



**Republic of the Philippines**  
Department of Environment and Natural Resources  
Visayas Avenue, Diliman, Quezon City  
Tel. Nos. (02) 8920-0689 / 8925-8275 / 0917-885-3367 / 0917-868-3367  
Website: <http://www.denr.gov.ph> / E-mail: [web@denr.gov.ph](mailto:web@denr.gov.ph)

**MEMORANDUM**

**FOR :** **The Directors**  
Climate Change Service  
Biodiversity Management Bureau  
Ecosystems Research and Development Bureau  
Forest Management Bureau

**FROM :** **The Chief**  
Planning and Programming Division  
In Charge, Office of the Director  
for Policy and Planning Service

**SUBJECT :** **DRAFT CAIRNS GROUP SUSTAINABILITY STATEMENT**

**DATE :** **18 MAY 2023**

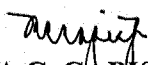
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We are pleased to share with your office a report from the Philippine Mission to the WTO in Geneva on the highlights of the Cairns Group Head of Delegations meeting held on 1 May 2023. The meeting discussed a wide range of topics, including the need to focus on domestic support reform to improve food security and sustainability. The meeting highlighted that the group should focus its efforts on rebuilding politics and advocating for domestic support reform as a means of combating climate change and food security issues.

In this regard, we would like to draw your attention to the draft Sustainability Statement of the Cairns Group (Annex B of the Mission report). The draft Statement aims to ensure that sustainability-related requirements shall not be used to hinder trade under the guise of achieving environmental objectives. Relatedly, may we request your comments/suggestion on the draft Cairns Group Sustainability Statement and the proposed co-sponsorship of the said Statement to be submitted to the Department of Agriculture (DA) as the lead of the TCWM Sub-Committee on Agriculture on or before 31 May 2023.

We hope to receive an advance copy of your feedback by **26 May 2023** through our email address: [psddivision@gmail.com](mailto:psddivision@gmail.com).

For your information and appropriate action, please.

  
**MELINDA C. CAPISTRANO**

To: SFA  
Fr: Geneva WTO  
Dt: 05 May 2023  
Re: **Cairns Group (CG) Head of Delegations (HODs) Meeting, 01 May 2023**  
Rt: OUMAIER, UNIO, ASPAC  
Cc: Secretary of the Department of Agriculture  
Secretary of the Department of Trade and Industry  
Director General of the National Economic Development Authority  
Undersecretary of DTI and Chair of the Technical Committee on WTO Matters  
Cn: ZWTO-145-2023  
Pgs: 36 (including this page)

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*Unless otherwise attached to this report, any documents cited herein are available for downloading from the WTO Members' website.*

Mission is pleased to report the highlights of the Cairns Group HODs meeting on 01 May 2023, which was presided by Ambassador George Mina of Australia. The meeting was also attended by an Australian capital-based senior official, Assistant Secretary Emily Follett of the Australian Agriculture and Non-Tariff Barriers Branch within the Australian Department of Foreign Affairs and Trade (DFAT).

The meeting discussed a wide range of topics, including the need to focus on domestic support reform to improve food security and sustainability. The Chair highlighted that the group should focus its efforts on rebuilding politics and advocating for domestic support reform as a means of combating climate change and food security issues. He underscored the severe inequality in the domestic support entitlements that are being exploited by a few Members. The emergence of the issue of sustainability as it relates to trade and food security needs to be addressed with a view to ensuring that sustainability trade related requirements remain consistent with WTO commitments and do not impose unnecessary barriers to trade.

On domestic support, Australia presented a draft analytical paper focused on product-specific concentrations of domestic support in 2019, attached as *Annex A*. The paper is a comprehensive analysis of the agricultural policies of 55 WTO members, which together account for more than 90% of the entitlements in use. The study reveals that trade-distorting domestic support is concentrated among just a few members and products, including rice, wheat, sugar, dairy, bovine, cotton, and corn. Among these products, rice and cotton are the most heavily supported commodities, and this support is provided by only two to three members through various entitlements. The findings of the study also indicate that trade-distorting domestic support provided by China, the EU, the US, and India is causing market distortions, even if these countries are not significant exporters of a particular commodity.

On the issue of sustainability, the Chair expressed his views on the rise of sustainability related import conditions that are discussed in WTO bodies, such as the Committee Technical Barriers to Trade (TBT). He stressed that the group needs to address it, as it may have implications to the exporters of Cairns Group Members. He underlined that governments are engaging in multilateral

discussions, such as the G-20, APEC, and UN on different initiatives to develop sustainable agriculture and food systems that are productive and resilient. While the Cairns Group is committed to this work, there is need to ensure that sustainability related requirements shall not be used to hinder trade under the guise of achieving environmental objectives. In view of this, Australia circulated a draft 'Sustainability Statement' (attached as *Annex B*), with a request for CG Members' comments and feedback. The proposed statement is also envisaged to be presented to the WTO Members in June 2023.

Members welcomed the two draft papers and expressed their support for circulation to all WTO Members. They viewed that the two papers can be considered as a strong basis for action in pushing for domestic support negotiations and a clear position on sustainability. The papers can also be used in pushing the CoASS Chair and the Secretariat in framing a possible modalities outcome in these topics. Clearly, the group is focusing its efforts on rebuilding politics and advocating for domestic support reform as a means of combating climate change and food security issues. With the goal of coordinating efforts with NGOs, civil society, and research institutions, the group is working on developing a long-term strategy to gain larger support among Members and the general public. This strategy includes opportunities for research, dialogue, and advocacy for a comprehensive effort to address these pressing issues.

Some Members, including the Philippines reminded the group on the mandate under Article 20 of the Agreement on Agriculture (AoA) that preceded all mandates in pursuing agricultural reforms. Some underscored that agricultural reform should always contribute to food security and the discussion of food security means an outcome in market access and domestic support. Some emphasized the need to clarify the group's priorities and mandate, with a view to working together with a clear and unified vision. They acknowledged the challenges involved in finding common ground on certain issues but expressed a commitment to continue collaborating as a group in order to achieve their shared goals.

The meeting also included updates on the progress made on a document produced by Costa Rica on domestic support reform. Currently, Costa Rica is holding meetings with various groups, such as G-10, ACP, LDC, and African Groups in order to gain a better understanding on the core issues of concern of the different groups. This will enable the Cairns Group to build a comprehensive proposal on domestic support that would be acceptable for other groups. It emphasized the importance of continuing to work together and build bridges with other groups and committed to holding further meetings with the African Group to find common ground.

### **Mission Comments and Recommendations**

Mission welcomed the analytical work on domestic support which is helpful in pursuing evidenced-based negotiations in this pillar. We would like to request feedback from DA-Policy Research Service (DA-PRS) if the Philippines can support and co-sponsor the draft analytical paper on domestic support.

Initially, Mission is of the view that such analysis is acceptable to the Philippines as it could help identify potential areas of agreement or disagreement between WTO Members on domestic support. The analysis provides concrete evidence on final bound total aggregate measurement of

support (FBTAMS) and actual subsidies provided and could help in shaping and steering the negotiations on this issue.

Mission would also like to request TCWM for comments on the draft Cairns Group Sustainability Statement and seek approval for the Philippines to co-sponsor the statement. Mission will also study and will provide comments on the draft statement. We see the importance of being a co-sponsor given that the Philippines is a developing country that is dependent on international trade and highly vulnerable to climate change and natural calamities.

For the Department and TCWM's information and consideration.

A handwritten signature in black ink, appearing to read 'MAJ Teehankee', with a long horizontal flourish extending to the right.

**MANUEL A. J. TEEHANKEE**

*Ambassador and Permanent Representative to the WTO*

## DRAFT OUTLINE: Cairns Group Sustainability Statement

*For Cairns Group member views and discussion*

Deeply concerned by the climate environment and global food security challenges we currently face

Recalling, and recognising our commitments to:

- the Cairns Group's vision of achieving a fair and market-oriented agricultural trading system including
  - o the objective to establish a fair and market-oriented agricultural trading system under Article 20 of the WTO Agreement on Agriculture
  - o the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), in particular, SDG 1 "End poverty in all its forms", SDG 2 "Zero Hunger" and SDG 12 "Responsible consumption and production"
  - o the call to Action from the UN Food Systems Summit
  - o the Paris Agreement to take concrete action to respond to climate change and adapt to its effects
  - o the Kunmin-Montreal Global Biodiversity Framework, including Target 10 (sustainable management of agriculture) and Target 18 (eliminate, phase out or reform incentives harmful for biodiversity)

Cairns Group Members underscore the following principles as a basis for a fair and equitable transition towards more sustainable agricultural and food systems while minimising barriers to trade:

1. Recognise and promote the role of international agricultural trade in strengthening sustainable and resilient agri-food systems in support of global food security
2. Maintain a steadfast commitment to the multilateral trading system, including risk-, science-, and evidence-based regulation and decision making
3. Uphold the WTO Agreement on Agriculture, the Agreement on Technical Barriers to Trade and the Agreement on the Application of Sanitary and Phytosanitary Measures to underpin safe, fair and equitable trade in agricultural and food products, leading to greater food security
4. Avoid unjustified restrictions and excessive compliance measures and costs when implementing agri-food measures, including those related to sustainability

5. Strengthen internationally recognised best practices for making transparent, evidence-based claims about the sustainability of agricultural and food production
6. Implement practices and policies that assist our respective agri-food systems to adapt to a changing climate and contribute to greenhouse gas emissions reduction
7. Support investment in sustainable agricultural practices and food systems that contribute to environmental stewardship, productivity and resilience; and
8. Recognise the importance of Indigenous participation and leadership in sustainable agriculture and food systems

We reiterate the Cairns Group's commitment to work with other WTO Members and groups, including in forums beyond the WTO, in a collaborative and constructive effort to support the long-term goal of achieving secure, equitable, sustainable and resilient agrifood systems for all.

We underline the importance of engaging with industry and farm associations, including the Cairns Group Farm Leaders, in achieving more sustainable and resilient agrifood systems.

We call on others to recognise and uphold these principles, practices and approaches to ensure we meet our shared climate and food security goals.