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PRESS RELEASE

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WTO Urged To Let Peace Clause Expire

Clause Blamed For Expanding Agricultural Dumping From U.S. and EU

Minneapolis - Over 30 organizations from around the world called on the WTO to allow the so-called "Peace Clause" to expire on December 31, 2003. The Peace Clause restricts the ability of countries to challenge domestic support and export subsidies through the WTO's Dispute Resolution Body. While the Peace Clause is scheduled to expire on December 31, the EU and the U.S. have expressed their desire to see it extended for several years.

The NGOs, in a letter to Ambassador Pérez del Castillo, chairman of the WTO General Council, demanded that the Peace Clause be left to lapse when countries meet at the WTO's December 15 meeting. WTO members are meeting for the first time since talks broke down at the Cancun Ministerial in September. The December 15-16 meeting is an attempt to jumpstart talks, particularly on agriculture.

The NGO's wrote, "The Peace Clause is one reason the Agreement on Agriculture is widely viewed to have made operational special and differential treatment for the rich. Since the measure comes at the expense of poorer members, it runs directly counter to the WTO's founding principles, and to any normal understanding of international obligations."

The Peace Clause was part of the bargain struck by the European Commission and the United States to break the deadlock on agriculture during the Uruguay Round. The failure to make progress on agriculture threatened to derail the many other negotiations in progress. The Peace Clause was of course unpopular with other negotiators, but they saw little choice if they wanted to get an agreement, and so they accepted it as a necessary compromise.

Talks broke down at the latest WTO Ministerial in Cancun partially because of serious disagreements over agriculture trade rules. Central to the conflict is widespread agricultural dumping, the export of commodities at below their cost of production, from the U.S. and the European Union. The Peace Clause places restrictions on WTO members from challenging domestic support and export subsidy programs that encourage agricultural dumping.

The NGO letter states, "The collapse of talks in Cancun is a clear sign that the majority of the WTO membership is fed up with the lack of meaningful engagement from the WTO's richest Members, particularly on agriculture. Allowing the Peace Clause to be extended would only confirm the majority of Members in their negative impression."

The NGO letter, and a short background on the Peace Clause by the Institute for Agriculture and Trade Policy, can be found at: www.tradeobservatory.org

The Institute for Agriculture and Trade Policy promotes resilient family farms, rural communities and ecosystems around the world through research and education, science and technology, and advocacy.