*Brussels, 4 December 2015*

# CIBE AND CEFS STATEMENT AHEAD OF THE 10TH WTO MINISTERIAL CONFERENCE

Ahead of the WTO Ministerial conference to take place on 15-18 December 2015 in Nairobi, Kenya, CIBE and CEFS would like to express their position with regards to the discussion around the EU's proposal on export competition.

In partnership with Brazil and six other agricultural exporters, the European Commission is proposing to tighten WTO rules on **export competition**, calling for developed countries to eliminate their export subsidies by the end of 2018 and for developing countries to end theirs by the end of 2021. A number of exceptions are foreseen: developing countries would be free to implement subsidies for transport and marketing costs until 2026, *via* an extension of Article 9.4 of the WTO Agreement on Agriculture. To accommodate the US, only the "trade-distorting" export credits are to be tackled, while the proposal includes an exemption that could make it easier for countries to sell in-kind food aid in non-emergency situations – a process known as 'monetisation.'

In its current form, this proposal, under the co-sponsorship of the Commission, would represent a unilateral disarmament leaving huge loopholes for the EU's major competitors to exploit. It would thereby further skew the global playing field to the detriment of the EU sugar industry as:

- Developing country competitors of the EU, such as Brazil, India and Thailand, would be granted eight more years than developed countries to grant trade-distorting subsidies for transport and marketing.
- A considerable range of export credits would remain permissible under the proposal, to the benefit of countries like the US, Brazil and others, with which the EU is currently engaged in free trade negotiations. These programmes have been recognised by the Commission itself as trade-distorting: just last year the Commission questioned Brazil – a co-sponsor of the proposal – on its REINTEGRA export credit programme in the WTO Agriculture Committee.

Furthermore, CIBE and CEFS would also like to express strong concerns in relation to the draft proposals submitted by the **G-33 group** of developing countries, which includes India, China, and Indonesia, on a new agricultural safeguard and on public food stockholding. This proposal would allow developing countries to exclude food purchases at government-set prices from their notifications of trade-distorting farm subsidies to the WTO. Such policies are clearly trade-distorting: in India such policies have led to the introduction of minimum export requirements by the Indian government that have exerted consistent downward pressure on the world market price for sugar in recent years.

CIBE and CEFS would like to stress that there is a major problem when it comes to export subsidies and other subsidies in the global sugar trade. However, CIBE and CEFS are concerned that the European Commission seems ready to abandon one of its last tools available to balance markets in case of crisis and offer significant exemptions to trade partners without obtaining adequate reciprocal concessions. Ultimately, the unbalanced proposal tabled by the EU would place the EU beet sugar sector at a considerable competitive disadvantage, with potentially serious consequences for jobs and growth, at a time when the sector is making huge efforts to be best prepared for liberalisation from 2017.