



# Should the WTO Restrict the Use of Export Restrictions? – A Policy discussion

WTO/ESCAP/UP Regional Workshop in Agriculture and Agricultural Negotiations in Asia and the Pacific



UP School of Economics  
R Clarete  
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# Purpose of the Session

- Participants are introduced to current rules and disciplines in the multilateral trading system regarding the use of export restrictions.
- Participants discuss on the appropriateness of introducing stronger restrictions on export restrictions in the system

Note: Source of information in this presentation came from Siddhartha Mitra And Tim Josling (2009), "Agricultural Export Restrictions: Welfare Implications and Trade Disciplines." IPC Position Paper Agricultural and Rural Development Policy Series. January 2009

# Recent use of export restrictions

- Rice. India. Export Ban and minimum export prices on non-basmati rice. Nov. 2007 onwards
- Rice. Vietnam. Export ban and minimum export prices on rice. March 2008
- Wheat. India. Export ban. 2007 and 2008
- Wheat. Argentina. Quantitative restrictions on wheat exports. 2006 onwards.
- Wheat. Kazakhstan. Ban April 2008
- Raw cashmere and leather products. Mongolia. Ban
- Processed Beef. Argentina. Quantitative restriction. 2007 and 2008

# Why countries use export restrictions

- Food security
- Low domestic purchasing power combined with high commodity prices
- Large gap between successive crops
- Political reasons
- Revenues
- Promote local processing of agricultural products
- Other reasons, e.g. Japan WTO rice stocks

# Types of export restrictions

- Bans or embargoes
- Export taxes
- Export quotas
- State trading enterprises
- Minimum export prices

# Current disciplines on export restrictions

- Quantitative restrictions on exports, including agricultural goods, are banned in the GATT, but there are exceptions (Art XI, par. 1)
- No prohibitions on export taxes
  - Article XI of the GATT (94) states in paragraph 1 that there shall be “no prohibitions or restrictions other than duties, taxes or other charges...on the exportation...of any product” destined for another WTO member.

# Current disciplines on export restrictions (2)

- QRs on exports “temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting contracting party” are allowed (par 2)
- No definitions exist as to what is “temporary,” “critical” or what constitutes a “shortage.”
- Additionally, as export taxes are not disciplined, one would imagine that a prohibitive export tax could substitute for a ban if needed.

# Article XX GATT 1994

- Paragraph (h). Exceptions allowed if “undertaken in pursuance of obligations under any intergovernmental commodity agreement which conforms to the accepted conditions of such agreements.”
- Paragraph (i). Exception allowed if restricted product is used for domestic processing, and its local price “is held below the world price as part of a governmental stabilization plan.”
- Paragraph (j). Exception allowed seen to be “essential to the acquisition or distribution of products in general or local short supply.”



# Has the Uruguay Round helped?

- Article 12 of the AoA: members using an export restriction shall:
  - “give due consideration to the effects of such prohibition or restriction on importing Members’ food security;
  - give notice in writing, as far in advance as practicable, to the Committee on Agriculture comprising such information as the nature and the duration of such measure; and
  - consult, upon request, with any other Member having a substantial interest as an importer with respect to any matter related to the measure in question.”
- The above disciplines were not followed by countries using export restrictions.

# New proposals in Doha

- US Proposal
  - “to strengthen substantially WTO disciplines on export restrictions to increase the reliability of global food supply;
  - to prohibit the use of export taxes, including differential export taxes, for competitive advantage or supply management purposes.”

# New proposals in Doha (2)

- Cairns Group proposal
  - “develop both improved disciplines on export restrictions and taxes and eliminate tariff escalation; and
  - preserve Article 12.2 of the Agreement on Agriculture and provide additional special and differential treatment
  - provisions to address the legitimate needs of developing countries, including least developed and net food-importing developing countries.”

# New proposals in Doha (3)

- Japan's proposal
  - to tariffy all export prohibitions and restrictions (by replacing them with export taxes);
  - to bind all export taxes (including those possibly introduced in the future). For products subject to the export tax, to establish quotas in which a certain amount of exports will be exempt from the export tax

# New proposals in Doha (4)

- (i) To establish strict requirements for the application of such emergency measures;
- (ii) To introduce consultations with other Members as a prerequisite for imposing emergency measures, and to clarify the measures to be taken when the consultations do not result in a satisfactory solution;
- (iii) To obligate Members, when introducing emergency measures, to maintain the proportion of exports to domestic production at the level of the preceding x years, in order to allow importing countries to secure the necessary level of imports;
- (iv) To limit the duration of such emergency measures.

# New proposals in Doha (5)

- Korea's proposal
  - to prohibit exporting countries from imposing export restrictions and prohibitions arbitrarily;
  - to prohibit the use of export tax for the purpose of export restriction.
- Swiss proposal
  - the elimination of all export restrictions on agricultural products and the binding at zero of all export tariffs (with a flexibility clause for the LDCs).

# Question for Policy Discussion

- Should the WTO Restrict the Use of Export Restrictions?



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