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Series of Trade Policy Consultative Mechanisms: Part 7

Philippines – trade policy consultation Mechanisms

Background

Despite many initiatives over the past decade to improve transparency in government and to address the problems of official corruption, Philippines continues to have a low rank on international comparisons as the Transparency Index¹ (perceptions of institutional corruption) and the Opacity Index² (capital market premiums related to investors' confidence in national institutions).

In the domain of trade policy-making, however, there has been a significant attempt on the part of the peak commercial institutions and government agencies to ensure closer collaboration in the preparation for Doha round negotiations.

The negotiations on Agriculture are a central focus for the Philippines. The sector accounts for 22 percent of its Philippines GDP, generating exports valued at over US\$1.5 billion, and providing a third of all employment (approximately 11 million people). The implementation of the Uruguay Round market liberalization commitments proved controversial in the Philippines where many of the smaller stakeholders – already engaged in disputes with the government over issues such as land reforms – and some of the largest agricultural industries considered that they had not been fully consulted on the agreements.

Task Force on WTO Agriculture (Re)Negotiations

In 1998, the then Secretary of the Department of Agriculture (DA) established the Task Force on WTO Agreement on Agriculture (Re)negotiations (TF-WAR), a multi-sectoral task force composed of 28 representatives from farmer groups, industry associations, business federations, non-government organizations, people's organizations, and other relevant government institutions and agencies. The title of the Task Force indicates the expectations of the Philippines agricultural sectors in their approach to the Doha round: their objectives were to re-negotiate the WTO Agreement on Agriculture to reduce its impact on Philippines agriculture.

Original members of the TF-WAR included representatives from the Philippine Chamber of Food Manufacturers National Union Growers Cooperative, Philippine Association of Hog Raisers, Inc., Federation of Free Farmers, Coffee Foundation of the Philippines, National Federation of Hog Farmers, Inc., Philippine Association of Meat Processors, Inc. A number of local Philippines NGOs were also among the original membership. Membership of the Task Force was later expanded to include the grains, sugar, poultry, and fishery sectors. The last eventually formed their own Task Force as fishery negotiations are being conducted separately in the WTO.

The main responsibility of the TF-WAR was to consider, develop, evaluate, and recommend Philippine negotiating positions and strategies for the round of negotiations that was eventually launched at Doha. The larger group, although inclusive, proved difficult to call together on a regular basis and was not suited to rapid decision making, not only because of its size but also because not all the representatives were equally well-informed about the negotiations. Accordingly, in 2002 the Minister of Agriculture created a 'core group' of the Task Force.

The members of the Core Group were appointed in their personal capacities from among the members of the Task Force. The intention was to avoid 'picking sectors' from among the Task Force members and at the same time to ensure that the members of the Core Group were individuals that were well versed in the technicalities of the negotiations and able fully to participate in the work of the negotiations.

They included the Chairman of the Task Force, five representatives from the private sector, and staff from the DA Policy and Planning Office acting as technical secretariat. Specific tasks include detailed evaluation of proposals submitted by WTO members, in-depth analysis of the overall and specific impacts on Philippine agriculture, formulation and elaboration of specific proposals based on these analyses guided by the general policy direction decided in the TFWAR.

The creation of the TF-WAR Core Group allows it to play a direct role in the negotiations interacting both with the larger Task Force and with the Secretary of Agriculture and the senior Geneva-based and Capitals-based negotiators on a daily basis, if needed. Their responsibilities include:

- ◆ Consultations – Each TF-WAR member organization consults with its own membership. Inputs and recommenda-

¹ Available at www.transparency.org.

² Available at www.kurtzmangroup.com

tions arising from these consultations are gathered by the secretariat and discussed in the Core Group meetings where views are consolidated. Interaction with stakeholders not represented in the TF-WAR may be through Department of Agriculture-initiated national and regional consultations with organization leaders, direct consultations with stakeholders, or public forums.

- ◆ Workshops – The Core Group holds one-day or 2-day workshops when the issues require more study and analysis. For issues requiring technical expertise otherwise not available within the group, the group invites resource persons from other government agencies or institutions, and practitioners from the private sector for inputs.
- ◆ Approval process and recommendation – The TF-WAR approves a final recommendation to the Secretary of Agriculture and may be further submitted to Presidential (i.e. Cabinet level) approval when the impact extends, e.g. to other aspects of the negotiations or affects other sectors of the economy.

Representative character

Donah Sharon Baracol observes³ that the broadly based membership of the TF-WAR helps both to ensure effective representation of different viewpoints and to resolve conflicts over the impacts of the WTO agreements:

“The TF-WAR has members representing upstream and downstream users of agricultural commodities, and can therefore be regarded as a balanced group. As each member, however, is encouraged to be parochial in advancing their interests and concerns, conflict between and among different sectors position is unavoidable. The Chair observes, “Conflicting interests are discussed openly. Differences in views are debated, and are judged on substantive and technical merit. Any resolution must be consistent with the existing negotiating mandate. If government decides to break the impasse, it can do so and would still need to generate consensus.” While these conflicting interests result in dynamics that are difficult to manage, the resolution of any issue gains more acceptance from all sectors, having been given equal opportunity to defend their individual interests. The TF-WAR, therefore, is a venue that ‘neutralizes’ the extreme positions that may be pushed for by opposing sectors”.

Members also consider that the Task Force approach enables smaller sectors with fewer resources to enjoy access to the Government negotiators at the same level as the representatives from the better-resourced sectors.

³ Baracol, Donah S. *Task Force On WTO Agriculture (Re)Negotiations. Managing the Challenge of WTO Participation*, Cambridge University Press (forthcoming).

Educational function

The Department of Agriculture uses the Task Force as a primary point of contact with key agricultural sectors interested in the negotiations. But the information activities are not confined to facts about the negotiations: the Task Force has, in effect, an educational role helping to spread a better understanding of the trading system. Workshops organized by the Core Group as needed provide the time to disseminate more basic information as to publish the results of research or surveys.

Improving the quality of policymaking

The mandate of the Core Group + Task Force to insist on providing input, obtaining consensus, clearance and feedback has resulted in a rigorous discipline on policy makers and negotiators that, according to private sector commentators, has improved the quality of Philippines policymaking.

Evaluation

The Philippines Task Force example provides some useful lessons on the dynamics of government-business consultations at a much closer distance than the other cases in this paper. It demonstrates that:

- ◆ The process of consultations on a complex trade agenda such as the WTO agriculture negotiations can be tedious since all parties have to be consulted; it is inherently slow and encourages contentiousness.
- ◆ Most members believe that participation can be further improved. Also, when developments in the negotiations appear to be encouraging or trust in government negotiators has been firmly established, participation tends to fall off.
- ◆ A smaller group addresses these problems but sacrifices representativeness and participation of some sectors.
- ◆ The limited technical expertise of the Core Group may not be sufficient to address the more detailed level of technical work necessary to support future work in the negotiations. Not all members have formal training in trade and the WTO Agreements.
- ◆ Insufficient resources to undertake more detailed work, including a shortage of technical personnel in the Department of Agriculture Policy and Planning Office, makes it more difficult for the Task Force to initiate proposals or to analyze proposals from other participants in the WTO negotiations.

These studies were prepared by P W Gallagher. The views expressed do not represent the views of the ITC, their staff or the countries they represent.