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Agricultural Trade Forum Newsletter

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ATF Members

- Namibian Agronomic Board
- Meat Board of Namibia
- Meatco
- Namib Mills Group
- Namibia Grape Growers Association
- Namibia Dairies/Olthaver & List Group
- Bokomo Namibia
- Namibia National Farmers Union
- Namibian Agricultural Union
- Agronomic Producers Association
- Witvlei Meat
- Namibia Grain Processors Association

Bali Package on public stockholding for food security

Under WTO rules, the buying of food from farmers at higher than market prices for public stockholding purposes is considered trade distorting and would normally fall under the Amber Box (see side panel for anecdote of the categorisation of domestic support) of domestic support and subject to dispute settlement. However, as flexibility under the Amber Box category, developing countries are allowed to provide support up to 10 per cent of the value of their production.

Due to the rising and volatility of food prices, many developing countries were concerned of exceeding their limits. To this end, there was a proposal that would amend the WTO Agreement on Agriculture (AoA) to provide greater flexibility for government procurement of food at administered prices, particularly for building public stocks for food security purposes. India, the main proponent behind the G33 proposal, argued that government procurement of food from low income and resource-poor farmers at prices higher than the market prices is an essential part of ensuring food security and the current AoA does not provide sufficient policy space.

Developed countries were however concerned that allow-

ing unlimited amounts of market price support could distort trade, and potentially undermine food security in other countries by raising world prices during periods of stockholding. In this regard, the Bali Package contains a compromise in terms of a *peace clause* in the interim, until a permanent solution is found. This essentially requires members to refrain from challenging, through the WTO Dispute Settlement Mechanism, developing countries compliance to the AoA when using public stockholding for food security purposes. This interim solution is to be in place until the 11th WTO Ministerial Conference, when a permanent solution is expected to be agreed.

This decision had ensured that food security considerations are gaining prominence in multilateral negotiations. It has also shown that developing countries are playing a greater role in formulating global trading rules. As negotiations work towards finding a permanent solution, it will be vital to understand the relationship between trade policies and food security and the effects of this decision on net food importing countries such as Namibia need to be carefully analysed.

G-33

Coalition of developing countries arguing for flexibility for developing countries to undertake limited market opening in agriculture.

Domestic Support Boxes in the WTO Agreement on Agriculture

Amber Box: All domestic support measures considered to distort production and trade under Article 6 of the Agriculture Agreement as all domestic supports except those in the blue and green boxes.

Blue Box: Any support that would normally be in the amber box, is placed in the blue box if the support also requires farmers to limit production as per Paragraph 5 of Article 6 of the Agriculture Agreement.

Green Box: subsidies that do not distort trade, or at most cause minimal distortion defined in Annex 2 of the Agreement on Agriculture. They have to be government-funded (not by charging consumers higher prices) and must not involve price support.



Southern African
Development Community

Towards a
Common
Future

SADC News: TFTA still on track amidst challenges...

South African Development
Community Member States

Angola
Botswana
DRC
Lesotho
Malawi
Mauritius
Mozambique
Namibia
Seychelles
South Africa
Swaziland
Tanzania
Zambia
Zimbabwe

Efforts to establish a Free Trade Area (FTA) between the member /partner states of Southern African Development Community (SADC), Common Market for East and Southern Africa (COMESA) and East African Community (EAC) are on-going. The 9th Tripartite Trade Negotiation Forum (TTNF) took place on 26 – 29 January 2014 in Walvis Bay, Namibia.

On a technical level, text based negotiations on the annexes concerning Sanitary and Phytosanitary Measures (SPS); Technical Barrier to Trade (TBT) and Non- Tariff Barrier (NTB) have been finalized, leaving only minor outstanding work on annexes dealing with Rules of Origin

(RoO), Trade Remedies and Dispute Settlement and Customs Cooperation.

Though the above seems to reflect a positive outlook of the negotiations, difficulties still lie ahead, as the three blocs have not as yet finalise major issues. The articles on Export Taxes and Most-favoured Nation continue to attract heated debates; while the alignment of Rule of Origin between the three blocks and the actual commencement of tariff negotiations between the negotiating partners are yet to commence

The adopted tariff negotiation modalities would see Namibia, as part of SACU negotiating team, liberalizing 60% of its

products at entry into force, followed by 25% phased out over the period of 5 -8 years. The remaining 15% would consist of sensitivities and exclusions.

There may be a challenge for the five SACU member states to restrict their sensitive products and exclusions within the 15% threshold because of the different sectoral sensitivities between the member states.

Although the next meetings were set for May 2014, no meetings have been held due to financial constraints.



SACU News:

Southern African Customs Union
Member States

Botswana
Lesotho
Namibia
Swaziland
South Africa

All SACU related meetings have been put on hold pending a SACU Ministerial Retreat that is aimed at agreeing on a new direction for SACU as a regional economic organisation. There is thus nothing to report on SACU until such a Retreat takes place.

In brief: SADC Annex on SPS

SADC had developed the SPS Annex to the SADC Protocol on Trade (SPS Annex) and approved by the SADC Ministers of Trade and Industry in 2008. The provisions of the SPS Annex are obligatory to all SADC member states that have ratified the Annex.

The Annex, which is based on the WTO Agreement on SPS, aims to facilitate the protection of human, animal and plant life or health in SADC. It further recognises the rights and obligations of members to adopt measures necessary

to achieve appropriate level of SPS protection.

The Annex however also aims to discourage the adoption of SPS measures that may be considered as disguised restrictions to trade. In this regard, the SPS Article 8 requires that member states based their SPS measures on risk assessment. The Article further entails the various elements that must be taken into account when conducting such risk assessment, including relevant scientific evidence.

The Annex also contains transparency obligations, requiring member states to notify all laws, regulations, procedures and requirements to the SADC Secretariat. Member states should also allow reasonable time between publication of SPS regulations and entry into force to allow producers in the exporting countries to adapt to the new requirements.

A copy of the SPS Annex can be downloaded from the ATF website at www.atf.org.na.

Article 1, paragraph 16 of SADC SPS Annex

SPS measures include all relevant laws, decrees, regulations, requirements and procedures including, inter alia, end product criteria; processes and production methods; testing, inspection, certification and approval procedures; quarantine treatments including relevant requirements associated with the transport of animals or plants, or with the materials necessary for their survival during transport; provisions on relevant statistical methods, sampling procedures and methods of risk assessment; and packaging and labelling requirements directly related to food safety

Bali Ministerial produces trade facilitation agreement

The 9th World Trade Organisation (WTO) Ministerial Conference, held in Bali in December 2013, was hailed as a breakthrough for multilateral trade negotiations by producing an Agreement on Trade Facilitation.

It should be noted that trade facilitation is vital to improving competitiveness of the private sector. The length of time a truck takes to cross a border; inefficient customs clearance and border procedures, the number of documents needed for import or export all add costs to business operations that may be eventually passed on to the consumer.

The new Agreement thus aims to ease trade by simplifying documentation required as well as the customs and border procedures. It contains elements that include the publication of information on

documents and forms required for trade, duties and taxes, fees imposed by governments in connection with importation or exportation, the establishment of single windows and one stop border posts.

The Agreement has to be incorporated into the WTO Legal Framework and ratified by 2/3 of the member states before it becomes binding. Once it enters into force, all the provisions of the Agreement will be legally binding on all developed countries.

It however allows for staged implementation for developing and Least Developed Countries (LDCs). These countries can thus determine which of the obligations they commit to implement at entry into force (placed in Category A), those to be implemented after the transition period (Category B), and commit-

ments to be implemented after a transition period subject to the provision of technical assistance and capacity building (Category C).

Category C commitments essentially mean that developing countries can only implement those obligations once developed countries have provided the requisite technical assistance and capacity building. This commits developed countries to play a greater role in development of developing countries.

A Preparatory Committee has been established to perform functions that may be necessary to ensure the expeditious entry into force of the Agreement, such as conducting legal review of the Agreement and drawing up a Protocol of Amendment to insert the Agreement into the WTO Legal Framework.

WTO Ministerial Conferences

The highest decision-making body of the World Trade Organisation. It usually meets every two years and takes decisions on all matters under any of the multilateral trade agreements

An initiative of the Namibian Agricultural Trade Forum aimed at providing information on topical trade-related issues to stakeholders

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This newsletter is an initiative of the Namibian Agricultural Trade Forum (ATF) aimed at disseminating information on regional and international issues affecting Namibia's agricultural trade. The ATF is a not-for-profit organization funded by the Namibian agricultural private sector (both commercial and communal) with the purpose of promoting their interests in trade agreements.

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Up coming trade-related activities (June-Aug 2014)

AGRICULTURAL TRADE FORUM:

- 19 June 2014, Public Dialogue, Thuringer Hof Hotel

NAMIBIA TRADE FORUM:

- 28 June 2014, Public consultation on the Retail Charter, Nampower Convention Centre

SADC/EC EPA:

- 20-28 June 2014, Joint SADC/EC Senior Officials meeting, South Africa

SADC-COMESA-EAC TFTA:

- June/July 2014, TTNF, Technical Working Group Meetings and the Tripartite Trade Negotiation Forum, Burundi

SADC

- June/July 2014, SADC Committee of Ministers of Trade

WTO

- 5-6 June 2014, Committee on Committee on Agriculture, Geneva, Switzerland
- 7-10 July 2014, Committee

on Sanitary and Phytosanitary Measures, Geneva, Switzerland