

Agriculture Negotiations at the WTO: Context Setting and Intelligence Report¹ November 2000 – February 2001



ICTSD

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TRADE AND SUSTAINABLE
DEVELOPMENT

Geneva, Switzerland

February 2001

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¹ This report was originally commissioned by the UK Wildlife and Countryside Agencies (UKWCA) to explore agriculture and sustainable development issues from a multifunctionality / joint production perspective. The report puts a broad variety of elements in context from this perspective. Although the report is non-partisan in character, it does not purport to present a fully balanced, sustainable development perspective, nor should it be seen as a reflection of ICTSD's own priorities. ICTSD has used information gained in writing the reports in its own *BRIDGES* series of publications, and is grateful to UKWCA for its support and for the opportunity to release this report in its entirety for the benefit of ICTSD's audiences.

Contents

EXECUTIVE SUMMARY	1
SECTION 1 - CONTEXT	2
1.1 Phases of the Negotiations	2
SECTION 2 - EMERGING THEMES	4
2.1 Single Undertaking	4
2.2 Special and Differential Treatment (SDT)	4
2.3 Food Security	5
2.4 Non-trade Concerns (NTCs).....	5
2.5 Food Safety and Biotechnology (GMO).....	7
2.6 EC Trade Policy Dynamics.....	7
SECTION 3 - ANALYSIS OF PROPOSALS	9
3.1 Market Access	10
3.2 Domestic Support	14
3.3 Export Competition.....	16
3.4 Non-Trade Concerns.....	17
3.5 Special and Differential Treatment (SDT)	19
SECTION 4 – GREEN BOX / DEVELOPMENT BOX: EMERGING SYNERGIES AND CONVERGENCE FROM A JOINT PRODUCTION PERSPECTIVE.....	21
4.1 Overview of considerations in examining synergies	21
4.2 Background: Where does flexibility exist in the AoA?	22
4.3 Synergies	23
4.4 Negotiating issues with potential impact on multifunctionality concerns.	27
4.5 Conclusion.....	27
APPENDICES	29
Appendix A - Country Groupings.....	29
Appendix B - Proposals Submitted as of 21 Feb 2001.....	30
Appendix C - Decision Establishing the Enabling Clause.....	35
Appendix D - Additional Labelling Issues	37

Executive Summary

The purpose of this report is to provide the international trade and sustainable development community with a comprehensive analytical account of the multilateral trade negotiations in agriculture currently underway at the World Trade Organisation (WTO) in Geneva.

Divided into four sections, the report focuses provides:

- An update on the special negotiating sessions of the WTO Committee on Agriculture held in November 2000 and February 2001;
- An analysis of the synergies between proposals to modify the Green Box measures of the Agreement on Agriculture (AoA) and a new proposal to create a "Development Box";

The agriculture negotiations at the WTO have continued at an accelerated pace since March 2000. 36 proposals have been submitted during this period and others are still expected at this writing. In general the active participation of delegations can be taken as a sign of interest, but it is clear from the divergent ideas offered within them that agreement is still far away. At this point in the negotiation Members have heard from all of the major delegations as well as from a very broad selection of others, and are still assessing their possible strategies prior to the stocktaking in March. So far most Members have not moved into an active mode in negotiating positions as the procedural and scope related questions occupy most of their time. This phase of the negotiation can be likened to the assembly of ingredients for cooking a dinner in which the menu has not yet been decided.

The section of the report on synergies between the Green Box and a possible Development Box indicates that flexibility and convergence is very likely within the context of current mechanisms such as the Green Box, but much less likely on the development of new flexibility that might change the current framework of the AoA. Possible outcomes are constrained by the nature of the AoA itself, as well as by the complications of incorporating divergent agendas into the rules themselves (as opposed to providing flexibility around universal rules). The Development Box and several other proposals as they now stand suggest an approach to flexibility that will most likely be resisted by many Members, including those from developing countries who seek reliable market access in other developing countries. It should also be noted that the quest for more flexibility in the rules is an issue that is running across the WTO and for which the stakes are very high. As such, flexibility should be considered as a central issue not only to agriculture, but also to the dynamics of a new round.

The layout of the report is simple to follow and takes its form from the general negotiating modalities laid out in the Agreement on Agriculture Article 20: market access, domestic, export competition, non-trade concerns and special and differential treatment. Moreover, each subsection in Section 3 begins with a quick reference guide to help readers recall the key points in proposals submitted to date. Trade statistics have also been added to help readers understand the relative agriculture trade weights characteristic of each country and country grouping. These data are essential for assessing the outcomes of the negotiation.

ICTSD based its analysis on a research methodology based on extensive outreach to delegations in Geneva and Capitals, as well as analysis of negotiation proposals. It should be stressed that Section 4, "Green Box/Development Box: Emerging Synergies and Convergence From A Joint Production Perspective", while thorough, is highly speculative and must be taken as such.

Section 1 - Context

Mandated by Article 20 of the Uruguay Round Agreement on Agriculture (AoA), WTO Member states have been negotiating agriculture reform since early 2000. To date, five formal negotiating Special Sessions² have convened to which Members have submitted their negotiating positions for discussion.

- 23-24 March 2000
- 29-30 June 2000
- 28-29 September 2000
- 15-17 November 2000
- 5-7 February 2001³

The present report addresses the last two of these sessions. In total, 36 proposals and three discussion papers have been submitted to the negotiating process representing approximately 66 percent of the WTO membership.⁴

While no concrete decisions have been taken this early into the negotiation, the present discussion phase has been perceived as productive by all participants, according to those delegations with whom ICTSD has spoken. The general message coming from the WTO membership in recent months has been that they are, for the most part, pleased with the level of participation and the breadth and depth of the discussion. Though some Members have indicated frustration with the cautious pace of the talks, by and large, Members feel that the talks are fruitful and moving toward real engagement on the key issues facing them.

1.1 Phases of the Negotiations

The agriculture negotiation is currently in the latter stages of its initial phase. Presently, there are two remaining negotiating sessions yet to convene -- a 22-23 March 2001 session to discuss proposals outstanding from the February session⁵ and a final stocktaking exercise from 26-28 March during which Members will assess the progress of the negotiation and establish an action plan for subsequent phases. Completion of the March stocktaking will formally conclude Phase 1 of negotiation.

Presently, no decisions have been taken by the Special Session on the format of Phase 2 of the negotiation. An informal Special Session held 7 February, however, did address the content of Phase 2 in some detail. At this meeting, five themes were taken up:

- *Setting specific deadlines for Phase 2 of the negotiation.* In particular, members of the Cairns Group proposed that Phase 2 be conducted during the 12-month period from March 2001 to March 2002. In contrast, Japan and Korea were unwilling to accept rigid deadlines for Phase 2. Instead, they argued that if specific dates were agreed, a corresponding provision must also be agreed to permit an extension of the deadline should one be required in the future. No decision was taken on this issue.
- *In addition to Phase 2 deadlines, the question of the scheduling frequency of the Phase 2 sessions was also discussed.* Most developing countries -- India for example -- were comfortable with the scheduling frequency of the Phase 1 meetings, and have expressed their willingness to repeat that

² Officially these are called Special Sessions of the Committee on Agriculture.

³ It is important to note that at the outset of the negotiation in early 2000 only four special sessions had been scheduled while provision had been made for a possible fifth, if necessary. This provision was subsequently exercised at the fourth special session in November and a fifth session scheduled for 5-7 February.

⁴ Source: WTO Agriculture Negotiations website, http://www.wto.org/english/tratop_e/agric_e/negoti_e.htm, 12 February 2001.

⁵ With the unexpected volume of proposals (19 in total) submitted to the 5-7 February session and insufficient time to discuss all 19 submissions, Member states scheduled one further session for 22-23 March to discuss the 6 remaining. ICTSD will cover the discussion on the additional proposals in the next report.

frequency in subsequent phases of the negotiation. These countries did however argue that the meetings themselves should be longer than their conventional two-day length to allow more extended debate on the issues.

- *Technicalities to be addressed in Phase 2.* In particular, Argentina proposed that during Phase 2 Members begin translating the proposals into legal-textual language. Again no decisions were taken on this. It is worth noting that when asked about its objectives for technical discussions in Phase 2, a representative in the US delegation said that a "wait and see" approach was being taken to assess the positions and reactions from all delegations submitting proposals. The delegate qualified his position saying that, while the change in presidential administration would not alter US trade policy, the US was proceeding cautiously due to the political transition in Washington.
- *The specific role non-trade concerns (NTC) and Special and Differential Treatment (SDT) should play in Phase 2 and in the negotiation more broadly.* In the discussion India argued, on the basis of its Uruguay Round experience, that, as opposed to giving SDT separate standing in an agreement, specific SDT provisions should be crosscutting. This means that to be fully effective SDT should be operationalised into every area of the negotiated agriculture agreement-- export competition, market access and domestic support. No decisions were taken in this discussion. Canada indicated that it was looking to Phase 2 for targeted discussion around non-trade distorting measures addressing NTC.
- *The relationship between the mandated agriculture negotiations and the prospect of a new round of multilateral trade negotiations.* Very generally, the so-called "Friends of Multifunctionality"⁶ look favourably at incorporating the AoA Article 20 negotiations into a 'single-undertaking' and believe this is the only practical way to ensure that the divergent interests of WTO Members can be accommodated. In contrast, the Cairns Group and Like-Minded Group remain firm in their conviction that the Article 20 negotiations must proceed independently of a new round of negotiations.

One final informal Special Session will be held prior to the March stocktaking exercise when a draft text outlining specific details of phase 2 is expected, most likely prepared by the WTO Secretariat. Agreement on the phase 2 process will be sought at the March stocktaking. However, based on recent events in the negotiations on trade in services it appears as though the establishment of negotiating guidelines may be more complex than anticipated. On 20 February a first revision of the draft guidelines for negotiations was discussed in an informal session of the WTO Council for Trade in Services. Changes affecting provisions in the guidelines on development issues were rejected outright by a group of 24 developing countries as well as the African group and CARICOM. Most delegates and Secretariat Members that were contacted by ICTSD felt that this development would have some impact on the agriculture negotiations, although there was disagreement on whether it would cause major trading countries to try to make more concessions toward developing countries or slow the process of negotiations. In either case, the development dimension, as it is described throughout this report, is a significant factor. To the extent that Members feel that it is not being taken seriously, especially considering developing country perspectives on agriculture, the negotiations may change their tone quickly. While this would not be expected from a historical perspective, it would not be surprising considering the mounting frustration expressed by developing countries with the Special Session on Implementation at the WTO which, by virtually all accounts, has made no progress.

⁶ European Commission, Switzerland, Norway, Japan and Korea.

Section 2 - Emerging Themes

In the following section we discuss some of the principle macro-themes emerging as the negotiation progresses.

2.1 Single Undertaking

The issues of agriculture and a new round are closely intertwined and interdependent. From a new round point of view the debate can be subdivided into three camps: i) those in support of a single undertaking (including the Article 20 agriculture negotiations with a multilateral round); ii) those interested in keeping the agriculture negotiation separate from a new trade round; iii) and those interested in using the new round as an opportunity to expand the agenda on agriculture. In recent months, several Members have made their positions on this very clear. Again, this issue was taken up at the recent informal session mentioned above, yet no decision was taken.

For its part, the EC, while supporting the idea of a single undertaking, rejects the claim that concessions in agriculture are conditional on a new round. The EC has however been very clear publicly that a new round will facilitate progress in the agriculture negotiation. US President, George W. Bush has publicly expressed his desire to fold the agriculture negotiation into a single undertaking; however, neither Robert Zoellick, US Trade Representative, nor Ann M. Veneman, Secretary of the US Department of Agriculture, have made any public pronouncements on the single undertaking issue. More recently the US House Committee on Agriculture (Congress) also endorsed the idea of a single undertaking.

In general there is a tension among Members as to the timing of the agriculture negotiations. One group including Japan, the EC and others maintain that effective negotiations can only take place in the context of a new round of negotiations. However, of concern to these countries and others, such as Hungary who intervened in the last informal meeting, was that firm deadlines should be set for the completion of the negotiations so as to avoid the lapsing of the Due Restraint "Peace" Clause. The Peace Clause has been in effect since the AoA was signed and was instituted as a temporary measure to prevent a flood of dispute settlement cases while Members were bringing their domestic frameworks into compliance with the AoA. For the Cairns Group and others who support minimising distortive subsidies the expiration of the Peace Clause has been one of the most significant factors in pushing the negotiating process forward and it is thought that these countries will not agree to an extension of the Peace Clause without firm commitments from their trading partners.

2.2 Special and Differential Treatment (SDT)

Not surprisingly, most countries have included at least some reference in their proposals to Special and Differential Treatment, which makes further discussion in Phase II in this area likely. As such, there are several competing visions of SDT ranging from simple derogations in time and level of compliance (as currently exist under Article 15) to significantly different provisions of the agreement for developing countries. One of the main issues in this context is whether SDT should be treated as an issue with the same status as the three main pillars of the AoA (i.e. Market Access, Export Competition and Domestic Support) or whether it should become a cross cutting feature of the agreements. Proponents of both approaches seek to make SDT more "operational". This debate has only just begun, but it has high stakes, as any agreement in the AoA context on SDT will certainly impact other WTO Agreements. In this respect there is also a strong constituency for allowing additional measures under SDT, but not making any significant changes to the existing provisions.

For the time being, ICTSD has been able to isolate three general approaches to SDT. These are:

- Those seeking to change the basic structure of the Uruguay Round commitments through a new articulation of SDT; that is away from the 'rules based' approach to a 'tailored' approach that can

respond to the needs of individual developing countries.⁷ (India and the Like-Minded Group) (It is interesting to note that while Japan is not a developing country it appears to be advocating such an approach for itself. As such, Japan's proposal has not been well received by many other Members)

- Those seeking an expanded SDT vision that allows for more manoeuvrability and flexibility in market opening, while remaining committed to the reform process and the market orientation of agriculture trade. (Transitional Economies, EC, and others);
- Those for whom SDT is a limited, but essential derogation from the rules followed by all Members, that is SDT as an "exception to the rules" approach (Cairns and US);⁸ and

2.3 Food Security

Food security has gained ground in discussions as it has been raised as a key issue for a broad cross section of countries. Proposals from India and other developing countries, as well as proposals from Japan and Korea have provided a great deal of material for discussion. At first glance, it looks as if the Development box concept from the pre-Seattle debate has been recycled, now appearing as a "Food Security" box in the Indian proposal. At this point, it is difficult to isolate which Members are in favour of the idea, but according to the Indian delegation, most developing countries, including the Like-minded Group, will lend their support to the idea. However, it remains to be seen to what degree countries will support the operationalisation of the idea as delegations attempt to translate it into specific provisions.

The basic idea in the food security box is twofold. First, it seeks to provide extended flexibility to developing countries to manage their agriculture trade regimes in a way that is responsive to their food security needs. Second, developed countries must take commitments for the benefit of the developing country agriculture export sector. Depending on how Members interpret the needs in this area, it could involve measures well within the existing scope of the AoA or it could imply a fundamental departure from the underlying principle of the WTO. The version advanced by India appears to be of the latter variety, seeking to shift the focus of rules in a way that would result in far more flexible, but less predictable and transparent ones. The extent to which Members are comfortable with pushing negotiations into this territory will determine the buy-in that the Indian proposal will receive.

Food security is also cited as a significant concern for net food importing countries (NFICs), as exemplified in the Japanese proposal. For its part, Japan and others argue that food security is simply not about purchasing food to meet domestic consumption requirements. Rather, they contend that food security is fundamentally about maintaining minimum levels of self-sufficient domestic production.⁹ However, some Members, Argentina for instance, have pointed out that the food security concept should not be used to justify market protection in countries like Japan, where above average foreign exchange can be used to purchase food on the international market. Indeed, these critics are not objecting to the self-sufficiency objective per se, but to the trade-distorting effect that protective measures have on trade flows in and out of Japan.

2.4 Non-trade Concerns (NTCs)

Non-Trade Concerns have become a significant point of debate in the negotiations.¹⁰ Yet, the greatest impediment on how to treat NTCs in the negotiation lies in the absence of consensus on what exactly

⁷ This includes extension of the safeguard provisions and establishment of new safeguards; application of the Peace Clause and other provisions for developing countries.

⁸ These groups also acknowledge the requirement for new measures that conform to specific needs.

⁹ It is worth noting that Japan's proposal is in many ways consistent in looking for more specific flexibility in the rules to address its particular situation. However, while there is a similarity of approach there are fundamental differences, with India insisting that such rules for developed countries would be completely inappropriate.

¹⁰ These are referred to in the AoA preamble as well as Article 20 which mandates continued negotiations. There a multitude of topics which may fall under this category including food security, environmental protection and social issues. In general it is safe to say that virtually anything that does not come under the three pillars of the AoA (market access, domestic support, and export competition) would qualify as non-trade concerns. However, it is also important to note that Special and Differential Treatment (SDT) is accorded its own status in the agreements, meaning that countries would not need to negotiate these special provisions as

NTCs entail. The generally held view of NTCs takes account of those issues related to agriculture, but which fall outside the commodity production and trade ambit -- namely environmental protection, rural development and food security. Yet these are sufficiently vague categories, which many Members argue require more precise definitions before they become negotiating issues. For instance, environmental protection denotes a range of meanings -- biodiversity protection, pollution prevention, aesthetic value, and ecosystem management. Moreover, rural development in Swaziland is fundamentally unlike rural development in Switzerland. In response, some Members, Australia for instance, urge that Members first inform the negotiation as to what their unique NTCs are, and how they propose to address them before assessing their trade effects.

In contrast, a competing definition of NTC belongs to India, which emphatically contends that for itself, and for a majority of WTO Members, food security and specific rules that respond to food security needs are vital interests that must be addressed by the AoA. As noted previously, such concerns, while broadly supported by Members, will force them to consider whether such specific provisions should be brought into the AoA or whether this is better accomplished through domestic measures, leaving the multilateral rule structure intact. In some sense this question is the same one faced by those supporting multifunctionality: is it possible to address the trade-related aspects of food security in a general framework and is it possible to devise targeted, transparent and minimally trade distorting measures to address these issues? (Interestingly the US claims that its proposal, while focusing more on reduction of distortion measures, "is a food security proposal" challenging other Members to seriously assess the best instruments to achieve food security). It can be expected therefore that once precise definitions of NTC are advanced, progress on how to "take into account" NTCs will follow. More than likely during the Phase 2 discussions, Members will begin defining this concept and how it should be treated.

As these discussions progress we can expect a clearer political dynamic to emerge as coalitions form around competing articulations of NTCs, and the status accorded to them in the negotiations. Already in this early stage of the negotiation we observe this process taking shape. A critical observation articulated in the mainstream media, and subsequently reinforced by our own findings, is that the Cairns Group used the Fifth Special Session as an initial opportunity to try to weaken the consensus of the Friends of Multifunctionality Group. During this session, Cairns Group Members -- Canada and Australia, for instance -- were quick to identify their support for the European Commission's treatment of NTCs, namely that such measures be transparent, targeted (addressing specific, legitimate concerns) and non-trade distorting. In stark contrast, these same Members were noticeably disappointed in the Japanese treatment of NTCs, which they believed legitimised explicitly trade-distorting measures. Extrapolating from this dynamic, the field of views fall into one of two basic categories:

- Those identifying the need for NTC-related measures to be transparent, targeted and non-trade distorting (EC, US, Cairns); and
- Those claiming that their non-trade concerns may not be treated within the framework of current rules and are seeking NTC-specific measures within the AoA. Currently, the burden of proof appears to be on these countries to demonstrate why their NTCs cannot be addressed via current rules, as well as suggesting a broadly acceptable approach to these problems (Japan, India).

Building on this definitional and methodological contest, Members are also debating the proper role NTCs should play in the negotiations. Here the outstanding question is whether NTCs should be considered a *crosscutting*¹¹ issue, or whether NTCs should be addressed through one specific, centralised mechanism. Again, more than likely discussion around this theme will continue through Phase 2.

part of NTCs. Some delegations point out that in fact the AoA refers to negotiations proceeding "having regard to" NTCs while SDT is referred to as "integral to the negotiation". This differentiation for them implies that there is no obligation or intention to negotiate NTCs themselves, while there is such an obligation for SDT.

¹¹ *Crosscutting* refers to a decentralised treatment of NTC whereby related measures may be included in several Articles of the negotiated text.

2.5 Food Safety and Biotechnology (GMO)¹²

Concurrent with growing public concern regarding the use of GMO technology in food production, the issues of GMOs have taken an increasingly high profile in the WTO agriculture negotiations. Several Members have expressed a variety of concerns in their negotiating proposals including: the management of approval processes for GMO products; assessing the potential hazards to public health associated with GMO derived food; and the provision of information in support of consumer choice. Not surprisingly, there is considerable disagreement about the whether, where and how to deal with GMO issues in the Article 20 negotiations. For example there is debate about whether the AoA should include provisions related to products based on new technologies or whether such provisions are more appropriately addressed in the Agreement on Technical Barriers to Trade (TBT) and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS). In fact, there are strong arguments for certain aspects of the GMO issue to be managed in each agreement. So far the US, EU and Japan have been most active in this debate, each stressing different aspects of the GMO issue. However, to the extent that discussion on these issues proceeds, it is very likely to attract the broader membership of the WTO for all of the above concerns, but also in relation to the market access impacts that any agreement in this area may have. This is a particular concern for developing countries.

Moreover, in June 2000 the US submitted a request for "disciplines to ensure that processes covering trade in products developed through new technologies are transparent, predictable and timely." In making this request, the US hopes that the agriculture negotiation will adopt, or at a minimum, negotiate universal guidelines on the approval process for market access of GMO products. Many delegations however are of the view that these guidelines are best addressed in the SPS Agreement. Since SPS Article 5 already assigns states the right to adopt measures to protect human, animal or plant life providing these are based on internationally recognised risk assessment procedures, developing disciplines outside the SPS agreement is considered redundant.

This latter view is reflected in the Japanese proposal, which urges the WTO membership to develop safety measures pertaining to the use of GMOs in consultation with the Food Standards Committee of the CODEX Alimentarius where international regulations pertaining to the use of these technologies are currently being developed. CODEX standards are recognised in the SPS agreement as WTO compatible. Korea offers a similar proposal recognising the need to develop precautionary measures that would mitigate the risks associated with products containing GMO technologies, yet does so without making specific reference to the SPS agreement.

The EC has also responded to the US proposal, recommending that the application of the Precautionary Principle be clarified in the SPS Agreement, and maintaining that precautionary measures should be proportionate to the risks they address and that these measures be applied in a non-discriminatory way.

For further discussion of this issue see **Appendix – D** discussing labelling issues. These issues are closely connected to the discussion on risk assessment and perception, and consumer choice. As these issues are also associated with the multifunctionality agenda they have the potential to shape and influence how multifunctionality is dealt with in the negotiations.

2.6 EC Trade Policy Dynamics

Also related to the question of food safety and more broadly to the direction of EU agriculture policy is the increasing perception of risk associated with diseases such as Mad Cow disease. Similar issues have also been confronting policy-makers with GMOs. The case of Germany and the recent appointment of Renate Kunast as German Minister of Agriculture and Consumer Protection provides a useful lens through which to observe how domestic policies relating to risk might be translated into trade policy. Shortly after taking her post, Kunast announced that her ministry would begin encouraging farmers to adopt organic production methods on the grounds that organic food production is an effective method for protecting consumers from BSE and other food related health risks. Although it remains to be seen what

¹² This issue is also explore briefly in Section 4 of the paper on Green Box / Development Box synergies.

the specific trade policy outcomes will be in the aftermath of this development, it is clear that there are potential trade issues involved including whether the policy shift will result in new subsidies or cause a fundamental restructuring of German agriculture policy. Will new market access barriers be created?

Section 3 - Analysis of Proposals

In this section, we discuss and analyse the proposals themselves. The analysis is subdivided into five subsections in order to reflect the basic structure of the negotiating modalities: market access, domestic support, export competition, non-trade concerns and Special and Differential Treatment. At the outset of each subsection, a **Quick Reference**¹³ guide helps capture the main thrust of each proposal discussed in that particular section. Please note that due to the complexity of the negotiation process and the high level of detail in most proposals, the **Quick Reference** is not a suitable substitute for reading the actual proposals. Rather, it is merely meant to help the reader identify major themes.

It is worth noting that during ICTSD's research many Members indicated that the large volume of proposals signals a widespread willingness among the WTO membership to participate in the reform process. According to this view, this development represents a significant departure from the Uruguay Round and pre-Seattle negotiating contexts during which participation was relatively sparse. As such, several Members consider this a very positive opening condition from which to begin the reform process. It should be borne in mind, however, that while this perspective is widely held, strong differences remain amongst the positions of the participating countries and groups. In short, the willingness to participate in the negotiation should not be equated with a conciliatory negotiating tone, nor should it be inferred that consensus would be reached expeditiously.

Last, we find it worthwhile to offer one final caveat before our discussion of the proposals. Given the volume of proposals, the range of positions therein and that the negotiating process is still in Phase 1, we find it hazardous to rely with any certainty on any previous Member coalitions as analytical reference points. To the best we can, we reference specific proposals by country, and in instances where a proposal was jointly submitted we make reference to the most appropriate Member coalition. A comprehensive list of country groupings, as they are used in this report, can be found in **Appendix – B**.

¹³ Included in the Quick Reference is a compilation of statistical data which highlights the basic trade flow weights characteristic of each country or relevant grouping concerned. A short note on the methodology used in the calculation of these statistics is warranted. In selecting its data source, ICTSD selected the United Nations Food and Agriculture Association (FAO) statistical database for its reputation as a statistical source of international repute. Users of this data should note that the WTO maintains a similar data source in *International Trade Statistics, 2000*, but that this data set is incomplete for the purposes of our analysis, nor is its methodology comparable. WTO publishes data on 'selected economies', while ICTSD statistics include data from a wide range of trading nations. We therefore caution against direct comparisons between data sets. Finally, though different in total amounts, relative percentages of world trade are quite similar between the two sources. WTO statistics include trade in raw materials which include: hides, skins and furskins, raw; crude rubber (including synthetic and reclaimed); cork and wood; pulp and waste paper; textile fibres and their wastes; crude animal and vegetable materials, n.e.s. (SITC divisions 21, 23, 24, 25, 26, 29). ICTSD figures include crops and livestock, primary and processed.

3.1 Market Access

Quick Reference – Market Access			
Country	% of total world agriculture trade		
	exports	imports	
US	19	14	Automatic reduction of in-quota duties in case of TRQ under-fill.
EC	18	18	UR formula for reduction, improved TRQ administration, geographical indications; safeguards.
Switzerland	1	1	Flexibility to implement TRQ and SSG by importing country. Case by case market access improvements for developing countries
Norway	<1	<1	Tariff reductions should respect objective of retaining domestic production.
Japan/Korea (NFIC)	1	14	Market access should reflect domestic conditions, taking into account factors of production.
Cairns Group	33	13	Elimination of all tariffs, with 50% down payment
India	2	2	Reduction of tariff peaks and escalation; protective tariffs; separate safeguard mechanism; no obligation for minimum market access.
Transitional Economies	2	2	Flexibility to compensate for transitional economies' vulnerabilities.
SIDS	<1	<1	SIDS Import regimes to exclude of sensitive sectors; SIDS export markets to must be predictably accessible.
ASEAN	9	6	Improved TRQs; inclusion of tropical products; continued safeguard mechanism; improve working of GSP.

New Proposals

EC¹⁴ For the EC, the overall principle guiding its comprehensive proposal is that agricultural reform must benefit all participating Members. Regarding market access, this translates into improved market access conditions for all Members, including developing and least developed countries. In particular, the EC proposes that the Uruguay Round formula for tariff reduction be adopted since it is already in use and can be applied flexibly to selected tariff lines. On Tariff Rate Quotas, the EC proposes improved transparency, reliability and improved management of TRQs. Thus far in the negotiation, these two reform approaches have been well received, notably by Indonesia and Korea. Indonesia was however critical of the EC's failure to address tariff peaks and tariff escalation in their proposal on market access.

The EC proposes two further measures. It wishes to include the right to protect geographical indications in the negotiated text and to continue use of Special Safeguard measures to protect against import surges. Regarding protection of geographical indications, the EC considers the misappropriation of geographical indications as a market access impediment. In contrast, the Cairns Group, particularly Australia, fears that as a new right in the agriculture agreement, protection of geographical indications could be misused to protect producers, as opposed to protecting consumers as was the concept's original intent. Recently, the EC has signalled its willingness to move this discussion to a different location at the WTO, most likely the Trade-Related Intellectual Property Rights (TRIPS) Council where protection of geographical indications already exists as an acceptable right.

Japan -- The general principle informing the entire Japanese proposal is that of coexistence. With this as its organizing principle, Japan asserts that any new market access provisions should reflect the domestic

¹⁴ Refers to European Union's comprehensive proposal: G/AG/NG/W/90

production conditions of all Members, while additionally seeking to rebalance the rights and obligations of both agricultural importers and exporters, and securing the benefits of multifunctionality and food security. This approach has implications for the market access dimensions of the negotiation and to most Members appears to be aimed at protecting its domestic agriculture production.

Predictably, response to the Japanese proposal has not been favourable. Indeed, the international press has emphasized this sentiment, drawing particular attention to the vociferous response several Cairns Group Members offered the Japanese at the Fifth Special Session. Many Members, most notably Uruguay and Australia, have articulated a concern that the Japanese proposal moves the negotiation away from its intended goal of progressive liberalisation in the agriculture sector. In particular, these Members were very concerned with two elements of the Japanese proposal, namely that it implies a possible expansion of the use of tariff rate quotas (TRQs), and it advocates use of a new special safeguard on perishable foods. Many developing countries, including Indonesia, believe that the Japanese proposal, in asserting an 'importer's rights' perspective, does not adequately reflect the concerns of those developing countries with a comparative advantage in agriculture exports. Citing the Cairns Group market access proposal, Indonesia feels that the proposed Japanese import regime offers little opportunity for those developing countries attempting to address their economic concerns through agriculture-based export-led development.

Yet despite the negative response, the so-called Friends of Multifunctionality -- Switzerland, Korea and Norway in particular -- have defended the Japanese denouncing the inappropriately harsh tone used by Members to express their disagreement with the proposal. However, this defence may have been more in solidarity than anything else, as the Japanese remain one of the chief proponents of multifunctionality and co-existence. According to one of the EC member country missions in Geneva, however, their support should not be interpreted as unqualified agreement with the Japanese proposal.

Cairns Group¹⁵ - The Cairns Group proposal predictably focuses on the progressive reduction, leading to the elimination, of all forms of market access barriers. Very generally, the Cairns Group calls for expanded tariff rate quota volumes, and reduced tariffs and disciplines on export restrictions. As with each of its proposals, the Cairns Group is proposing that Members provide a significant down payment in market access concessions to ensure that the reform process continues during the course of the negotiations. This position corresponds strongly with the wishes of the Cairns Group developing country membership and the more general view that developing countries require market access to developed country markets in order to fully realise the gains from trade. The need to reduce market access barriers as a critical complement to reducing other distortive support, especially for developing countries, is also echoed by the US proposal. The Cairns Group proposal also includes a section on Special and Differential Treatment, which focuses on the objectives of rural development and poverty elimination, including "concrete" provisions that operationalise Special and Differential Treatment; greater opening to products from developing countries; full liberalization of tropical products and provisions for the diversification of production from illegal narcotic crops. In addition to simplified tariff quota administration and the preservation of the current special Safeguard Mechanism for developing countries, the Cairns group also appears to concede that developing countries require differential treatment in market access and "modalities".

In general, the Cairns Group proposal has been well received, yet with reservations. In particular, CARICOM, and it may be inferred they represent all small island developing states in this position, has taken the view that an "across the board" reduction in tariffs and expansion of TRQs does not take into account the needs of small island developing states. It contends that preferential arrangements currently benefiting small island agricultural producers -- banana producers for instance -- would be eroded by a complete implementation of the market access provisions proposed by the Cairns Group. In addition to this objection, Hungary offers criticism on the down payment dimension of the proposal. They contend that the concept of a down payment is inherently flawed since it requires a "retroactive entry into force of the results of the current negotiations."

¹⁵ G/AG/NG/W/54

Indeed, it is important to note that two Cairns Group Members -- Canada and Fiji -- did not formally consent to the Cairns Group proposal. For Canada's part, it informally endorses¹⁶ the Cairns position, but, on the basis of recent domestic consultations with industry, feels that only through advancing its own position could the results of the consultation be fully reflected.

US - In addition to its comprehensive proposal submitted June 2000, the US tabled a market access proposal addressing the specific issue of tariff rate quota (TRQ)¹⁷ under-fill¹⁸ the basic premise of which is that TRQ administration should not become a barrier to trade. Here, the US asserts that the primary cause of TRQ under-fill is non-transparency and restricted import license allocation. In particular, the US argues that, in cases of TRQ under-fill, in-quota tariff rates should be reduced proportionately, reflecting the overall degree of under-fill. Furthermore, the US proposes that Members agree to an automatic trigger mechanism, which would immediately lower in-quota duties in cases of TRQ under-fill.

Response to the US TRQ reform proposal has been mixed. In a formal statement presented at the most recent Special Session, the European Communities favoured the US TRQ reform proposal, emphasising the need for improved management and transparency of TRQ administration. In contrast, Japan, Korea and Hungary, all for very different reasons, have responded negatively to it. Japan argues that TRQs do not necessarily represent the right to import, but rather the opportunity to import. On this basis, Japan "finds major difficulty in the US proposal's mechanical and automatic approach." Korea, by arguing that the present AoA favours exporters, makes the point that TRQ reform should not act as an additional burden on importing countries. And finally, Hungary contends that the automatic trigger mechanism proposed by the US presupposes a link between the level of in-quota duties and fill levels. It argues that in most cases fill rates are determined by other intervening factors as opposed to exclusively in-quota duties. By this logic, Hungary argues that reducing in-quota duties will not necessarily generate higher levels of quota fill.

India - The core principle of India's proposal is that food security, both an economic and socio-political concern, must be addressed as a central issue in the agriculture negotiations. As such, India advocates for a "Food Security Box", a position which closely resembles the "Development Box" advocated by other developing countries.

With respect to market access, the Indian proposal argues that developed country domestic markets remained closed to agricultural commodities and goods from developing countries and that the opening of these markets is paramount if India, and other developing countries, are to achieve their food security objectives. A corollary to their argument is that developing countries, by virtue of their relatively low levels of development, should be permitted to maintain tighter border controls and be "exempt from any obligation to provide any minimum market access" on their imports, again with the intention of meeting their food security objectives. Furthermore, India suggests the abolition of the Special Safeguard Mechanism and the creation of a new safeguard mechanism for developing countries that allows them the flexibility to impose quantitative restrictions under certain conditions. This suggestion of a new safeguard mechanism for developing countries is supported by CARICOM, SIDS, Indonesia and Norway. A similar mechanism applying to all countries is supported by Korea and Japan as well.

At the time of writing this report, little public discussion had occurred on the Indian proposal. However, the results of our research have found that most Members of the so-called Like-Minded Group are likely to endorse the Indian proposal. Moreover, on the basis of the Special Session discussions, no developed countries have outwardly denounced the Indian proposal, but instead used the language of reciprocity to

¹⁶ In this case, an informal endorsement means that although Canada was not a signatory to the actual proposal, it does express its verbal support for the proposal in the Special Sessions.

¹⁷ Tariff Rate Quota's refer to specific market access restrictions intended to impede import flow. A TRQ specifies both a volume of allowable product inflow and a corresponding tariff. Most TRQ mechanisms involve some type of import license allocation regime, whereby licenses are granted before trade can occur.

¹⁸ Under-fill refers to a situation whereby TRQ volumes go unfilled for the duration that the TRQ is in effect. For instance, a TRQ permits 400 000 tonnes of commodity X to enter a specific market over the course of one year. TRQ under-fill occurs if less than 400 000 tonnes of commodity X enter the market during that year. An underfill thus implies that the "in quota" rate is already too high and acting as a market access restraint, or that administrative procedures are preventing filling of the quota.

convey their concerns. It is very important to note here that Indonesia - a prominent Cairns Group member - endorses the Indian proposal, recognising its similarity with the Cairns Group proposal for deep reductions in market access barriers to developed country markets. Indonesia also applauds India's "concrete and operational" treatment of SDT.

Special Session discussion of the Indian proposal will resume at the 22-23 March meeting. ICTSD will assess the results of that discussion in more detail in subsequent reports.

ASEAN - The ASEAN proposal is significant as it provides the negotiation with a particular vision of Special and Differential Treatment and, in a manner similar to the Indian proposal, offers specific mechanisms that might be used to operationalise the SDT concept. On market access, ASEAN asserts a position favouring developing country exporters. In particular, it proposes that the Generalised System of Preferences scheme (GSP), which waives "Most Favoured Nation" status between trading partners, should be maintained and improved to remove conditionalities that it argues make such arrangements less effective.

In a formal statement, Colombia offered support for the ASEAN proposal as it complements the Cairns Group proposal on market access and SDT. Also of note is the support given ASEAN's GSP reference by the European Commission.

It is important to bear in mind when contemplating this proposal, and SDT more generally, that Phase 2 of the negotiations will likely include substantive and technical discussions on the SDT concept. So far, several definitions of SDT have been submitted some of which remain quite vague. In our research ICTSD learned that many countries are considering, but still have not fully developed, their technical negotiating position on SDT. This leaves considerable room for negotiation.

Swaziland - Despite its relatively low share of total world agriculture exports (0.08%), Swaziland's market access proposal is important as it brings a particularly relevant aspect of the SDT debate into focus. Among other issues, the proposal is concerned with the possible negative effect of rapid tariff reductions on developing countries that depend on preferential access arrangements to foreign markets. Such a change may erode their preferences and not provide sufficient time for domestic restructuring, leaving them far worse off than before reductions. Such dynamics are of particular concern to many smaller countries and may be a particularly difficult area to resolve within the context of current structures. Furthermore, Swaziland points out the difficulties of establishing criteria for delineating small developing countries and providing them with accordingly different treatment. This is a long-term issue that the WTO has struggled with for many years, and promises to become more intensely debated in the current context. While the distinction between many developing and developed countries are relatively easy for Members to make, the distinction between developing countries at many different levels, and in specific sectors at different levels, presents a significant problem, since many developing countries are seeking improved market access in other developing countries. Again, this will be an important discussion to watch through Phase 2.

3.2 Domestic Support

Quick Reference – Domestic Support			
Country	% of total world agriculture trade		
	exports	imports	
US	19	14	Simplified definition of domestic support; "exempt" and "non-exempt" supports". Proposal of technical working group on Annex II measures.
EC	18	18	Existing AoA structure should be maintained
Switzerland	1	1	Wait to negotiate Amber and Blue until instruments of NTCs agreed in principle. Examine and specify Green Box measures.
Norway	<1	<1	Two-tiered system for imports / exports.
Japan/Korea (NFIC)	1	14	Seeks also to provide supports to entire market structure, including factors of production.
Cairns Group	33	13	Reduce support and reduce disparity between developed/developing country levels of overall support.
LMG	4	4	Collapse support into one category and discipline as percentage of production; add Development Box
India	2	2	Exempt antipoverty measures; reduction below de minimis for all countries;
Transitional Economies	2	2	Flexible approach given transitional sensitivities.
SIDS	<1	<1	Manage economic and geographical vulnerabilities. Special attention to sensitive sectors.
ASEAN	9	6	Flexibility for developing countries; deep reductions for developed countries.

New Proposals

EC¹⁹ - In principle, the European Commission wishes to retain the present structure of the AoA, namely the Amber, Blue and Green boxes. It does, however, propose that a reduction formula be applied to the amber box and has indicated its willingness to negotiate further constraints on the blue box. The EC believes that an increase in non-distorting Green Box payments will contribute to the objectives of multifunctionality.

In general, the EC proposal has received more favourable treatment than similar "multifunctionality" type proposals, such as that from Japan. Canada, Australia and the US have each acknowledged the importance of properly qualifying non-trade concern related payments in the Green Box. The reason for this is the EC's recognition that Green Box payments used to address legitimate non-trade concerns should be targeted, transparent and non-trade distorting. It is likely that Phase 2, in addition to hosting discussion on SDT, will contain serious technical discussion regarding measures appropriate to addressing non-trade concerns and whether or not these are non-trade distorting.

Switzerland²⁰ - In several ways the Swiss proposal on domestic support echoes that submitted by the European Commission. The central thrust of the Swiss proposal is that, while taking a strong multifunctionality approach to agricultural production, Switzerland has been able to implement its Uruguay

¹⁹ Refers to European Union's comprehensive proposal: G/AG/NG/W/90.

²⁰ Switzerland bases its negotiating proposal on a constitutional amendment, which resulted from a countrywide referendum in 1998.

Round Commitments commensurate with both market and sustainable development principles. At the core of its domestic support approach is the idea of separating supports from production level and/or price. The Swiss proposal is important since it provides the debate with a practical example of how to address non-trade concerns (multifunctionality) in a non-distorting or minimally distorting manner.

Support for the Swiss proposal has been strong. Formally, Bulgaria and Slovenia have endorsed the Swiss proposal in particular for its treatment of non-trade concerns and how these can be legitimately addressed, but also for its mention that special consideration be given transitional economies in the reform process. Furthermore, during an informal discussion with one developed country Cairns Group Member, ICTSD was told that there is strong willingness among Members to take the Swiss proposal very seriously. It is expected that many Members will keenly examine the trade distortion effects of myriad non-trade concern related measures during Phase 2. This latter statement is consistent with the earlier Cairns Group proposal on domestic support.

Norway - In its proposal, Norway seeks recognition of the multifunctional role of agriculture in the agriculture negotiations. As a net-food importer, it proposes protections for its relatively small agriculture sector, most of which produces for domestic consumption. As such, on domestic support, Norway proposes a two-tiered system of domestic support in addition to maintaining the existing box structure of the AoA. The first, it argues, would classify supports given domestic producers producing commodities for domestic consumption. These, Norway argues, would be exempt from reduction commitments. In contrast, the second tier would classify supports given to producers producing for export. These would not be exempt from reductions.

In the most recent Special Session, Norway ceded its place in the discussion line-up to India. Therefore the proposal from Norway will not be discussed until the 22-23 March Special Session.

Japan - On domestic support, Japan proposes to maintain the present structure of the AoA while showing a willingness to reduce levels of domestic support in exchange for additional flexibility in implementing its support programme. Here Japan is hoping to improve the requirements for de-coupled support in order to reflect the real situation of production, including factors of production. It remains to be seen whether or not such supports will have market-distorting effects in sectors external to agriculture. Japan is also arguing in favour of expanding Green Box payments.

ASEAN - Noteworthy in the ASEAN proposal on domestic support is its reference to Green Box payments. ASEAN's most significant demand is that a cap be placed on Green Box support. This responds to a widely held view among developing countries that regardless of the nominal non-distortiveness of the Green Box measures, their sheer volume and use by developed countries will ultimately cause significant distortion that damages developing countries. In the same vein ASEAN also wants the elimination of the de minimis category for developed countries and inclusion of Blue Box commitments in the reduction commitments. Consistent with several other proposals, ASEAN requires that Green Box measures be assessed for their distorting effects, but additionally requests that elements in the Green Box be more responsive to the needs, particularly food security concerns, of developing countries.

India - With a view to balancing current levels of domestic support between developed and developing countries resulting from implementation of the Uruguay Round AoA, and with a view to addressing the food security needs of developing countries, India proposes a domestic support regime intended to benefit developing countries. India's focus is on sufficient production and improving the competitiveness of their domestic producers. India proposes a long list of compensatory mechanisms that would be available principally to developing countries including an exemption of any measure aimed at poverty alleviation and rural employment, for example. India also suggests that support for all countries be brought below the de minimis level within three years for developed countries and five years for developing countries. Finally India suggests a more flexible Green Box for developing countries in which, for example, input subsidies given to crops wherein productivity levels are below the world average would be covered under the Green Box.

3.3 Export Competition

Quick Reference – Export Competition			
Country	% of total world agriculture trade		
	exports	import	
US	19	14	Elimination of export subsidies and taxes.
EC	18	18	Must discuss all export competition measures, including credits and food aid, rather than narrow focus on export subsidies.
Switzerland	1	1	Discipline all forms of support.
Norway	<1	<1	Negotiated reduction of all forms of export support. Norway acknowledges adjustment effects on Norwegian milk production with reduced export support.
Japan/Korea (NFIC)	1	14	Discipline all forms of support. Reduce export barriers; improve disciplines for state trading exporters.
Cairns Group	33	13	Discipline all forms of support.
India	2	2	Discipline all forms of support; continued flexibility for developing countries
Transitional Economies	2	2	Discipline all forms of support (Poland)
ASEAN	9	6	Eliminate all forms of export support for developed countries; extended use of existing Article 9.4 export subsidies for developing countries

Proposals

EC²¹ - Consistent with its submission on export competition, the EC asserts that it is prepared to negotiate reductions to its export subsidy regime on the condition that all forms of export competition are included in the negotiation. The EC have been very candid on this view, claiming that it is aimed primarily at the US use of export crediting and food aid in promoting agriculture exports. The extent to which there is support for this proposal is evident in the number of countries and groups which believe "all forms" of export support must be disciplined.

Japan - The Japanese proposal reiterates the prevailing interest in disciplining all forms of export competition support. Here its main interest is in rebalancing the rights and obligations of importers and exporters in the AoA. In Japan's view, the negotiated agreement should not exclusively favour net exporters, such as the Cairns Group, but should allow importers to benefit equally. Japan focuses on elimination of export taxes and export prohibitions as well as a broad approach to discipline export subsidies. Japan also focuses on disciplines to make state trading more transparent and less dependent on government assistance, but at the same time stating that export state trading has a far larger potential for market distortion than import state trading, and as such should be held to less strict rules.

India - Again with a view to addressing its food security needs, India proposes disciplines on all forms of export support while maintaining the flexibility for their use by developing countries. Furthermore, India proposes that after the expiration of the Peace Clause (Article 13), developing countries should be permitted continued use of export supports and that these not be actionable.

²¹ Refers to European Union's comprehensive proposal: G/AG/NG/W/90.

3.4 Non-Trade Concerns

Quick Reference – Non-Trade Concerns			
Country	% of total world agriculture trade		
	exports	imports	
US	19	14	Liberalisation alone will not achieve food security
EC	18	18	Maintaining positive externalities (public goods) cannot be de-linked from agriculture production.
Switzerland	1	1	Seek win-win-win solutions. Reduction commitments must be considered in context of NTCs
Norway	<1	<1	Maintaining positive externalities (public goods) cannot be de-linked from agriculture production. Negative externalities must be minimised.
Japan/Korea (NFIC)	1	14	Maintaining positive externalities (public goods) cannot be de-linked from agriculture production. Negative externalities must be minimised. Importer's rights must be strengthened.
Argentina	4	<1	Eliminate distortions in world agriculture markets that exacerbating non-trade concerns in developing countries - rural poverty, unemployment and environmental protection.
LMG	4	4	Special and differential treatment should lead to Development Box allowing measures for food security, rural development, etc
India	2	2	Food security box as prime objective, but also addressing most of same issues of LMG.
Transitional Economies	2	2	Flexibility to ensure non-trade concerns are addressed through domestic support and market access measures.
SIDS	<1	<1	Food insecurity must be mitigated by special safeguards and technical assistance. AoA waived during natural disasters.

Proposals

Argentina - Argentina's technical submission, while not a negotiating proposal per se, explains from an NTC point of view why market distortion works directly against its own, and other developing country interests. It is a view that is widely held by most Cairns Group Members. In the paper, Argentina argues that its non-trade concerns -- rural poverty, unemployment and environmental protection -- can only be pursued in the context of a "fair and market-oriented agricultural trade system." What is interesting about the paper is that it challenges the legitimacy of one type of non-trade concern over another. While not opposed to non-trade concerns Argentina advocates strongly for the current approach towards well-functioning and undistorted markets as a way to address non-trade concerns in which the legitimacy of different concerns are not challenged. Argentina acknowledges the sovereign right of countries to address their NTCs, but cautions that doing this must not come at the expense of trading partners.

Japan - Japan's NTC approach, as mentioned above, begins with the concept of coexistence. Building on that idea, Japan articulates objectives for the negotiations including: consideration for the multifunctionality of agriculture; food security; rebalancing the rights and disciplines of importers and exporters; consideration for developing countries; and consideration for consumers and civil society. Japan's negotiating proposal was the subject of heavy criticism in the most recent Special Session, much of which came from the Cairns Group membership. The nature of this criticism stems from the fact that in

its proposal Japan appeared unconcerned with whether or not those measures used to address its multifunctionality concerns were trade-distorting.

India - In its proposal, India makes it abundantly clear that its singular non-trade concern is food security, which should not be equated in any way with the multifunctionality concept. The proposal describes the social and political consequences of unreliable food supplies and asserts that food security is a fundamental goal for which a wide range of measures should be available. The food security box would be the preferred instrument from India's point of view, addressing this critical issue in over 50% of the world's population. The Food Security section of the proposal packages measures proposed in each of the other segments of the proposal on market access, domestic support and export competition. From the structure of the proposal it is clear that India wishes to see increased flexibility in each of the areas under negotiation and while dealing with its non-trade concern as a package.

3.5 Special and Differential Treatment (SDT)

Quick Reference²² - Special and Differential Treatment			
Country	% of total world agriculture trade		
	exports	import	
US	19	14	SDT based on products of interest to developing countries; technical assistance; flexibility for criteria based exempt support measures.
EC	18	18	Enhanced Green Box measures, revision of de minimis clause; technical assistance.
Swaziland	1	1	Criteria for assessing legitimate SDT are required.
Norway	<1	<1	Market access and domestic support flexibility and continued use of export supports for developing countries
Japan/Korea (NFIC)	1	14	Market access and domestic support flexibility and continued use of export supports for developing countries
Cairns Group	33	13	Access to special safeguards; developing market access improvements for developing country products.
LMG	4	4	Significant restructuring and changes to AoA to support developing country development goals. Operationalise SDT.
India	2	2	Similar to LMG, need to operationalise special provisions around concept of food security as well as continuing SDT in other aspects of agreements.
ASEAN	9	6	Longer implementation periods insufficient for developing countries. SDT must mean deep and substantive commitments and flexibility in rules benefiting developing countries.

Proposals

ASEAN²³ - In this submission, ASEAN offers one of the more concrete definitions of the SDT concept presented to the agriculture negotiations, deriving its rationale from the so-called "Enabling Clause".²⁴ ASEAN proposes that SDT must not be characterised simply as granting developing countries longer implementation periods, as the existing AoA SDT provision - Article 15 - permits. Instead, ASEAN argues that "the nature, depth and substance of commitments must also be different." The recommendations ASEAN offers to operationalise its vision of SDT follow closely India's approach, namely that commitments made by developed countries should benefit developing countries and that developing countries should be given additional flexibility to implement measures for their own benefit. Interestingly neither country tries to tackle the difficulties related to trade between developing countries. Comments made to ICTSD from a developed country Cairns group member indicated that the ASEAN proposal

²² Indicates those countries, which have offered direct definitions or specific measures on the issue of Special and Differential Treatment. In the analysis, we concentrate on those proposals, which contribute in a significant way to the definition of the SDT concept.

²³ What is immediately striking about the ASEAN proposal is that four of its members -- Indonesia, Malaysia, the Philippines and Thailand -- are also members of the Cairns Group.

²⁴ The Enabling Clause, officially called the "Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries" was adopted under GATT in 1979 and enables developed members to give differential and more favourable treatment to developing countries. The Enabling Clause is the WTO legal basis for the Generalized System of Preferences (GSP) and the Global System of Trade Preferences (GSTP). Under the Generalized System of Preferences, developed countries offer non-reciprocal preferential treatment (such as zero or low duties on imports) to products originating in developing countries. Preference-giving countries unilaterally determine which countries and which products are included in their schemes. (Source: WTO). For full text of Enabling Clause see **Appendix – C**. This is instructive in understanding the reasoning and considerations behind building flexibility into the GATT agreements.

presented several difficulties. Foremost among them was that the proposal would allowed continued use of trade distorting export subsidies for developing countries which would have a negative impact on other Members.

Swaziland²⁵ - In contrast to the ASEAN SDT proposal, Swaziland offers a very different six-part rationale in for extending SDT rights to developing countries. In singling out market access as the core development tool capable of integrating developing countries into the global economy, Swaziland asserts that agricultural trade liberalisation should not come at the expense of developing countries. The proposal details how trade and especially preferential arrangements provide health, education and environmental benefits to the communities which engage in this trade. In this view, a more market oriented system, though beneficial for many would ultimately hurt Swaziland if other adjustment or compensatory mechanisms were not put in place.

Another important dimension of Swaziland's proposal has to do with its treatment of NTCs. First, Swaziland argues that the NTC concept is applicable to developing countries, isolating the critical place positive externalities generated by agriculture production play in the overall environmental, social and economic development objectives of these countries. Second, it argues that, in light of the global preponderance of neoclassical economics, agriculture's role in achieving sustainable human development in developing countries is threatened since, according to neo-classical economic theory, "industries which cannot compete in the global market should be allowed to shut down", which it views as potentially devastating. Third, Swaziland argues that, given this vulnerability (among others), developing countries should be extended SDT rights.

Swaziland's articulation of SDT is important as it makes direct reference to environmental protection, particularly soil conservation and pollution prevention, and sustainable development. In contrast, other developing country proposals, India and ASEAN for instance, do not make this reference.

India - For its part, India's vision of SDT is closely linked to the country's particular development needs, in this case, securing the benefits of food security. The core principle from which India advances this vision is that the agriculture negotiation should rebalance the rights and obligations of developed and developing countries. In this way, India's proposal is not significantly different from the ASEAN proposal or the Like Minded Group proposal except that it provides more rigorous detail on specific measures and commitments required to achieve this redress. Yet the Indian proposal also signals a fundamental reworking the agriculture agreement as it is seeking to legitimise all agriculture related measures on the grounds that doing so is necessary to survive in a market oriented environment.

²⁵ See also Section 3.1 Market Access.

Section 4 – Green Box / Development Box: Emerging Synergies and Convergence from a Joint Production Perspective

4.1 Overview of considerations in examining synergies

Is there possible convergence in objectives and instruments favoured by diverse trading partners in the context of multifunctionality and the current negotiations at the WTO on the Agreement on Agriculture (AoA)²⁶? Our examination departs from the concerns of “multifunctionality” and specifically that of “joint production” which asserts that the process of agricultural production and public good production such as environmental and social objectives are effectively inseparable. To what extent can continued support of joint production continue to occur under a new round of trade negotiations? To what extent will the EC be willing or interested in shifting to more targeted measures? What aspects of the negotiations favour movement in a direction that may be friendly to multifunctionality as it is currently perceived, and which countries are involved?

It is important to remember that as a major player in the trade system, the EC has the weight to make or break a new round of negotiations. This will also have a significant effect on the treatment of multifunctionality, and within this area, on joint production concerns. The EC's willingness to negotiate on agriculture and the relative weight of multifunctionality within this agenda will be important. The EC's ability to advance a broader round of negotiations will also be important, as will be the internal dynamics associated with the accession of new Members to the EC. Within the WTO, the lapsing of the Due Restraint “Peace Clause” in 2003, will drive the EC and other Members toward negotiation rather than face the uncertainty of dispute settlement. At this point, unless Members agree otherwise, subsidy measures taken in relation to agriculture may be subject to dispute settlement under the WTO's Dispute Settlement Mechanism. This may have negative implications for the EC as well as other countries and thus put pressure on these Members to reach agreement early.

In trying to understand the synergies between the many positions presented by WTO Members, ICTSD paid particular attention to the proposals regarding domestic support and export competition (i.e. domestic and export subsidies) used principally, but not exclusively, by the EC and other developed countries. We also paid close attention to proposals for new flexibility in policy instruments. These arose mostly in the context of Special and Differential Treatment (SDT), but also in the context of non-trade concerns (NTCs) principally related to food security and a range of other “non-trade” domestic objectives that countries are trying to facilitate through trade rules. We also briefly examine several issues, which may not play directly into the role of flexibility in the agreements, but may nonetheless be important in their overall effect on the negotiating dynamics.

The original intent of this section of the report was to examine potential synergies between the Green Box and a proposed Development Box. However, for several reasons this analysis is quite difficult since it must take account of the overall context and structure of the WTO agreements, and because the notion of a Development Box is still very much in formation and may ultimately take another form. Thus, we offer a mixed treatment that focuses on a range of structural and procedural issues where *flexibility* appears to be of interest to Members. We have supported this with our current understanding of Member positions and possible negotiating dynamics.

In brief, it appears that there is a great deal of room for synergy and convergence around reforming the Green Box, but very little room for convergence with a Development Box. In the logic of the agreements one would want to see a good rationale for why there should be a separate mechanism for flexibility, in addition to Special and Differential Treatment; and then how such a mechanism could respond to Member concerns in a way that was not trade distorting or favouring some interests over others. So far, the Members advocating the Development Box and other similar proposals have been unable to articulate this. The Development Box concept, as it has been explained (with variations provided by the Like-

²⁶ At the outset it should be stressed that it is very early in the process of negotiation and we can offer little more than an indication of where synergies might exist between Members, recognising that ultimately the negotiation process will be more political than technical.

Minded Group, India, and ASEAN) seeks a fundamental changing of the rules. For these Members this change builds upon the overall concept of Special and Differential Treatment and its supporters are emphatic that such measures should be for developing country Members only. This leaves the question open as to whether specific mechanisms could be developed on their own merit among the full Membership. But this appears most unlikely as many developing countries see developed country trade distortion as their primary problem.

The difficulty in introducing flexibility mechanisms is inherent in the structure and intent of the agreements themselves to provide a uniform set of predictable and transparent rules.²⁷ However, even though flexible rules appear to be quite a difficult proposition, flexible measures that fit under current or slightly modified rules seem to be more likely. In this area, even developing country Members agree that the Green Box needs to be reviewed and changed. Thus, potential for convergence may exist along the lines proposed by the EC and several other Members in relation to the Green Box (including the US and the Cairns Group) that measures should be **targeted, transparent and minimally trade distortive**. While this formulation offers something to everyone, the viability of this formulation will be proven in the specific measures negotiated. Indeed, if this is the route of negotiation, they must offer something to everyone.

The US has proposed a technical working group in these issues. However, Green Box reform is not as simple as it might appear as many Members feel that overall support has gone up and that the Green Box leaves a gaping hole for distortive measures. Unless the *criteria* for Green Box measures is tightened, it seems unlikely that the *scope* of the Green Box will be expanded to cover a broader array of support types. In other areas such as Special and Differential Treatment, substantial changes seem unlikely except where developing countries advocate extending SDT to aspects of the Green Box. Most developing country Members insist on retaining the different status between SDT measures for developing countries and other measures, even if similar in nature, for developed countries.

4.2 Background: Where does flexibility exist in the AoA?

The WTO Agreement on Agriculture (AoA) is the result of specific political circumstances and underlying economic assumptions about trade, development and the environment that reflect both a simpler time in economic and development theory, and the practical need of creating a working international framework for the promotion of a "fair and market oriented" agricultural system.

The fundamental structure of the AoA, as with most of the rest of the GATT²⁸, was founded on the improvement of market access through reduction of border barriers (tariffs). The GATT was designed as a transparent and predictable instrument in which national flexibility was permitted within the context of the Most Favored Nation and National Treatment provisions. This structure was strongly underpinned by the dominant economic theory that focused on management of "externalities" via appropriate targeted intervention. For some countries, due to their development history, such an approach was considerably more difficult than for others. These differences continue to play a large role in the dynamics of the negotiations.

²⁷ Brazil's intervention in the November Special Session states this quite coherently: "Non-trade concerns, particularly those in some developed countries, should not be identified with the rightful exceptions needed by developing countries. Solutions to these exceptions will be addressed in the negotiations through special and differential treatment. Non-trade concerns will be taken into account as Article 20 determines." "Developing countries should bear in mind that a reform in agriculture that addresses, at the same time and with the same level of commitment, the needs and specificities of small island states, emerging economies, NFIDCs, economies in transition, least developed countries, one crop countries, rural development, maintenance of landscape, rural employment, the role of women in agriculture etc. will most likely go nowhere. Rules will be fragmented, weak and no predictability will be possible. With a scenario like this only the strongest and the most powerful will prevail." ... "If a liberal trade system where everyone has to obey and observe one set of rules is not good enough to us, a fragmented and divisive multilateral trading system will be much worse."

²⁸ Compare this with the General Agreement on Trade in Services (GATS), which is a "bottom up" agreement in which Members make market access, and national treatment commitments in the sectors they choose. Some delegations have suggested a similar approach for developing countries in the context of agriculture.

The AoA recognised the benefits of reducing market distortion to improve global resource allocation and help alleviate food shortages. However it also recognised the sensitivity of the agriculture sector for all countries; the great structural changes that would be required to reduce market distortion; the vulnerability of certain countries to continued difficulties related to food supply; and the importance of development goals. Article 20 of the AoA, which mandates continuation of the “reform” process is constructed quite broadly in responding to these concerns.²⁹

The AoA is flanked in the WTO by a group of additional agreements aimed at reducing distorting measures behind borders including subsidies and regulations that had trade distorting effects. Thus the inclusion of the Agreement on Subsidies and Countervailing Measures (SCM)³⁰, Agreement on Technical Barriers to Trade (TBT)³¹, Agreement on the Application of Sanitary and Phytosanitary Measures (SPS), and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) all impact aspects of agricultural trade. These agreements were more complex in nature and fundamentally aimed at disciplining behind the border measures that could also distort agricultural markets. Along with the AoA, these agreements have had a deep structural impact in many countries

The AoA has essentially retained the character and approach of the GATT in terms of its approach to reducing market distortion and allowing national autonomy in defining what measures were to be taken within the areas defined by the agreement. The rules remain the same for every country (though at different levels of commitment) with the exception of Special and Differential Treatment for developing countries. These are important considerations in the context of any discussion on policy flexibility. While great flexibility exists in commitment levels and through SDT derogations, the rules themselves are generally not flexible, thereby constraining the possible solutions for reform in favour of simplicity and predictability.³²

The arguments of multifunctionality and joint production which stress the “particular” and the “inseparable” do not fit easily with current WTO rules, although they may fit more closely with specific commitments undertaken within the rules. It must be recognised that joint production is a fact, but nevertheless it is not likely to be accepted in principle by WTO Members³³, as it is perceived as undermining the foundations of the WTO agreements. The choice from this perspective is neither to abandon joint production nor to insist that all support is legitimate whether it distorts markets or not. In both cases policy objectives cannot be fulfilled. Rather, the challenge from this perspective is the design and justification of least trade distortive policy instruments that convince and attract other partners and the undertaking of appropriate and mutually supportive commitments that forward domestic interests. It is here, rather than looking at similarities in objectives such as food security and development interests where the greatest synergies and strategic advantage appear to lie from a practical standpoint.

4.3 Synergies

A Development Box, Special and Differential Treatment and Food Security. There are two ways to view the synergies in the area of SDT, Food Security and a Development Box with the current Green Box. First, these concerns respond to the particular objectives within countries. As such there could be synergy and potentially solidarity in focusing on the need for the agreements to respond to particular domestic policy problems (i.e. food security, environment, rural development). First, Members could find synergy in *objectives* and could agree on a range of subjects for which there should be special consideration given in the agreements. Second, Members could find synergy in the *approach* to diverse

²⁹ Article 20 of AoA and preamble.

³⁰ The basis of the SCM agreement, was a code signed by some members in the 1973-79 Tokyo Round and modified and signed by all members with the establishment of the WTO.

³¹ The TBT agreement was established in the 1973-79 Tokyo Round and modified and signed by all members with the establishment of the WTO.

³² We have included a the GATT decision on the “Enabling Clause” on which Special and Differential Treatment is operationalised in the GATT (also see footnote 23 and Appendices)

³³ This is true of Multifunctionality, the Precautionary Principle and other concepts without operational definitions. Discussions on these topics have been deadlocked for many years and it is unlikely that they will move unless Members focus on how they are operationalised within the agreements.

problems in principle, even if they didn't agree on the objectives. In this way all objectives would be legitimate as long as they met the approach criteria. But in both cases the argument for synergies and for establishing something for all Members that is significantly different than the current Green Box appears relatively weak.

Synergy on an *objective* basis is difficult to foresee considering the multitude of divergent interests, and even different perspectives within the same area. For example it does not take much imagination to envision accommodating the different environmental measures appropriate to Switzerland compared with Swaziland.

In the case where synergies might be expected on an *approach* basis (i.e. an agreement in principle on new types of allowed flexibility) agreement seems more likely. It is an approach supported strongly by Switzerland and echoed, though less strongly, by many other countries. However, it is also difficult to imagine an agreement that results in significantly more market distortion from developed countries, since this is an area perceived as one of the central problems of the current system by developing countries.³⁴ A minimally trade distorting mechanism in which developed countries could find more flexibility to treat their NTCs while developing countries were allowed more leeway to treat development goals may be a possibility. However rather than create a new mechanism, the current Green Box would seem to be a good place for such a compromise as long as the flexibility remained within the area of non-distorting support.

In terms of synergy of approach, two principal approaches exist in which there is a division between those who would craft SDT and development provisions within the framework of the AoA (i.e. within the concept of one set of rules for all) and those who would depart from it with rules on country-based development criteria or objectives. Two opportunities and two conundrums present themselves here.

One theme running through the proposal from India, ASEAN, the Like Minded Group and to some extent Japan and Korea, is the need for flexibility within the agreement itself. In the case of the developing countries they suggest not only derogations but also different types of commitments such as allowing support up to a particular level of competitiveness; the use of a full range of instruments whether they are distorting or not; and selective commitments by sector. Such provisions would fundamentally change the agreements and the nature of SDT in the system. In the case of Japan and Korea, they suggest that domestic conditions only allow them to move very slowly in restructuring and so a selective approach with substantial flexibility would be the best way to help their restructuring.

While there is considerable sympathy among a broad group of delegations for the requests of the developing countries for flexibility, it is hard to gauge the willingness of Members, especially developing country Members, to accept such proposals. In relation to developed country Members the challenge of reducing distortive support is tantamount to a development goal for some developing countries. Any agreement that moves in the direction of more market distortion on the part of developed countries will be very difficult for many developing countries to accept. In the case of the developing countries and several developed countries, for example, there was little tolerance for the proposal of Japan, which received harsh criticism from Members in the last special session. This helps confirm that the flexibility approach within the rules, at least applied to developed countries, may not be well received.

Also, since a considerable amount of trade between Members takes place between developing countries it is unclear whether there would be sufficient support to adopt a different set of rules for developing countries since this would entail new trade distortion and potential market closing for exporters, even potentially among neighbouring countries.³⁵

³⁴ Some developing country Members have proposed the establishment of global funds for food stocking and development assistance, which may be viewed as a quid pro quo for allowing such flexibility.

³⁵ In this context the development of regional agreements exempt from some WTO disciplines provide an interesting case for an alternate development path.

In spite of encountering resistance on fundamental restructuring of the rules, there appears to be quite a lot of leeway in seeking legitimate non-distorting measures to address domestic restructuring and support of agriculture as well as related NTCs. From this perspective the exploration and design of instruments for developing and developed countries may be an area where there is great possibility for negotiation. As noted above, the US has suggested a technical working group on Green Box measures that could provide an important forum for determining what will be allowed in a renewed agreement. Strengthening SDT in the least trade distorting fashion is also supported by Egypt, South Africa, Brazil, Peru and Norway.

Finally, in this area there are two conundrums that will be encountered and that will affect the next round of commitments to some degree. As noted above the trade between developing countries is nearly as contentious as that between developing and developed countries. Thus, the establishment of rules that fundamentally change the nature of the commitments will be strongly resisted by developing country exporters. Similarly, the preferences for market access and the subsidies now provided through developed countries (principally EC) are considered by many less developed countries to be essential to their welfare and their own non-trade concerns. Thus a rapid transition would be very negative from their point of view and they will need new adjustment mechanisms to handle any changes that come with a new round.

Green Box Subsidies. Because of the structure of the AoA the Green Box (defined as allowable, minimally trade distorting domestic support measures) should probably be the central focus of those interested in joint production and multifunctionality. It is here that joint gains are most likely to be made, rather than the Amber or Blue Boxes which are used by few countries (AMS is used by approximately 30 countries and Blue Box by just a few countries)³⁶. Green Box measures have been used to date by a wide variety of countries, developed and developing alike (although in volume the majority are attributable to developed countries). The objective of the Green Box is well accepted among Members, however there is considerable disagreement about whether those measures now included in Annex II are minimally trade distorting and whether it provides for the use of instruments that respond to the needs of all Members. There is also disagreement about accessibility and current levels of such measures, with many developing countries claiming that they lack sufficient finances to use Green Box measures and that those included in the Annex are in any case the wrong ones to address their diverse problems. Furthermore, many of these countries are concerned that a cap on the total of Green Box measures is the only way to limit their impact, which they see as distorting because of the sheer quantity of subsidies that have been shifted to the Green Box. They claim that this lack of discipline on the Green Box has resulted in a growth in subsidies (and thus also a greater divergence between supported agriculture of developed countries and unsupported agriculture of developing countries) rather than a reduction as envisioned by the Agreement. Thus, both the scope and disciplines in the Green Box are likely to be very contentious topics with virtually all countries claiming that they are losing something.

The *scope* of measures that will be allowed in any renegotiations around the Green Box will certainly have an impact on those who support multifunctionality. While it is not realistic to expect that Blue and Amber box measures would qualify for exempt support there, several countries are arguing on the specificity of their agriculture sectors that covered measures should be expanded. Prominent in this area is Japan which advocates for “focused measures and flexible actions” that can help continue the reform process. Japan also supports the inclusion of factors of production in considering the validity of Green Box measures as well as inclusion of income insurance and safety net programmes. A large majority of Members have discounted this view as it is considered more as a strategy for more market protection rather than genuine reform. The US has taken a more conservative, but conciliatory approach, especially toward developing countries by indicating that it would be willing to consider inclusion of additional “criteria based” support measures. Another approach focused on expanding the scope of the Green Box is seen from some developing countries, such as CARICOM, Mauritius, Brazil and Egypt (although each is advocating different levels of opening). While maintaining the need for SDT they claim that the Green Box contains measures that are not financially accessible or sufficiently responsive to their specific non-

³⁶ This is not to discount their importance, as they are used by the largest trading countries and therefore important in scale as well as politically in forming or preventing agreement.

trade concerns. The Cairns group also indicates it would consider flexibility in the Green Box for developing countries. In this context a general discussion about addressing non-trade concerns via Green Box measures may provide latitude on the scope of measures allowed.

The trade distortiveness and total level of support allowed under the Green Box is also a contentious issue. With few exceptions (most significantly Japan) virtually all Members believe that the Green Box criteria should be reviewed and the trade distortiveness of various measures assessed. There is an equal emphasis in some of the proposals such as the one from the EC that additional measures, as noted above, should also be considered in the process. (It should be noted that upcoming enlargement of the EC might also push the EC toward seeking domestic discipline on agricultural supports as well as looking to incorporate measures that will respond to agricultural issues faced after the accession of new countries). For many Members such as ASEAN, India, Egypt, Mauritius, the Like Minded Group and others, there is a conviction that the nature and level of some Green Box measures are inaccessible and distortive in spite of their inclusion in the Green Box. Their principal focus is on making the Green Box more accessible for developing countries while reducing the use of it by the largest subsidising countries. The Cairns Group is also willing to consider such approaches, but is adamant on the non-trade distortiveness of the measures under the Green Box.

For some of the developing countries mentioned above, the total value of Green Box measures is alarming and they maintain that the Green Box should be capped. This may be seen as a direct and complementary approach to reducing market distortion and one that could be pushed very hard by developing countries and perhaps Cairns Group countries, if discussions on measures in the Green Box make little progress. From a multifunctional perspective several Members including Switzerland, Norway and the EC are quite averse to capping the Green Box, on the grounds that such support is non-distorting, and thus can be expected to first focus efforts on possible measures to be allowed.

There are several additional issues in the negotiations that may influence the discussion around Green Box instruments, the limitation of Green Box measures, and SDT provisions both in the Green Box and elsewhere. These include: the Special Safeguard Provision; the management of the Peace Clause; aspects of the agreement that support capacity-building and technology transfer; SPS and TBT issues; the management of GMOs; the simplification of procedures such as tariff administration and the opening and simplification of Tariff Rate Quotas. Progress in one or more of these areas may help form consensus within the Green Box context or alternately may take pressure off of the Green Box as a mechanism of adjustment.

It is clear that the EC and to some extent the US see TBT, SPS and TRIPS as agreements that can extend their interests in agriculture. These interests principally relate to retaining market share and consumer confidence and well as ensuring transparent and expedient procedures. However, progress in these areas, while part of the overall EC strategy, could actually work against the joint production aspect of multifunctional agriculture. In these areas the EC and the US are *demandeurs* and it seems likely that if they want to achieve progress here that they will need to give somewhere else. In the context of agriculture this leaves little room for concessions except for the Green, Blue and Amber Box areas, which are already quite sensitive, and perhaps critical to the EC.

Developing countries have a considerable array of demands that they claim from the perspective of implementation. In essence, many of their demands relate to aspects of the Uruguay Round Agreements that were never realised. Many perceive the renegotiation of the AoA as an issue of imbalance in which their positions must be equalised with developed countries. Many are ready to negotiate further as well. In this context, several significant ideas have been raised by delegations. To the extent that developed countries are willing to support these requests negotiation in the redefinition of the Green Box and other mechanisms appears to be more likely.

4.4 Negotiating issues with potential impact on multifunctionality concerns.

Special Safeguard Mechanism (SSG). This mechanism has been available to Members as an alternative to the SCM safeguard mechanism for those countries that converted their quotas into tariffs during the Uruguay Round. This provision is considered an important adjustment mechanism by many of the current beneficiaries (including EC and Japan) but has also been criticised, as it is not accessible to most developing countries. Egypt and Turkey have both suggested that the SSG be retained for developing countries but dropped for developed countries. Several developing countries including India, CARICOM, and Mauritius have suggested that a new rapid, safeguard mechanism to be instituted for developing countries, which responds to disruptive fluctuations in imports. This constitutes an area where agreement may result in more flexible Green Box mechanisms.

The Peace Clause. The Peace Clause presents another area where exchange may occur. So far, however, it appears as an area where supporters of multifunctionality will also need to expend their negotiating capital. The EC and Japan, as well as several others, support an extension of the Peace Clause beyond its deadline in 2003. In respect to developing countries, Members such as the Like Minded Group want the Peace Clause extended to cover developing countries, but removed from coverage of developed countries. Members such as the Cairns Group and many other developing countries see the expiration of the Peace Clause as the principal tool in bringing the EC and Japan to the negotiating table. They are unlikely to make easy concessions on its extension unless there is significant progress in negotiations that warrants its extension.

Interestingly, some delegations, such as Argentina consider that export credits which Members agreed to discipline as part of the AoA, will become actionable under the Dispute Settlement Mechanism. While the EC has not taken this view publicly it is possible that it may do so, thus bringing pressure to bear on other major agricultural trading Members including the United States. Under such a scenario, the EC and the US may find their positions more closely aligned on extension of the Peace Clause and this may in turn reduce some of the pressure on the EC, leaving more room to negotiate elsewhere.

Blue Box. Maintenance of the Blue Box is another area where the EC and other supporters of multifunctionality will be pressed for concessions. While this support is currently counted in AMS calculations, it is not subject to reduction commitments. Considering the internal dynamics of the EC and its expanding membership, such programmes may in any case become less and less supportable from an internal perspective. Thus, it may be an opportunity for the EC to make a virtue of necessity by including the Blue Box support in the AMS reduction commitments.

Treatment of Genetically Modified Organisms. This area is a lightning rod within the negotiations and represents possible gains and losses for the objectives of many Members. Japan and Korea are advocating a "go slow" and precautionary approach in adopting any disciplines that weaken national sovereignty in this area. By contrast, the US is expected to push hard for disciplines on processes covering trade in products developed through new technologies with an objective of making them transparent, timely, and predictable. The EC also focuses on the clarification of the Precautionary Principle within the SPS agreement. This area has potential to be one in which the major trading partners could more effectively operationalise the Precautionary Principle, while ensuring that GMO products are handled effectively in trade. Developing countries also appear to have several interests around these areas as well: many are concerned with SPS and TBT measures being used in a way that impedes their market access. If the Quad³⁷ countries move close enough to agreement on these issues, developing countries may demand substantially increased technical assistance in the development and compliance of their own systems of standards as well as technology transfer assistance. Several developing countries have proposed mechanisms whose objectives may fit in this context such as a CARICOM proposal to create a technical assistance fund for compliance with norms, and other import regulations.

4.5 Conclusion

³⁷ US, Japan, EC and Canada.

The search for synergies from a joint production point of view could be a very broad one, as illustrated in some of the sections above. However, our review suggests that in a few key areas the points of possible synergy are more likely to be ones in principle in the area of the Green Box. It is here where acceptance of the need to change within the context of targeted, transparent and minimally trade-distorting support is most likely. While it should be clear that the joint production argument would not be accepted in the AoA, the instruments to achieve it would be assessed vis-à-vis other instruments and their trade distortiveness. It is conceivable that “minimally” in this case could mean in relation to the objective (and its specific circumstances) rather than to all other commitments outstanding. As such, if a Member could demonstrate that the only way to achieve the objective was through market distorting agricultural support, then such support, like the blue box could conceivably be counted in the AMS but exempt from reduction commitments. This is purely speculative and such arguments would not be accepted easily, but it will be in Members’ interest to elaborate their views as clearly as possible in the next phase of the negotiation. The EC has already taken this tack and has begun to stress that its Blue Box commitments are really less trade distorting than either the Amber Box, or a number of distorting subsidies which it does not use.

Looking for synergies elsewhere presents considerably more difficulty. The broad objective of restructuring parts of the AoA to meet the development objectives of developing countries may be shared by those who support multifunctionality, but in the end they are likely to oppose each other, since most of the developing countries see trade distorting measures from the developed countries as one of the principal reasons why they need to restructure the agreements. Given this difficulty and the additional difficulty of rebalancing multiple trade relationships with selective winners and losers, a “measures” approach appears much more practical in which particular objectives and their corresponding measures are discussed based on their commonly agreed criteria (such as targeted, transparent and minimally trade distorting). This is a practical approach that may not be completely satisfying to anyone, but would continue work within the framework of the AoA, and holds the hope of advancing the reform process in a way in which all Members gain.

Appendices

Appendix A - Country Groupings

Country Groupings			
<p><i>Cairns Group</i></p> <p>Argentina Australia Bolivia Brazil Canada Chile Colombia Costa Rica Fiji Guatemala Indonesia Malaysia New Zealand Paraguay Philippines South Africa Thailand Uruguay</p>	<p><i>Transition Economies</i></p> <p>Albania Bulgaria Croatia Czech Republic Estonia Georgia Hungary Kyrgyz Republic Latvia Lithuania Mongolia Slovak Republic Slovenia</p> <p>Reflects: G/AG/NG/W/57 G/AG/NG/W/58</p>	<p><i>Small Island Developing States</i></p> <p>Antigua and Barbuda Barbados Belize Dominica Grenada Jamaica Saint Kitts and Nevis Saint Vincent Grenadines Trinidad and Tobago Suriname Mauritius</p> <p>Reflects: G/AG/NG/W/96 G/AG/NG/W/97 G/AG/NG/W/100</p>	<p><i>European Union</i></p> <p>Austria Belgium-Luxemburg Denmark Finland France Germany Greece Ireland Italy Netherlands Portugal Spain Sweden United Kingdom</p>
<p><i>Like Minded Group</i></p> <p>Cuba Dominican Republic El Salvador Haiti Honduras Kenya [India] [Nigeria] Pakistan Sri Lanka Uganda Zimbabwe</p> <p>Reflects: G/AG/NG/W/14 G/AG/NG/W/37 G/AG/NG/W/102</p>	<p><i>EFTA</i></p> <p>Switzerland Norway Iceland</p> <p><i>Japan/Korea</i></p> <p>Japan Korea</p>	<p><i>ASEAN</i></p> <p>Brunei Darussalam Cambodia Indonesia Laos Malaysia Myanmar Philippines Singapore Thailand Viet Nam</p>	<p><i>Other Economies</i></p> <p>United States Poland Swaziland Mali Morocco</p>

Appendix B - Proposals Submitted as of 21 Feb 2001

Symbol	Title - HTML format	Date
G/AG/NG/W/130	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture - Proposal by Nigeria	14/02/2001
G/AG/NG/W/129	Comité de Agricultura - Serie de reuniones extraordinarias - Quinta reunión extraordinaria del Comité de Agricultura, 5 - 7 de febrero de 2001 - Declaraciones de la República Dominicana, Honduras, Cuba y El Salvador	16/02/2001
G/AG/NG/W/128	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture, 5-7 February 2001 - Statement by Poland	16/02/2001
G/AG/NG/W/127	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture - 5-7 February 2001 - Submission by Lithuania	15/02/2001
G/AG/NG/W/125	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture, 5-7 February 2001 - Statements by Swaziland	19/02/2001
G/AG/NG/W/123	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture - 5 - 7 February 2001 - Statement by Slovenia	13/02/2001
G/AG/NG/W/120	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture - 5 - 7 February 2001 - Statement by Norway	15/02/2001
G/AG/NG/W/119	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture - 5-7 February 2001 - Statement by Mauritius	16/02/2001
G/AG/NG/W/117	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture - 5-7 February 2001 - Statement by Korea	13/02/2001
G/AG/NG/W/116	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture - 5-7 February 2001 - Statement by Japan	20/02/2001
G/AG/NG/W/115	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture - 5 - 7 February 2001 - Statement by Indonesia	13/02/2001
G/AG/NG/W/114	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture - 5-7 February 2001 - Statement by India	15/02/2001
G/AG/NG/W/113	Comité de Agricultura - Serie de reuniones extraordinarias - Quinta reunión extraordinaria del Comité de Agricultura, 5 - 7 de febrero de 2001 - Declaración de Guatemala	19/02/2001
G/AG/NG/W/112	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture - 5 - 7 February 2001 - Statement by Canada	13/02/2001
G/AG/NG/W/111	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture - 5 - 7 February 2001 - Statement by Bulgaria	13/02/2001
G/AG/NG/W/108	Committee on Agriculture - Special Session - Fifth Special Session of the Committee on Agriculture - 5-7 February 2001 - Statement by Argentina	13/02/2001
G/AG/NG/W/107	Committee on Agriculture - Special Session - Comprehensive Proposal by the Arab Republic of Egypt to the WTO Negotiations on Agriculture	06/02/2001
G/AG/NG/W/106/Corr.1	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture - Proposal by Turkey - Corrigendum	15/02/2001
G/AG/NG/W/106	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture - Proposal by Turkey	05/02/2001
G/AG/NG/W/105	Committee on Agriculture - Special Session - Proposal by Morocco	05/02/2001
G/AG/NG/W/104/Corr.1	Committee on Agriculture - Special Session - State Trading Enterprises - Proposal by Argentina, Brazil, Paraguay and Uruguay (MERCOSUR), Bolivia, Chile and Colombia - Corrigendum	14/02/2001
G/AG/NG/W/104	Committee on Agriculture - Special Session - State Trading Enterprises - Proposal by Argentina, Brazil, Paraguay and Uruguay (MERCOSUR), Chile and Colombia	23/01/2001
G/AG/NG/W/103	Committee on Agriculture - Special Session - WTO Negotiations for Continuation of the Reform Process in the Agricultural Sector - Proposal by Poland	19/01/2001
G/AG/NG/W/102	Committee on Agriculture - Special Session - Negotiations on WTO Agreement on Agriculture - Proposals by India in the areas of: (i) Food Security, (ii) Market Access, (iii) Domestic Support, and (iv) Export Competition	15/01/2001
G/AG/NG/W/101	Committee on Agriculture - Special Session - WTO Agriculture Negotiations - Proposal by Norway	16/01/2001
G/AG/NG/W/100	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture - Market Access - Negotiating Proposal on behalf of Members of the Caribbean Community (CARICOM)	15/01/2001

G/AG/NG/W/99	Committee on Agriculture - Special Session - Malian Proposals for the Future Negotiations on Agriculture	11/01/2001
G/AG/NG/W/98	Committee on Agriculture - Special Session - Proposal for WTO Negotiations on Agriculture - Submitted by the Republic of Korea	09/01/2001
G/AG/NG/W/97/Corr.1	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture: Proposals by Small Island Developing States (SIDS) - Communication from Barbados, Cuba, Dominica, Jamaica, Mauritius, St. Kitts [..]dad and Tobago - Corrigendum	14/02/2001
G/AG/NG/W/97	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture: Proposals by Small Island Developing States (SIDS) - Communication from Dominica, Jamaica, Mauritius, St. Kitts and Nevis, St. L[...]dines, and Trinidad and Tobago	29/12/2000
G/AG/NG/W/96	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture - Negotiating Proposal by Mauritius	28/12/2000
G/AG/NG/W/95	Committee on Agriculture - Special Session - Market Access under Special and Differential Treatment for Small Developing Countries - Proposal by Swaziland	22/12/2000
G/AG/NG/W/94	Committee on Agriculture - Special Session - WTO: Negotiations on Agriculture - Proposal by Switzerland	21/12/2000
G/AG/NG/W/93	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture - Cairns Group Negotiating Proposal - Export Restrictions and Taxes	21/12/2000
G/AG/NG/W/92	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture - Domestic Support - Proposal by Canada	21/12/2000
G/AG/NG/W/91	Committee on Agriculture - Special Session - Negotiating Proposal by Japan on WTO Agricultural Negotiations	21/12/2000
G/AG/NG/W/90	Committee on Agriculture - Special Session - EC Comprehensive Negotiating Proposal	14/12/2000
G/AG/NG/W/88	Committee on Agriculture - Special Session - Legitimate Non-Trade Concerns - Technical Submission by Argentina	30/11/2000
G/AG/NG/W/87	Committee on Agriculture - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by the Czech Republic	05/12/2000
G/AG/NG/W/86	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Jamaica	06/12/2000
G/AG/NG/W/85	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Hungary Introducing on behalf of Albania, Bulgaria, Croatia, the Cz[...]domestic Support (G/AG/NG/W/56)	29/11/2000
G/AG/NG/W/84	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Swaziland	28/11/2000
G/AG/NG/W/83	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Sri Lanka	12/12/2000
G/AG/NG/W/82	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statements by South Africa	29/11/2000
G/AG/NG/W/81	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Poland	30/11/2000
G/AG/NG/W/80	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Indonesia, Malaysia, the Philippines and Thailand	28/11/2000
G/AG/NG/W/79	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Asean	28/11/2000
G/AG/NG/W/78	Committee on Agriculture - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Peru	28/11/2000
G/AG/NG/W/77	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statements by Norway	28/11/2000
G/AG/NG/W/76	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statements by Namibia	02/01/2001
G/AG/NG/W/75	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statements by Mauritius	30/11/2000
G/AG/NG/W/74	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statements by the Republic of Korea	28/11/2000
G/AG/NG/W/73	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Japan	30/11/2000

G/AG/NG/W/72	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Jamaica on behalf of CARICOM	30/11/2000
G/AG/NG/W/71	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Indonesia	30/11/2000
G/AG/NG/W/70	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statements by India	18/01/2001
G/AG/NG/W/69	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Hungary	29/11/2000
G/AG/NG/W/68	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15-17 November 2000 - Statement by Guatemala	28/11/2000
G/AG/NG/W/67	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Grenada on behalf of CARICOM	28/11/2000
G/AG/NG/W/66	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statements by the European Communities	29/11/2000
G/AG/NG/W/65	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by the Czech Republic	30/11/2000
G/AG/NG/W/64	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Colombia	28/11/2000
G/AG/NG/W/63	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Canada	28/11/2000
G/AG/NG/W/62	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Brazil	30/11/2000
G/AG/NG/W/61	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statements by Bolivia	13/12/2000
G/AG/NG/W/60	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Australia on behalf of the Cairns Group	29/11/2000
G/AG/NG/W/59	Committee on Agriculture - Special Session - Fourth Special Session of the Committee on Agriculture - 15 - 17 November 2000 - Statement by Australia	29/11/2000
G/AG/NG/W/58	Committee on Agriculture - Special Session - Proposal for Tariff Rate Quota Reform - Submission from the United States	14/11/2000
G/AG/NG/W/57	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture: Market Access - A Negotiating Proposal by Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Kyrgyz Republic, Latvia, Slovak Republic, Slovenia, Croatia and Lithuania	14/11/2000
G/AG/NG/W/56	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture: Domestic Support - Additional Flexibility for Transition Economies - A Negotiating Proposal by Albania, Bulgaria, Croatia, the Czech Republic, Slovak Republic and Slovenia	14/11/2000
G/AG/NG/W/55	Committee on Agriculture - Special Session - Special and Differential Treatment for Developing Countries in World Agricultural Trade - Submission by ASEAN	10/11/2000
G/AG/NG/W/54/Corr.1	Comité de Agricultura - Serie de reuniones extraordinarias - Negociaciones de la OMC sobre la Agricultura - Propuesta de negociación del Grupo de Cairns - Acceso a los mercados - Corrigendum	30/11/2000
G/AG/NG/W/54	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture - Cairns Group Negotiating Proposal - Market Access	10/11/2000
G/AG/NG/W/53	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by the Delegations of Bulgaria, the Czech Republic, Estonia, Latvia, Slovakia, Slovak Republic and Slovenia	16/10/2000
G/AG/NG/W/52	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by Mauritius	10/10/2000
G/AG/NG/W/51	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by Hungary	16/10/2000
G/AG/NG/W/50	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by Norway	06/10/2000
G/AG/NG/W/49	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by the United States	05/10/2000

G/AG/NG/W/48	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by the Philippines	05/10/2000
G/AG/NG/W/47	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by Paraguay	05/10/2000
G/AG/NG/W/46	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by Japan	05/10/2000
G/AG/NG/W/45	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by the European Communities	05/10/2000
G/AG/NG/W/44	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by the Czech Republic	05/10/2000
G/AG/NG/W/43	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by Colombia	05/10/2000
G/AG/NG/W/42	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by Canada	05/10/2000
G/AG/NG/W/41	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by Australia	05/10/2000
G/AG/NG/W/40	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture - 28 - 29 September 2000 - Statement by Australia Introducing the Cairns Group Proposal on Domestic Support	05/10/2000
G/AG/NG/W/39	Committee on Agriculture - Special Session - Third Special Session of the Committee on Agriculture 28 - 29 September 2000 - Statement by Argentina	25/10/2000
G/AG/NG/W/38	Comité de Agricultura - Serie de reuniones extraordinarias - Export Subsidies - Food Security or Food Dependency? - A Discussion Paper Presented by Argentina, Brazil, Paraguay and Uruguay (MERCOSUR), Chile, Bolivia and Costa Rica	27/09/2000
G/AG/NG/W/37/Corr.1	Committee on Agriculture - Special Session - Market Access - Submission by Cuba, Dominican Republic, El Salvador, Haiti, Honduras, Kenya, India, Nigeria, Pakistan, Sri Lanka, Uganda, Zimbabwe - Corrigendum	11/10/2000
G/AG/NG/W/37	Committee on Agriculture - Special Session - Market Access - Submission by Cuba, Dominican Republic, El Salvador, Honduras, Kenya, India, Nigeria, Pakistan, Sri Lanka, Uganda, Zimbabwe	28/09/2000
G/AG/NG/W/36/Rev.1	Committee on Agriculture - Special Session - Note on Non-Trade Concerns - Revision	09/11/2000
G/AG/NG/W/36	Committee on Agriculture - Special Session - Note on Non-Trade Concerns	22/09/2000
G/AG/NG/W/35	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture Cairns Group Negotiating Proposal - Domestic Support	22/09/2000
G/AG/NG/W/34	Committee on Agriculture - Special Session - European Communities Proposal - Export Competition	18/09/2000
G/AG/NG/W/33	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by India	13/07/2000
G/AG/NG/W/32	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by the United States	12/07/2000
G/AG/NG/W/31	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by Thailand	11/07/2000
G/AG/NG/W/30	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by Norway	11/07/2000
G/AG/NG/W/29	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by New Zealand	11/07/2000
G/AG/NG/W/28/Add.1	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by Mauritius - Addendum	18/07/2000
G/AG/NG/W/28	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by Mauritius	11/07/2000
G/AG/NG/W/27	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by Japan	11/07/2000
G/AG/NG/W/26	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by Hungary	13/07/2000
G/AG/NG/W/25	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by Grenada	21/07/2000
G/AG/NG/W/24	Second Special Session of the Committee on Agriculture - 29-30 June 2000 -	11/07/2000

	Statement by the European Community	
G/AG/NG/W/23	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by Canada	11/07/2000
G/AG/NG/W/22	Second Special Session of the Committee on Agriculture - Special Session - 29 - 30 June 2000 - Statement by Brazil	11/07/2000
G/AG/NG/W/21/Corr.1	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by Australia on Behalf of the Cairns Group - Corrigendum	31/07/2000
G/AG/NG/W/21	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by Australia on Behalf of the Cairns Group	11/07/2000
G/AG/NG/W/20	Second Special Session of the Committee on Agriculture - 29-30 June 2000 - Statement by Argentina	14/07/2000
G/AG/NG/W/19	Committee on Agriculture - Special Session - European Communities Proposal - Animal Welfare and Trade in Agriculture	28/06/2000
G/AG/NG/W/18	Committee on Agriculture - Special Session - European Communities Proposal - Food Quality - Improvement of Market Access Opportunities	28/06/2000
G/AG/NG/W/17	Committee on Agriculture - Special Session - European Communities Proposal - The Blue Box and other Support Measures to Agriculture	28/06/2000
G/AG/NG/W/16	Committee on Agriculture - Special Session - Note on Domestic Support Reform - Negotiations on Agriculture - Submission from the United States	23/06/2000
G/AG/NG/W/15	Committee on Agriculture - Special Session - Proposal for Comprehensive Long-Term Agricultural Trade Reform - Submission from the United States	23/06/2000
G/AG/NG/W/14	Committee on Agriculture - Special Session - Agreement on Agriculture: Green Box / Annex 2 Subsidies - Proposal to the June 2000 Special Session of the Committee on Agriculture by Cuba, Dominican Republic, [...], Sri Lanka and El Salvador	23/06/2000
G/AG/NG/W/13	Committee on Agriculture - Special Session - Agreement on Agriculture: Special and Differential Treatment and a Development Box - Proposal to the June 2000 Special Session of the Committee on Agriculture by [...], Sri Lanka and El Salvador	23/06/2000
G/AG/NG/W/12/Rev.1	Comité de l'agriculture - Session extraordinaire - Négociations de l'OMC sur l'agriculture: Accès aux marchés - Proposition de négociation présentée par le Canada - Révision	05/07/2000
G/AG/NG/W/12	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture: Market Access - A Negotiating Proposal by Canada	19/06/2000
G/AG/NG/W/11	Committee on Agriculture - Special Session - WTO Negotiations on Agriculture - Cairns Group Negotiating Proposal - Export Competition	16/06/2000
G/AG/NG/W/10	First Special Session of the Committee on Agriculture - 23-24 March 2000 - Statement by Canada	26/04/2000
G/AG/NG/W/9	Committee on Agriculture - First Special Session of the Committee on Agriculture - 23 - 24 March 2000 - Statement by Colombia	26/04/2000
G/AG/NG/W/8	Committee on Agriculture - Special Session - First Special Session of the Committee on Agriculture - 23-24 March 2000 - Statement by Fiji	18/04/2000
G/AG/NG/W/7	First Special Session of the Committee on Agriculture - 23-24 March 2000 - Statement by the United States	04/04/2000
G/AG/NG/W/6	First Special Session of the Committee on Agriculture - 23-24 March 2000 - Statement by Norway	04/04/2000
G/AG/NG/W/5	First Special Session of the Committee on Agriculture - 23-24 March 2000 - Statement by Japan	04/04/2000
G/AG/NG/W/4	First Special Session of the Committee on Agriculture - 23-24 March 2000 - Statement by Hungary	04/04/2000
G/AG/NG/W/3	First Special Session of the Committee on Agriculture - 23-24 March 2000 - Statement by the European Communities	04/04/2000
G/AG/NG/W/2	First Special Session of the Committee on Agriculture - 23-24 March 2000 - Statement by Australia	04/04/2000
G/AG/NG/W/1	First Special Session of the Committee on Agriculture - 23-24 March 2000 - Statement by Argentina	04/04/2000

Appendix C - Decision Establishing the Enabling Clause**Differential and More Favourable Treatment, Reciprocity
and Fuller Participation of Developing Countries**

*Decision of 28 November 1979
(L/4903)*

Following negotiations within the framework of the Multilateral Trade Negotiations, the CONTRACTING PARTIES *decide* as follows:

1. Notwithstanding the provisions of Article I of the General Agreement, contracting parties may accord differential and more favourable treatment to developing countries³⁸, without according such treatment to other contracting parties.
2. The provisions of paragraph 1 apply to the following:³⁹
 - (a) Preferential tariff treatment accorded by developed contracting parties to products originating in developing countries in accordance with the Generalized System of Preferences,⁴⁰
 - (b) Differential and more favourable treatment with respect to the provisions of the General Agreement concerning non-tariff measures governed by the provisions of instruments multilaterally negotiated under the auspices of the GATT;
 - (c) Regional or global arrangements entered into amongst less-developed contracting parties for the mutual reduction or elimination of tariffs and, in accordance with criteria or conditions which may be prescribed by the CONTRACTING PARTIES, for the mutual reduction or elimination of non-tariff measures, on products imported from one another;
 - (d) Special treatment on the least developed among the developing countries in the context of any general or specific measures in favour of developing countries.
3. Any differential and more favourable treatment provided under this clause:
 - (a) shall be designed to facilitate and promote the trade of developing countries and not to raise barriers to or create undue difficulties for the trade of any other contracting parties;
 - (b) shall not constitute an impediment to the reduction or elimination of tariffs and other restrictions to trade on a most-favoured-nation basis;
 - (c) shall in the case of such treatment accorded by developed contracting parties to developing countries be designed and, if necessary, modified, to respond positively to the development, financial and trade needs of developing countries.

³⁸The words "developing countries" as used in this text are to be understood to refer also to developing territories.

³⁹It would remain open for the CONTRACTING PARTIES to consider on an *ad hoc* basis under the GATT provisions for joint action any proposals for differential and more favourable treatment not falling within the scope of this paragraph.

⁴⁰As described in the Decision of the CONTRACTING PARTIES of 25 June 1971, relating to the establishment of "generalized, non-reciprocal and non discriminatory preferences beneficial to the developing countries" (BISD 18S/24).

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4. Any contracting party taking action to introduce an arrangement pursuant to paragraphs 1, 2 and 3 above or subsequently taking action to introduce modification or withdrawal of the differential and more favourable treatment so provided shall:⁴¹
- (a) notify the CONTRACTING PARTIES and furnish them with all the information they may deem appropriate relating to such action;
 - (b) afford adequate opportunity for prompt consultations at the request of any interested contracting party with respect to any difficulty or matter that may arise. The CONTRACTING PARTIES shall, if requested to do so by such contracting party, consult with all contracting parties concerned with respect to the matter with a view to reaching solutions satisfactory to all such contracting parties.
5. The developed countries do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of developing countries, i.e., the developed countries do not expect the developing countries, in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs. Developed contracting parties shall therefore not seek, neither shall less-developed contracting parties be required to make, concessions that are inconsistent with the latter's development, financial and trade needs.
6. Having regard to the special economic difficulties and the particular development, financial and trade needs of the least-developed countries, the developed countries shall exercise the utmost restraint in seeking any concessions or contributions for commitments made by them to reduce or remove tariffs and other barriers to the trade of such countries, and the least-developed countries shall not be expected to make concessions or contributions that are inconsistent with the recognition of their particular situation and problems.
7. The concessions and contributions made and the obligations assumed by developed and less-developed contracting parties under the provisions of the General Agreement should promote the basic objectives of the Agreement, including those embodied in the Preamble and in Article XXXVI. Less-developed contracting parties expect that their capacity to make contributions or negotiated concessions or take other mutually agreed action under the provisions and procedures of the General Agreement would improve with the progressive development of their economies and improvement in their trade situation and they would accordingly expect to participate more fully in the framework of rights and obligations under the General Agreement.
8. Particular account shall be taken of the serious difficulty of the least-developed countries in making concessions and contributions in view of their special economic situation and their development, financial and trade needs.
9. The contracting parties will collaborate in arrangements for review of the operation of these provisions, bearing in mind the need for individual and joint efforts by contracting parties to meet the development needs of developing countries and the objectives of the General Agreement.

⁴¹Nothing in these provisions shall affect the rights of contracting parties under the General Agreement.

Appendix D - Additional Labelling Issues

Labelling - Closely associated with the debates on risk assessment and scientific uncertainty is the question of product labelling. It is believed that by labelling products, in this case those containing GMOs, consumers are better equipped to make informed choices about the level of risk they are comfortable assuming. At the core, labelling has become an extremely contentious issue since mandatory labelling schemes are seen by some as a contradiction to the fundamental WTO operating principle that products not be discriminated against on the basis of how they are manufactured. Of course, not all labelling programs would have such an impact, especially those that are voluntary, yet many fear that by inviting discussion on labelling to the WTO agriculture negotiations the result could lead to *de facto* bans on certain products.

In their proposals to the agriculture negotiations both Japan and Korea have triggered these fears since they urge Members be granted the right to label food on the grounds that consumers have a right to know both the contents of a product and how it was manufactured. Other Members, which have made similar proposals, include Switzerland, EC, and Norway, while Indonesia iterated its support for the Japanese proposal at the most recent Special Session.

On the question of labelling Namibia offers an instructive response to the EC, one reflecting the general market access concerns of many potentially high volume developing country food exporters. While Namibia acknowledges the importance of preserving consumer sovereignty, it contends that consumer choice in developed country markets may come at the expense of those developing countries with a comparative advantage in food production. Namibia's concern however is not exclusively directed at the GMO issue per se. Instead, it addresses the EC proposal on food (regional) specificity. It provides the EC with three observations:

- While supporting the idea of safeguarding the misappropriation of food specificity and food names, Namibia requests there be adequate developing country participation in the development of these safeguard mechanisms;
- Namibia requests that the EC harmonise its labelling regulations;
- Protection of food specificity for traditional food producing regions should not come at the expense of non-traditional food producing regions.

However, the question of product labelling in the agriculture negotiations cannot be thought of in isolation from the broader labelling debates in other WTO fora. In order to get a sense of how the labelling issue is currently being dealt with at the WTO, it is worth commenting on the last WTO Committee on Technical Barriers to Trade (TBT) in the Fall of 2000 where labelling issues are normally discussed. Much of the discussion at the last TBT meeting focused on a proposal tabled by the EU which sought to include, in the committee's Triennial Review, a structured work plan on the topic of labelling, focusing on four specific research areas: a preliminary exchange of views on country experiences with labelling; a stock-taking of relevant labelling work ongoing in other international fora; technical assistance and labelling; and an examination of the impacts of labelling on developing countries and small and medium-sized enterprises (SMEs). In the proposal, the EU was careful to exclude any specific references to either eco-labelling or process and production methods (PPMs), fearing that Members would be opposed to such a plan. However, their ability to isolate the contentious issue of PPMs from labelling issues in general was not convincing to some Members, and the proposal was not included.

The discussion of whether or not to include the EU proposal in the Triennial Review spilled over into a more general debate on whether or not to even include labelling language in the review. This met with mixed reactions from committee Members. Indeed, some developing countries were sceptical of pursuing more detailed work on labelling because of fears regarding further market access restrictions. Yet, Brazil took the position that labelling language should be included in the review on the grounds that excluding it would do little for the credibility of the TBT, especially among the international environmental community. Switzerland and Canada were also interested in having labelling issues included in the review, though each for very different reasons. The Swiss argued that it was important that the labelling question remain

open so that the committee could continue its discussion on the effects of non product-related PPMs on the TBT Agreement per se. The Canadian delegation, on the other hand, proposed that the discussion continue given the proliferation of international labelling schemes -- specifically eco-labelling and GMO labelling -- and their potential use as mechanisms for protection.