countries/national research institutions
- Search for experts on the rice crop (characteristics of the crop, indicators and methodology for assessment)

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