

WTO Rules, agricultural trade and water resources policy

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Relationship between **water policy** and **WTO rules** applicable to **agricultural products ?**

- Agriculture uses around 70% of all water extracted for consumptive purposes;
- International trade in agricultural products sometimes also described as transfer of water in virtual form.

Why does water policy fall under WTO sphere of competence ?

- **rules** embedded in the WTO framework in the field of agriculture can have **direct or indirect impact** on the types of policies countries choose to manage water resources;



rules that affect relative prices of water



Indirect influence on water allocation
in/between countries

WTO disciplines covered here

RULES ON THE PRODUCTION SIDE

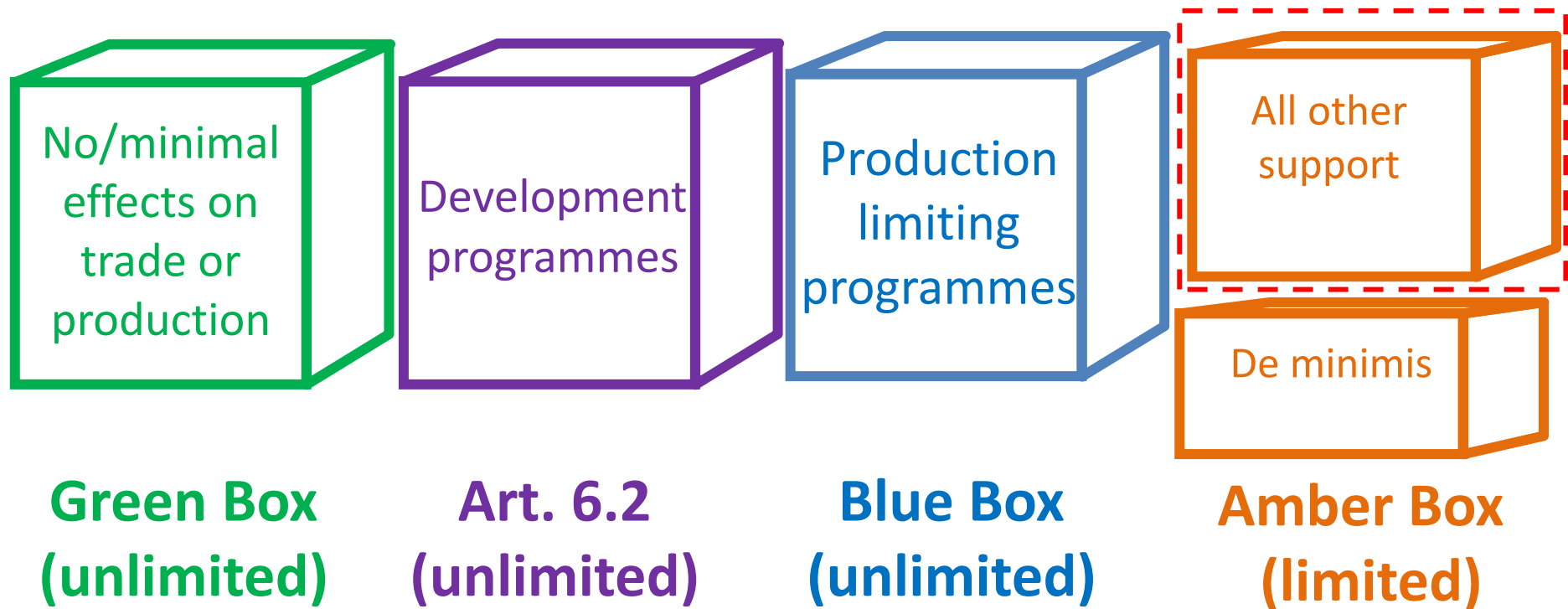
- **Agreement on Agriculture: irrigation water subsidies**
- **Agreement on Subsidies and Countervailing Measures: use of subsidies, including in agriculture**

RULES ON THE CONSUMPTION SIDE

- **Agreement on Technical Barriers to Trade: water footprint labeling, consumers information**

Relevant Rules – The Agreement on Agriculture

Categories of Domestic Support in the AoA



Green Box (Annex 2)

Basic criteria

- **No, or at most minimal,** trade-distorting effects or effects on production

Assistance:

- Provided through **publicly funded** government programme
- Not involving **transfers from consumers**
- Not resulting in **price support to producers**

GB measures can be freely used as long as they meet the criteria set out in Annex 2 of the AoA

Green Box - Scope



General services including

- research
- pest and disease control
- training
- extension/advisory services
- inspection
- marketing and promotion
- **infrastructural services**

incl. electricity reticulation; roads and other means of transport, water supply facilities etc.

- Public stockholding for food security purposes (para. 3)
- Domestic food aid (para. 4)

Direct payments including

- decoupled income support
- income insurance and income safety-net
- relief from natural disasters
- structural adjustment assistance
 - producer retirement
 - resource retirement
 - investment aids
- environmental programmes
- regional assistance programmes

Subsidies to the supply of water for irrigation

e.g. investment and/or operational subsidies to the water provider

Subsidies to the practice of irrigation

e.g. programmes for the development of more water efficiency irrigation techniques

Do they include

subsidies to inputs
or
subsidies to operating costs
or
preferential user charges



Do they fall under annex 2, para.2 (g) ?

Subsidies to the supply of water for irrigation

e.g. investment and/or operational subsidies to the water provider

Subsidies to the practice of irrigation

e.g. programmes for the development of more water efficiency irrigation techniques

Are they

Part of clearly-defined government environmental programme

and

Dependent on the fulfilment of specific conditions including conditions related to production methods or inputs

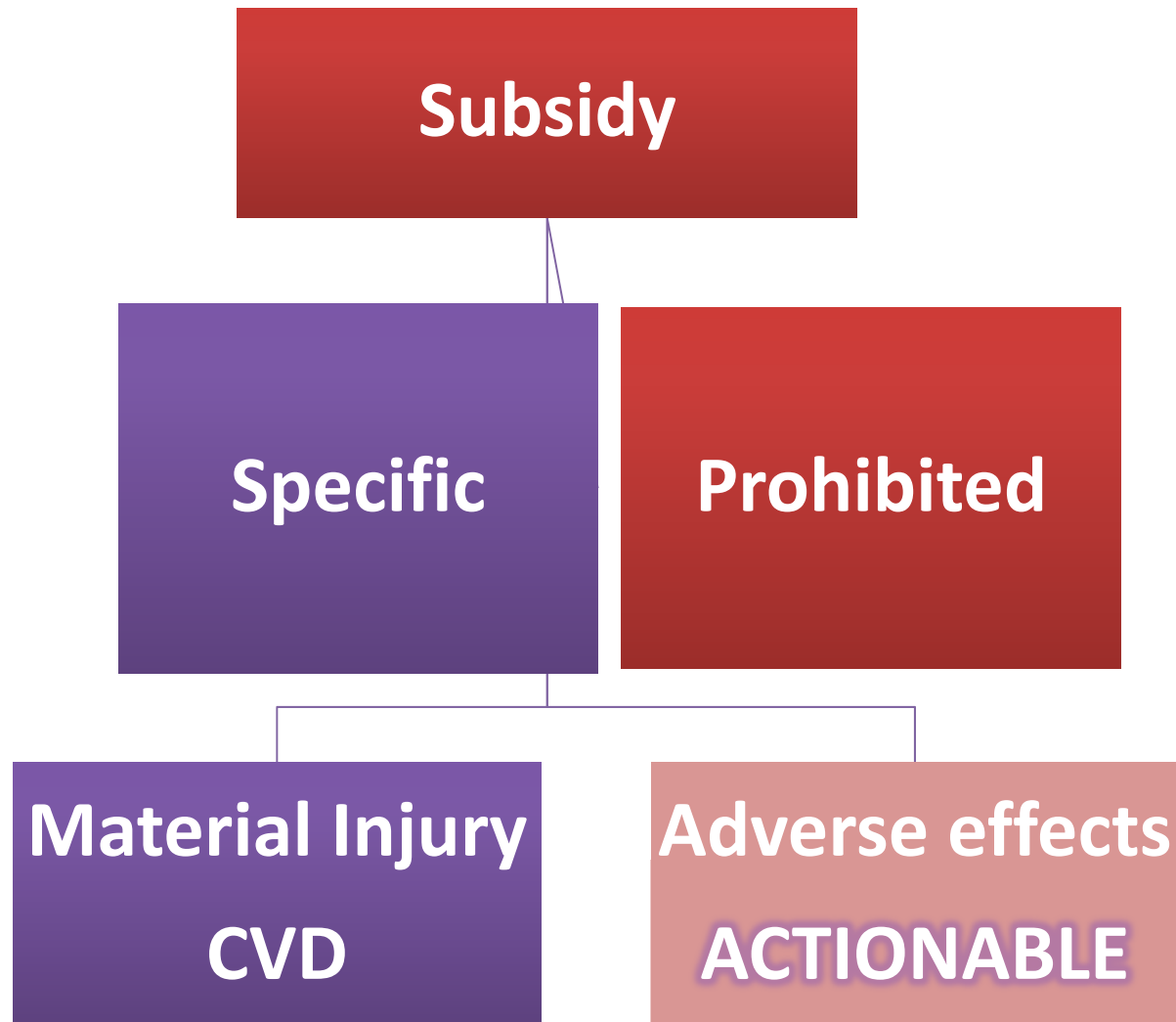
or

Payments limited to extra-costs or loss of income



Do they fall under annex 2, para.12 ?

Relevant WTO rules **SCM Agreement**

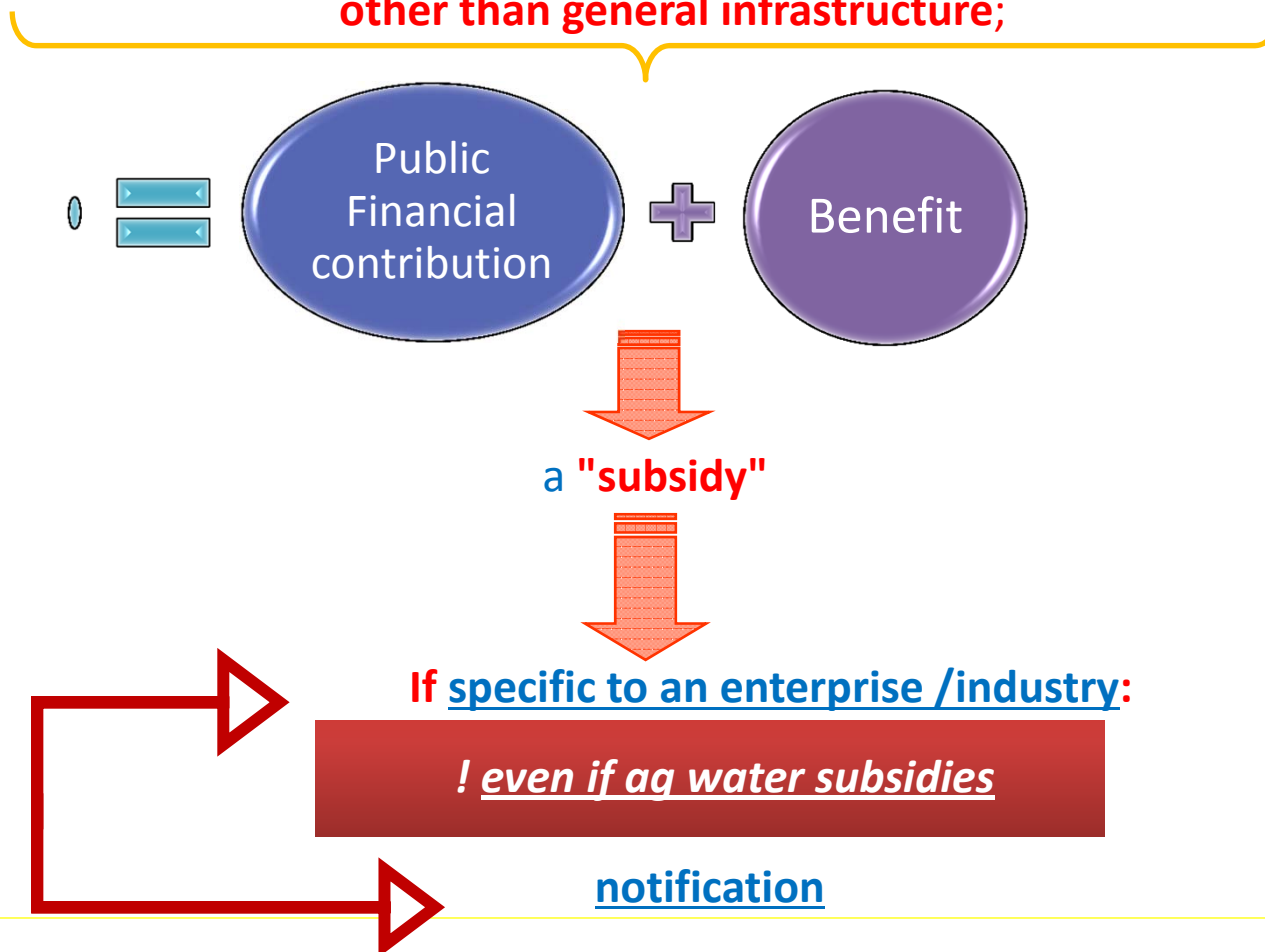


Subsidies in the SCM Agreement – applicable to the AoA since 1/01/2004

If a government/public body....

- i. provides direct transfer of funds;
- ii. foregoes revenue that is otherwise due;
- iii. provides goods or services

other than general infrastructure;



Adverse effects

ACTIONABLE SUBSIDIES

Article 5 of the SCM Agreement

No Member should cause, through the use of any subsidy ... **adverse effects** to the interests of other Members, i.e.:

(a) **injury to the domestic industry** of another Member

...

(c) **serious prejudice** to the interests of another Member



SCM Agreement does not address environmental impacts of subsidies

Relevant Rules

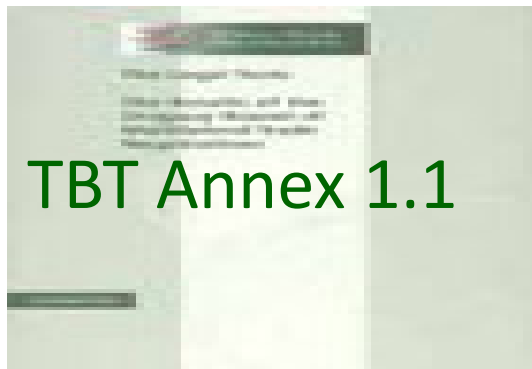
TBT agreement and water footprint labelling



Applicability of the TBT Agreement

Technical regulation

Definition



TBT Annex 1.1

It lays down product characteristics

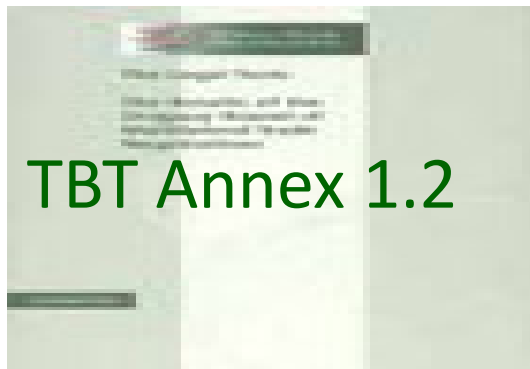
...or their related PPMs

Compliance is **mandatory**

Applicability of the TBT Agreement

Standard

Definition



Approved by a Recognized Body

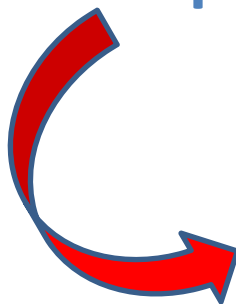
Provides, for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods

Compliance is **voluntary**

Technical regulation **AND** *standards*

Definition

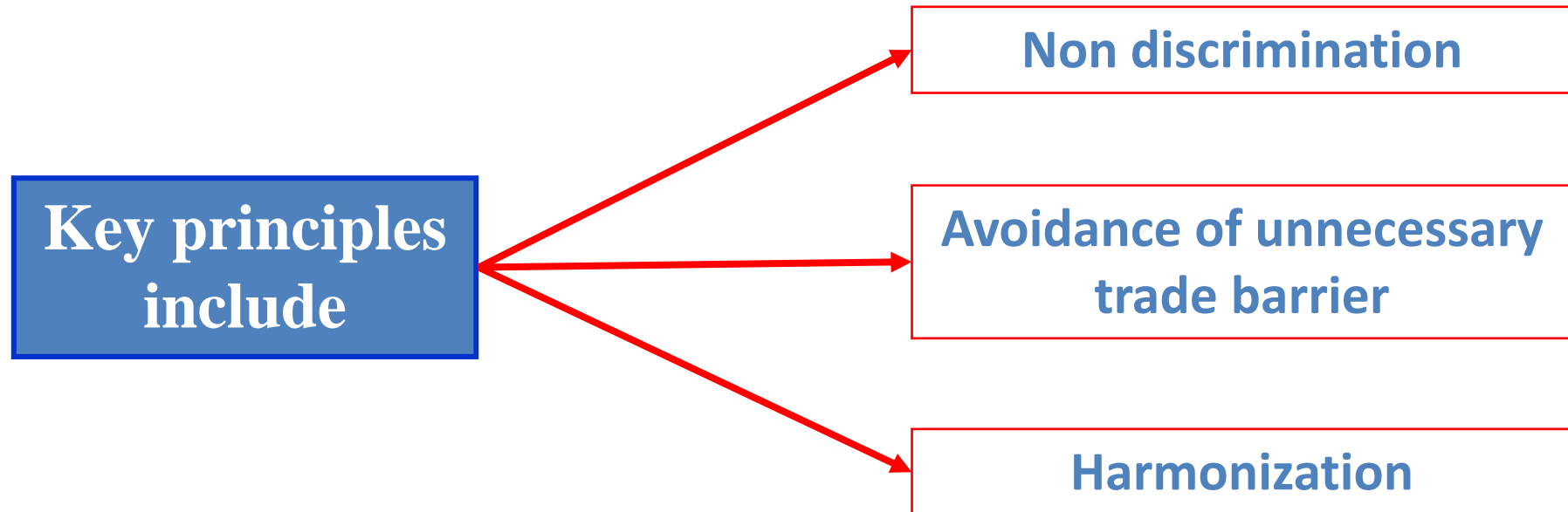
It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method



Including non related PPM

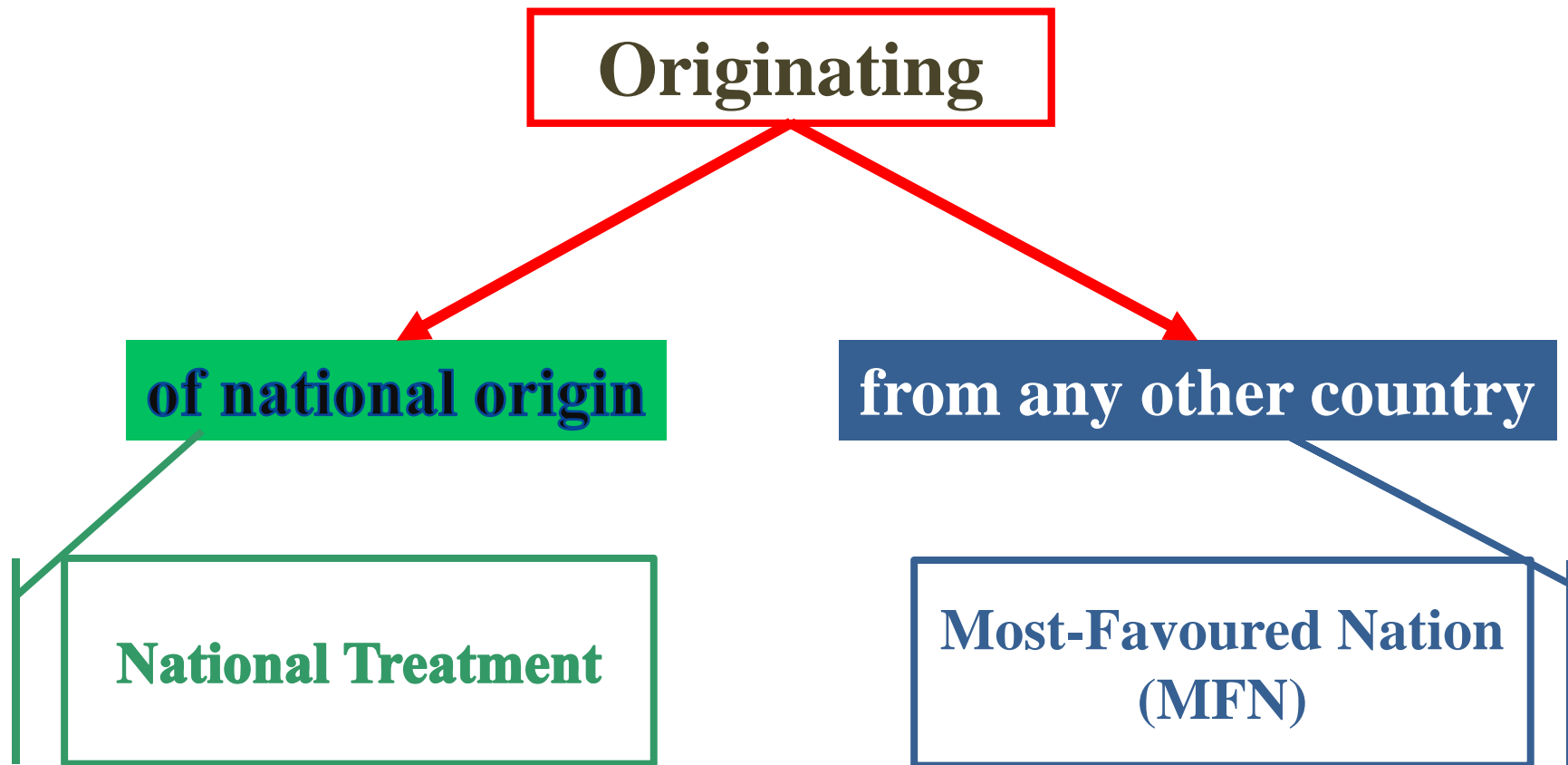


Agreement on Technical Barriers to Trade / GATT



Non-Discrimination

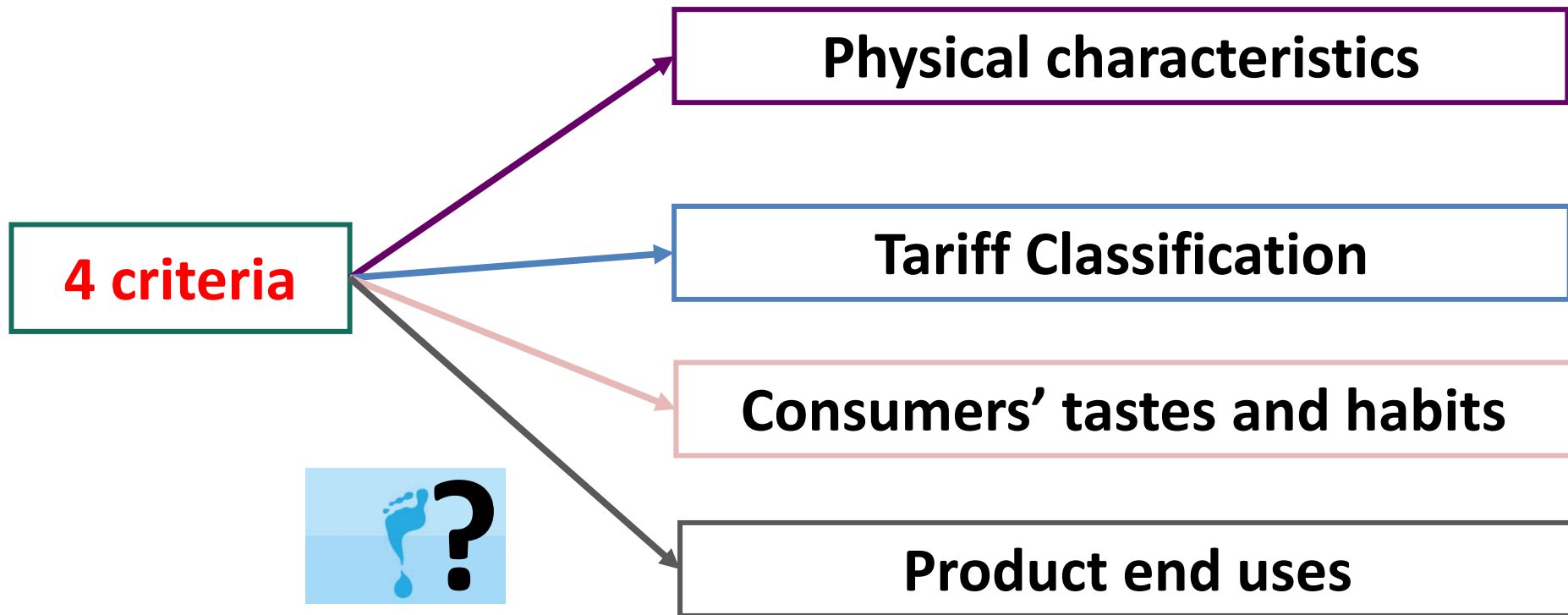
**Treatment no Less Favourable to
*Like Products***



What is a “like product”?



Likeness is determined on a case by case basis



Determination about the nature and the extent of a competitive relationship between and among products

Non-Discrimination principle



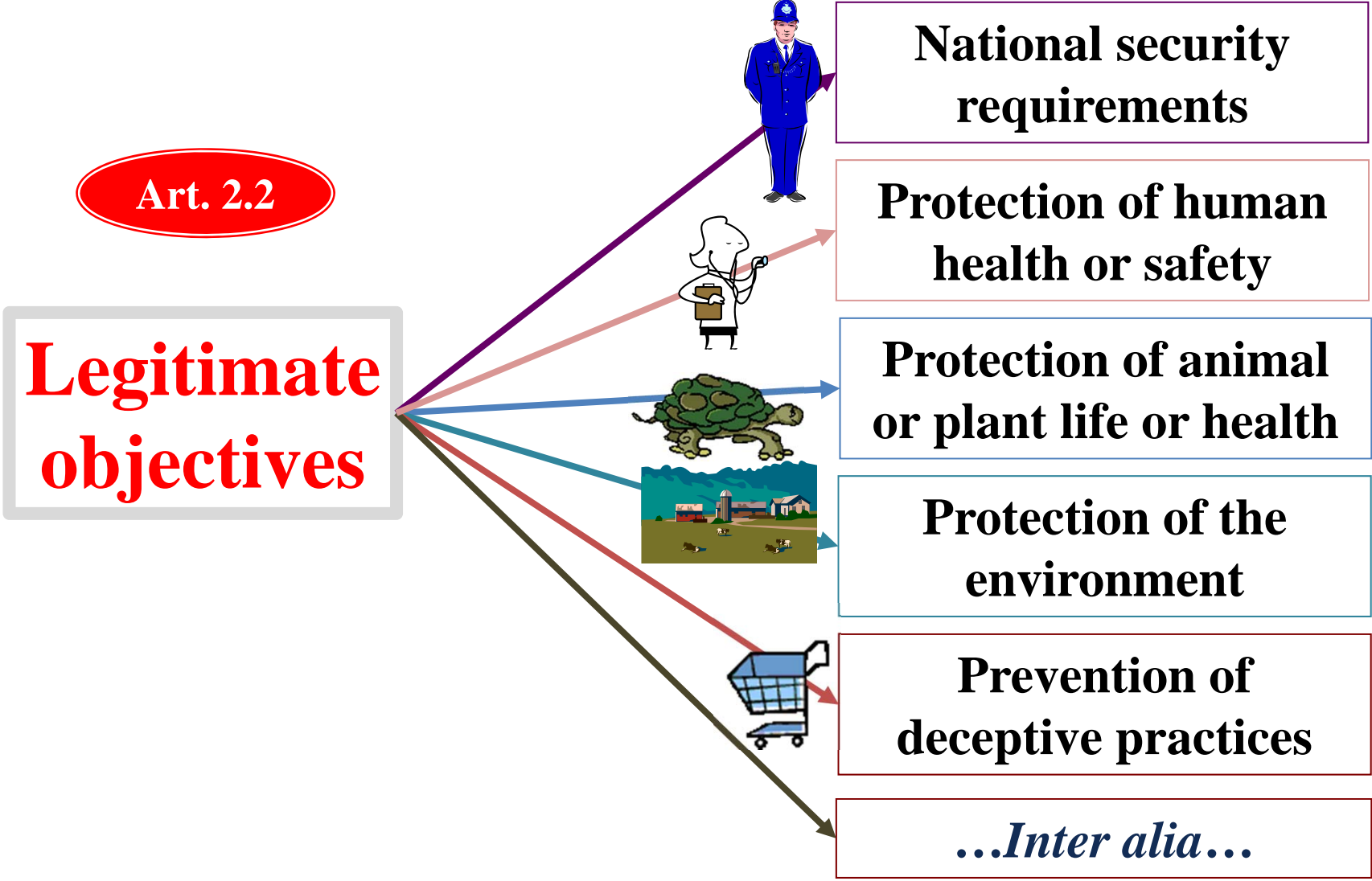
**Prohibits both *de jure* and *de facto* discrimination
against imported products**

while at the same time

**Permits detrimental impact on competitive
opportunities for imports that stems
exclusively from legitimate regulatory
distinctions**



Avoid unnecessary obstacles to trade



Avoid unnecessary obstacles to trade



Relational analysis of

- Trade-restrictiveness of measure
- degree of contribution to achievement of objective,
- risks non-fulfilment would create

AND

existence of less trade-restrictive alternatives ?



Harmonization



Stated Preference for



International Standards

Towards an International Water Footprint Standard ?

Conclusion

- WTO objectives and rules supportive of sound water policies
- Need for more information...



Thank you!