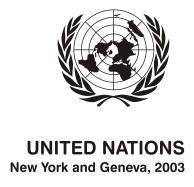
#### UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

# DISPUTE SETTLEMENT

### WORLD TRADE ORGANIZATION

3.15 Agriculture



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#### NOTE

The Course on Dispute Settlement in International Trade, Investment and Intellectual Property consists of forty modules.

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#### WHAT YOU WILL LEARN

Agriculture is one of the few economic sectors which has its own agreement within the WTO. Other than the broad WTO distinction between goods and services, all other WTO provisions are neutral as to the economic sector involved. Agriculture is therefore unique. However understanding agriculture is central to understanding the WTO.

Agriculture has given rise to a high number of disputes. Ironically the two most famous agricultural disputes, EC - Bananas III and EC - Hormones, were not brought on the basis of the Agreement on Agriculture but on the GATT 1994 and GATS for bananas and on the Agreement on the Application of Sanitary and Phytosanitary Measures or SPS Agreement for hormones. The first big dispute to examine the Agreement on Agriculture was, in fact, the FSC case which was about a general tax scheme in the United States which favoured exporters.

Recently there have been two cases on the *Agreement on Agriculture* which are of utmost importance and which are dealt with in this module: the *Canada - Dairy* case and the *Chile - Price Band System* case. Like many dispute cases both these cases only look at specific parts of the *Agreement on Agriculture*. This module, on the other hand, looks at the broad provisions of the *Agreement on Agriculture* as well as the specific issues which were decided in all the cases which have examined the interpretation of the provisions of the *Agreement on Agriculture*.

Overall this module examines both the agricultural sector specific provisions in the *Agreement on Agriculture* and the general WTO rules in a number of other WTO Agreements which can impact agricultural trade.

The reader of this module should, on completion, be able to understand the main legal provisions affecting trade in agricultural products. Where technical terms have been used simple explanations of them have been provided.

<sup>&</sup>lt;sup>1</sup> The only other sector specific agreement is the Agreement on Trade in Civil Aircraft. This Agreement is, however, only a plurilateral and not a multilateral Agreement.

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#### 1. AGRICULTURE IN THE WTO

Agriculture has traditionally benefited from special arrangements which sheltered it from the full impact of GATT disciplines. Even today, in the WTO agricultural policies are covered by a separate agreement that, to a degree, still shelters it from generally applicable rules.

A variety of political, social, economic and cultural arguments are used to justify this special treatment. The main justification is the need to guarantee, over time, stable food supplies in a world of fluctuating harvests and potential famines.

The scope of the traditional agricultural "exception" was to some extent limited by the Uruguay Round agreements; WTO Members agreed upon a set of principles and disciplines that were designed to help liberalize international trade in agricultural products.

The Uruguay Round achieved two things in relation to agriculture. It introduced specific disciplines on market access, domestic support and export subsidies. At the same time it took away the "fig leaf" behind which agriculture had been hiding from the full force of general GATT disciplines.

The Agreement on Agriculture seeks to reduce restrictions on trade in agricultural products by introducing disciplines to:

- increase market access;
- reduce domestic support measures;
- reduce subsidized exports.

This Module examines each of the three disciplines in turn and the other provisions of the *Agreement on Agriculture*.

Other WTO agreements also discipline trade in agricultural products. Those with the biggest impact on trade in agricultural products are: the GATT 1994; the Agreement on Safeguards or the Safeguards Agreement; the Agreement on Import Licensing Procedures or the Import Licensing Agreement; the Agreement on the Application of Sanitary and Phytosanitary Measures or the SPS Agreement; the Agreement on Technical Barriers to Trade or the TBT Agreement and, the Agreement on Trade Related Aspects of Intellectual Property Rights or the TRIPs Agreement.

These agreements, along with the Agreement on Subsidies and Countervailing Measures or the SCM Agreement and the Agreement on Implementation of Article VI of the GATT 1994 or the Antidumping Agreement are also briefly examined.



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