

Agriculture Negotiations at the WTO Update Report¹

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ICTSD welcomes any feedback or criticism on the contents of this document. These can be forwarded to ICTSD@ICTSD.CH

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Executive Summary

This paper constitutes an update report introducing the second three-part series detailing the developments in the agriculture trade negotiations currently underway at the World Trade Organisation (WTO). This report series is being prepared by the International Centre for Trade and Sustainable Development (ICTSD).

This first report issued at the end of October 2001 is designed to provide a brief update on the negotiating process since ICTSD's last report in May 2001. It should be noted, that the recent negotiation period has largely been conditioned by the approaching WTO Ministerial Conference, which is currently scheduled to be held in Doha, Qatar, on 9-13 November. Some sort of stagnation in the negotiation process was noticeable, primarily deriving from the fact that all further negotiations of the Agreement on Agriculture (AoA) are intertwined with a variety of other issues to be addressed at the Fourth WTO Ministerial Conference, including issues directly relating to the meeting itself: whether or not it would take place in Doha; whether or not Members will agree on launching a new trade round; if yes, whether it will be a comprehensive round covering new issues such as trade and investment, competition policy and transparency in government procurement; and whether or not Members will address controversial topics as e.g. labour standards, the principle of precaution or the relationship between WTO rules and multilateral environmental agreements (MEAs).

This report is divided into three sections:

- Section 1 is a brief introduction setting the agriculture negotiations in the overall context of activities at the WTO.
- Section 2 extrapolates from the negotiations those themes, which have been identified as showing most significance for work on influencing European trade policy-making, partly providing descriptive and analytical detail of expressed positions.
- Section 3 provides an overview regarding the work undertaken so far with regard to finding middle ground for common positions on agriculture trade, including those that might be decided during the Fourth Ministerial, while also analysing how the efforts made by the General Council and the WTO Secretariat have been received by Members so far.

The methodology used in compiling this report combined extensive outreach to country delegates based in Geneva as well as representatives of local non-governmental organisations. Additionally, this report contains innovations and changes from previous reports. The quick references now include information on the importance of trade and agricultural trade for each country. This is designed to assist readers in assessing the relative importance of trade issues for that country. These are included as appendices. Second, a new approach has been taken in describing the principle groups involved in the

negotiations. While this is a great oversimplification of a very complex geometry, we hope it will allow new readers to access the reports more easily, while providing enough detail and reference for more experienced readers to understand the negotiation and issues.

Section 1: Context Setting

Agriculture negotiations at the WTO in line with the in-built-agenda (Article 20) of the AoA are now in their second phase. The first phase began in early 2000 and ended with a stock-taking exercise on 22-23 and 26-28 March 2001 respectively. ICTSD has comprehensively reported on phase I – the stage where Members submitted their negotiating proposals – including the stock-taking meetings in its first three reports submitted between November 2000 and May 2001.

In the second phase, the special (negotiating) meetings are largely informal, with a record of proceedings taking the form of a summary report prepared by the chairperson to formal meetings. Besides that, these informal sessions are only documented in form of so-called “non-papers”, i.e. formally non-existent, and therefore not to be published or de-restricted submissions, which are principally aimed at initiating further discussion on new lines of negotiation as well as developing and fine-tuning already submitted proposals. This informal negotiation style had been chosen in order to provide Members with more flexibility to indicate movements and potential compromises, as in an informal environment they are not committed to binding statements.

The work programme decided at the March 2001 stock-taking meeting set a time table for six informal meetings in May, July, September and December 2001, and February and March 2002, where issues are being addressed on a topic-by-topic-basis.²

The schedule for 2001 is as follows:

21-23 May:	Tariff quota administration Tariffs Amber Box
23-25 July	Export subsidies Export credits State trading enterprises Export restrictions Food security Food safety
24-26 September	Rural development Geographical indications Green box Blue Box Special safeguards

² Note that this list is not considered an indicative rather than an exhaustive list and it is possible that other issues will arise that are not part of this list.

3-5 December Environment
Trade preferences
Food aid
Consumer information and labelling
Sectoral initiatives

Two meetings planned for 2002 are not scheduled yet.

It should be noted, that the participation of developing countries in the ongoing agriculture negotiations has further increased during phase II. This is certainly influencing the nature of discussions, by bringing new and substantively different interests into the negotiation. As an example, when discussing the Green Box, four non-papers were submitted by developing countries (supported by 13 developing countries), whereas only two new papers were prepared by developed countries. Generally, Members have been tending to stick to traditional interest groups as in the case of submissions of the Cairns Group and the Like-minded Group, but they also put forward more specific positions in fractions (e.g. five Cairns Group members), in new across-the-board coalitions (e.g. group of five developing countries) or even in form of separate country proposals (e.g. by the Cairns Group members Argentina and Australia). However, despite this divergence - which seems logical taking into account the focussed and topic-specific approach of phase II - the trend to cross-over coalitions amongst developing countries appears to continue, pulling significant weight as groups such as the Like-minded Group (members from three continents) and the African Group (with South Africa as a Cairns Group member) are getting together diverse actors. Moreover, the "self-confidence" of developing countries has further been growing as reflected, for example, by the very ambitious paper by five developing countries on a new sui generis³ Special and Differential Countervailing Measure (SDCM). Similarly, developed countries have also entered new terrain with, e.g., the EC proposing to include compensatory payments for higher animal welfare standards in the Green Box, or Japan calling for opening-up the Green Box for production-related measures.

All in all, the extremity of positions seems to have increased in many cases, making it very hard to determine what may be characterised as "pre-Doha shadow boxing", or unwillingness or inability to compromise.

³ Sui generis refers to a mechanism of "its own kind", or in this case, one that is different from other countervailing or safeguard measures available under the AoA, and which is especially designed for the particular circumstances prevailing in developing countries.

Section 2: New Developments on Key Issues

2.1 General

Three main groupings have emerged: firstly, the so-called “cautious” group comprising *inter alia* European and other Northern countries such as EC, Norway, Switzerland, Japan and Korea, promoting the maintenance of the current AoA concept, and the further liberalisation of agricultural trade only carefully while duly taking into account non-trade concerns (NTCs); secondly, the “ambitious” camp representing the net-food exporters of the Cairns Group (Cairns Group) and the US, which calls for significant increases in market access and the elimination of trade-distortive subsidies; and thirdly, the “special consideration” group comprised mostly of developing countries - spearheaded by regional or interest groupings such as the Like-minded group and the African Group - as well as countries in economic transition such as East European countries. This grouping proposes to overrule the one-fits-all approach taken by the AoA for the benefit of disadvantaged Members, which need further flexibility with respect to market access, domestic support and export competition in order to achieve and/or maintain their competitiveness. Further information about countries’ positions can be found in the Quick Reference Guides on market access, domestic support, export competition, non-trade concerns, and special and differential treatment attached to this report.

2.2 Green Box

Following the discussions on the Green Box (allowing for domestic support payments that are “de-coupled” from production and agreed to be minimally trade-distortive), this split becomes especially visible: while the “ambitious” group demands transparent, criteria-based and reduced use of Green Box payments, the “cautious” party intends to develop the Green Box to a flexible tool with which negative domestic non-trade effects of trade liberalisation, e.g. on the environment, can be buffered and absorbed. The “special consideration” group also asserts such flexibility, but only for their particular domestic concerns such as food security and rural development, as well as reducing disparity in levels of domestic support among countries and easing the harm caused by developed country trade distortion. This group also seeks to significantly restrict developed countries’ manoeuvrability regarding Green Box eligibility.

Due to fundamentally different concerns and, in particular, significant discrepancies between the financial resources at hand, the single positions of Members and groupings seem to diverge more and more in the course of the negotiations: as, for example, some Members like Japan and Cyprus even question the most essential feature of Green Box payments, i.e. de-coupling,

others such as a group of nine developing countries⁴ and – interestingly – the EC highlight the requirement of production neutrality – i.e. the requirement that payments must not be determined by production factors. Argentina even seeks to remove certain payments from the box, which it does not regard being least trade distorting (e.g. decoupled income support and subsidised income insurance and safety nets) - measures that are traditionally used by EC and Japan. In order to find common ground regarding a reshaped Green Box, which appears to be a real deal-breaker for many Members, a possible option could be to design a comprehensive box available for both developing and developed countries allowing only for measures that are minimally trade-distortive, targeted and transparent. Whether or not the “cautious” group would agree to negotiate maximum levels of Green Box support seems to be a question of these countries’ ability to further adjust and liberalise their domestic farm policies.

Whether some production-linkage, particularly according to the concept of joint production, could be allowed under the Green Box, seems in question at the moment, as the EC, a promoter of multifunctionality, has now indicated that it does not want to see measures or payments determined by production included in the Green Box. Although not principally objecting to the concept of joint production, the EC reiterated that it seeks to maintain a “clean Green Box”, so that, according to the EC, production-linked payments (which are considered to distort trade) would not be allowed under the Green Box. This puts the EC more in line with the “ambitious” Members, though distancing it somewhat from Japan and Norway.⁵ However, taking into account Members’ general objection to any production-linked approach, Norway and Japan now seem more isolated in their positions, especially now with the EC as the strongest “cautious” group member opposing payments determined by production under the Green Box.

The EC's focus on an uncapped, clean, Green Box may still leave it and others flexibility in "joint production" measures. First, the EC argues that even unlimited Annex II support would not amount to trade distortion, as it is decoupled and thus minimally or non trade-distorting⁶. Should the EC now generally consider allowing Green Box measures in which there is a production-linkage it would contradict its stated desire and would force it to re-argue the issue of limitation of Green Box payments.

⁴ Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Pakistan, Sri Lanka, Zimbabwe.

⁵ Japan, for example, suggests that payments related to current production factors be allowed, but argues that this is necessary to determine supportive payments accurately. Norway appears to be the only Member openly linking NTCs to production by saying that NTCs “cannot be disassociated from the agricultural production activity itself, as they are provided jointly with, and therefore depend on, ongoing agricultural production.” See G/AG/NG/W/101.

⁶ According to AoA Annex II (Green Box) paragraph 1, the fundamental requirement for Green Box payments is “that they have no, or at most minimal trade-distorting effects or effects on production.”

However, the EC may still have considerable room for manoeuvre in relation to issues of joint production. It should be noted that AoA Annex II (the Green Box) paragraph 12 ("Payments under environmental programmes") allows for payments determined by "conditions related to *production methods and inputs*." Therefore, when the EC demands that measures which are "determined by *production, prices or input levels*, should not be considered as green,"⁷ it appears only to address *production output* linkage, at least in the context of environmental programmes. This interpretation is strengthened by the EC's own statements which reconfirm the Green Box's key role in "ensuring appropriate coverage of measures which meet important societal goals such as the protection of the environment"⁸ as well as in the "management and enhancement of the rural landscape"⁹. Therefore, the EC's position in its recent non-paper is certainly not aimed at challenging the provisions on payments related to *production methods and inputs* in Annex 12 paragraph 12.

Having said this, it is then arguable whether payments supporting joint production must be linked to the *output* of the agricultural production which it is supporting or whether they can be focused around *production methods and inputs*. A frequently used example is a programme that promotes growing grass while requiring - the grass to fulfil a certain environmental purpose - NOT to mow it before a certain date. Farmers would comply with the terms of the programme already by planting and NOT harvesting the grass. But if the grass also needed to be harvested, and this was stipulated in the environmental programme, would this be then a production link, and if so, would it be related to *production inputs/methods* or *outputs*? As this is a debatable question, it seems possible that the EC is still keeping the window open to appropriately address the concept of joint production at least under paragraph 12 of AoA Annex II by presumably arguing that no *output* link needs to be established. Referring to the main requirement of no or minimal trade distortion contained in Annex II paragraph 1, it could further be argued that payments under environmental programmes – even if directly or indirectly linked to production *outputs* – would certainly not lead to more than minimal trade distortions. In conclusion, it seems possible that the EC, once the issue of capping Green Box spending is off the table – might move closer to Norway saying that just a little bit of distortion is justified if important NTCs are addressed.

The EC also rejects the incorporation of counter-cyclical payments in the Green Box. It was indicated that the US is – under its current policy – not using such payments under the Green Box anymore, but rather under the Amber Box. Therefore, when stressing the incompatibility of counter-cyclical payments with the Green Box, the EC seems to signal to the US, which is currently designing its new farm policy, that it must remain with the boxes allowing for production linkage (i.e. the Amber and Box)¹⁰.

⁷ See EC non-paper on Green Box in Appendix D.

⁸ See EC comprehensive proposal G/AG/NG/W/90.

⁹ See footnote 6.

¹⁰ See also Section 2.3 on the Blue Box.

New Submissions:

Japan: Improving requirements for de-coupled payments in order to reflect the “real situation” of production (referring to the fact that Annex II does not allow for de-coupled income support related to production factors employed after the base period) by moving the base period for the payment per unit, as well as to include factors of production such as production area, number of animals etc.; lower minimum income loss (30 percent) for safety-net programs and payments for relief from natural disasters, and raise maximum compensation (70 percent) for safety-net programs (developing Japan’s negotiating proposal G/AG/NG/W/91 while also extending the idea of “real situation” from safety-net programmes to direct income support).

EC: Counter-cyclical measures or payments determined by production, prices or input levels not under Green Box; include compensatory payments for additional production costs deriving from higher animal welfare standards: under Special and Differential Treatment, exclude developing countries’ payments promoting rural development, food security and poverty alleviation (building up of the idea already expressed in proposal G/AG/NG/W/19 on animal welfare).

Like-minded Group:

Merge all boxes into General Subsidies Box allowing for a non-actionable 10 percent level of support with additional actionable 10 percent, while developing countries are protected by appropriate due restraint clause; former Green Box measures to be classified and production and trade neutral; add Development Box exclusively reserved for developing countries allowing them to address their NTCs and to increase domestic production; alternatively, any support provided by developing countries regarding a crop whose productivity is under world average is deemed to be a Green Box measure; terminate peace clause, but remain for developing countries with respect to their Special and Differential Treatment measures (developing the proposal G/AG/NG/W/14, the Like-minded Group further suggests the “alternative” approach).

Cyprus: Make Green Box measures more workable, targeted and less costly by allowing for programs “weakly” related to production which are less expensive, but not necessarily more trade distortive than a de-coupled programme; thus acreage-related programmes to be allowed if criteria for addressed problems are clearly defined (takes a soft Special and Differential Treatment¹¹

¹¹ There are several competing visions of Special and Differential Treatment under the AoA ranging from simple derogations in time and level of compliance for developing countries (as currently exist under AoA Article 15) to significantly different provisions of the agreement for

approach, building up on Norway's proposal G/AG/NG/W/101 which states that Green Box measures clearly targeted at NTCs are often not workable and too expensive)¹².

Namibia: In order to prevent other Members – developed countries in particular – from using Green Box measures in a way that have price distorting effects, Green Box support notification should be timely, and transparent and disciplined; providing flexibility for developing countries regarding de minimis, but fixing developed countries level (5 percent) at the first notification level without adjusting for inflation or other production volumes (supporting Mercosur's proposal G/AG/NG/W/38).

Argentina: quantitative means of defining “distorting” measures; removing direct payments, decoupled income support, subsidised income insurance and safety nets; revising criteria for structural adjustment programmes that include factor “retirement”; notification and evaluation criteria for disaster relief, investment aids, environmental programmes, and regional assistance; transparency for food security measures and food aid; and limits on Green Box spending (advancing Cairns Group proposal G/AG/NG/W/35 on reviewing Green Box criteria to guarantee for no, or at most minimal, trade-distorting effects or effects on production).

Other Cairns Group members as well as several developing countries seemed to like the Argentine proposal, subject to further examination. The US agreed that the Green Box needs to be addressed to ensure non-distortion while also meeting – as a general recognition - evolving concerns. European as well as transitional countries generally objected to capping the Green Box, pointing to the fundamental criteria of non- or minimal distortion.

developing countries, either as an issue with same status as the three pillars of the AoA (Market Access, Domestic Support, and Export Competition) or as a crosscutting feature of the agreements.

¹² It is noteworthy, that Cyprus is a ‘friend of multifunctionality’, which submitted the Note on Non-trade Concerns (G/AG/NGG/W/36/Rev.1) jointly with Barbados, Burundi, Czech Republic, Dominica, Estonia, EC, Fiji, Iceland, Israel, Japan, Korea, Latvia, Liechtenstein, Madagascar, Malta, Mauritania, Mauritius, Mongolia, Norway, Poland, Romania, Saint Lucia, Slovak Republic, Slovenia, and Trinidad and Tobago. The paper is the outcome of the Conference on Non-trade Concerns held in Ullensvang, Norway, from 1-4 July 2000. The submitting Members recognise in this Note that “every country has the right...to address non-trade concerns, such as strengthening the socio-economic viability and development of rural areas, food security and environmental protection”, while also recognising that “market forces alone could not address these non-trade concerns.”

2.3 Blue Box

In the recent discussions, the “ambitious” group as well as many non-Cairns developing countries have reiterated their demand of eliminating the Blue Box by moving it into the Amber Box as these countries see the Blue Box as an interim or transitional measure. The “cautious” group” as well as transition economies, however, generally support the preservation of the Blue Box, arguing that such measures are less distortive than those falling under the Amber Box and that its existence facilitates reform. However, the EC seems prepared to discuss modifications as it only seeks to maintain the “current concept” of the AoA, leaving space for the interpretation that the EC is also indicating some flexibility regarding the Blue Box.

The US is advocating the elimination of the Blue Box, as it is currently not using production-linked measures to support its farming sector (Blue Box payments are based on fixed area, yields or heads). However, it should be noted, that the US might theoretically need to take recourse to the box for the following reason: in its new farm bill, the US intends to significantly increase commodity-based Aggregate Measure of Support (AMS) under the Amber Box. This might lead to the result that the US’s counter-cyclical (i.e. decided in response to price fluctuations) safety-net measures currently provided under the Amber Box need to be re-designed in order to make space for the new commodity subsidies. With the EC objecting to the introduction of counter-cyclical payments in the Green Box, the US could find itself in the situation where it might need the Blue Box for its safety-net payments. It had been indicated from US-side, that this scenario is not impossible, although it is expected that both the new farm bill as well as the Green Box provide enough flexibility in order to make a reopening of the Blue Box not necessary for the US.

New Submission:

Cairns Group:

Cap, reduce and eliminate Blue Box; revise eligibility criteria; make notification requirements more transparent (further elaborating its proposal G/AG/NG/W/35 while now also proposing additional disciplines for Blue Box payments while being phased out).

The US principally supported the Cairns Group proposal whereas the “cautious” camp reiterated, predictably, that the Blue Box should be preserved. In this context it should be noted that Japan has just recently made use of the Blue Box, so that it can be expected to engage more actively in the conservation of the box.

2.4 Rural Development

Generally agreeing that rural development is important for developing countries for alleviating poverty and developing national economies, Members discussed in one of the longer debates of the third informal session whether rural development was also a legitimate concern for developed countries. Whereas the “cautious” group is supporting this premise, developing countries either oppose this position or stress that there were major differences in the situations prevailing in developed and developing countries. A developing country representative described the distinction as one between “folklore and survival”. Other developing countries are less condemning, but demand that actions taken by developed countries to promote rural development must not be used in a protectionist way. When asked whether accepting rural development as a legitimate developed country NTC was a real problem for some developing countries, an EC delegate stated that the only thing developing countries were really interested in was the protection of their markets, so that manoeuvres in the negotiations - such as objecting to rural development as a justified concern of developed countries’ - were, not necessarily related to rural development, per se, but rather the likely trade impact of such an acceptance. Taking this dynamic in consideration, it appears quite difficult to put the different and sometimes very “extremist” positions in perspective when trying to assess a Member’s interests and strategies, which may apparently conflict.

New Submissions:

Japan: Maintenance of a certain level of rural development is important concern for both developing and developed countries; flexibility in rules of domestic support and market access in order to secure coexistence of agriculture in rural areas in each country; Green Box alone not sufficient; improved market access for developing countries, especially least-developed countries (LDCs) (discussing rural development as a further area where the particular “situation of food and agriculture in each country” needs to be addressed; see G/AG/NG/W/91).

Norway: As the maintenance of viable rural communities is a key policy of Norway, flexibility for national policy design is needed regarding the size of support and the profile; agricultural production to be continued in order to provide agricultural employment; Green Box not sufficient to provide incentive to sustain production; focus on national key agricultural products; provide further market access and more flexibility in policy design for developing countries (Norway seems to build on its idea developed in its proposal G/AG/NG/W/101 that a special category of Aggregate Measure of Support (AMS) provided for domestic production should be established which is subject to less stringent reduction commitments).

Like-minded Group:

For developing countries, which need to protect the livelihoods of their small and marginal farmers: allow to maintain appropriate levels of tariff bindings, especially with respect to basic/staple food accompanied by a new appropriate agricultural Special Safeguard Mechanism (SSG) ¹³; prohibit dumping and allow for respective border measures; expand Green Box to measures promoting productivity and production; expand Article 6.2¹⁴; penalty measures if subsidised production harms domestic production and market share; developed countries: provide quota-free and tariff-free access for products from low income and resource poor (LI/RP) farmers; eliminate tariff peaks and tariff escalation; elimination of non tariff barriers, especially related to sanitary and phytosanitary (SPS) measures; elimination of trade-distortive domestic support as well as all export subsidies; review and strengthen Marrakech Decision on Net Food-importing Developing Countries (NFIDCs); binding commitments to provide technical and financial assistance (further elaborating the idea that only protecting developing countries' markets together with better market access to developed countries as well as elimination of trade-distortive subsidies can safeguard agriculture in the developing world, and lead to effective rural development).

Cyprus: Addressing problems of small-scale and less-advantaged regions not impeding free trade due to their limited resources; without "generous support" those areas will be abandoned and destroyed; subsidies also to be regarded as fees for environmental services; flexibility in granting support in regional assistance programmes (as in the Green Box discussion, strong parallelism to Norway's argumentation that Green Box itself cannot provide sufficient incentive to maintain agricultural production).

In the discussion, Indonesia, when referring to the concept of a Development Box, suggested using a 'positive list' approach similar to the one provided by e.g. the General Agreement on Trade in Services (GATS), where each Member would be allowed to select the agricultural products on which it was ready to make commitments. This idea is not new as the Like-minded Group proposed during phase I in their proposal G/AG/NG/W/13 (S&D and

¹³ The Special Safeguard Mechanism (SSG) under the AoA has been available to Members as an alternative to the general regime provided by GATT 1994 or the Agreement on Safeguards for those countries that converted their quotas into tariffs during the Uruguay Round. The provision has been criticised as it is not accessible for most developing countries.

¹⁴ I.e. the so-called "Special and Differential Treatment Box" which excludes investment subsidies generally available for agriculture in developing countries as well as agricultural input subsidies generally available to low income and resource poor (LI/RP) producers in developing countries from reduction commitments.

Development Box) to enable developing countries to “use a positive list approach to declare which agricultural products or sectors they would like disciplined under AoA provisions.” However, the Like-minded Group did not refer to the ‘positive list’ approach in its non-paper. What is new here is that it was Indonesia, a Cairns Group member, to endorse this approach. Predictably, other Cairns Group members, the US and several developing countries rejected this idea, emphasising that rather more market orientation and the further removal of distortions is needed rather than a limitation of AoA commitments to selected products. This single move by Indonesia seems to confirm some delegates saying that the Cairns Group was, in fact, not existent anymore. At least, it reveals that the Cairns Group as a strong promoter of fast progress in world trade liberalisation appears to face difficulties in stabilising the solidarity among its developed and developing country Members when particular developed countries NTCs and S&D are addressed. Whether this emerging divergence will result in a significant loss in the group’s bargaining power will depend on the Cairns Group’s willingness to sacrifice some elements of its ‘world-trade only’ philosophy for the benefit of more advanced Special and Differential Treatment for developing countries.

For their part, Japan, Korea, European and transitional countries stressed that a certain degree of price support to increase farmers' income was necessary in order to promote rural development.

2.5 Export Credits

Most Members seem to agree that subsidised export credits (along with export guarantees and insurance, various forms of food aid, and activities of state trading enterprises) could be used to circumvent export subsidy commitments. They, therefore, call for disciplines on the subsidy portion of such measures. In fact, Members agreed as part of the current AoA to negotiate disciplines on export credits¹⁵.

Some, such as the EC, take the view that export subsidy reductions should be negotiated as part of a package that also includes disciplines and reductions in subsidised credits. Others, such as some Cairns Group members, believe export subsidies are far more serious, and that is why the group has so far rather focussed on the elimination of “all forms of export subsidies” without explicitly mentioning export credits. The US indicated that it is in favour of disciplines along the lines of the currently negotiated OECD draft guidelines, but it also argues that export credits are not heavily subsidised and may also serve a useful purpose for importing countries suffering from financial crises or food supply problems.

Whereas the EC and Cairns Group member Australia proposed concrete guidelines for export credit schemes, the US pointed out that export credits were crucial for developing countries food security and were far less trade

¹⁵ See AoA Article 10.2. For further information on the issue, please refer to ICTSD May 2001 Report, Section 2.1.

distorting than export subsidies. This blockage against detailed discussion on criteria for export credits seems to be a reaction to the EC's very successful tactic in the export subsidy debate to strictly link further commitments in this area to progress in disciplining the export credit schemes. However, it appears that the EC and the US could work through this impasse as the language on agriculture in the draft Ministerial Declaration promotes the "reductions of, with a view of phasing out, ALL FORMS of export subsidies" [emphasis added]", which also includes the export subsidy part in export credits. Although this is just draft language, it can almost be regarded as a decision as the text summarises the lowest common nominator in Members' positions elaborated by WTO General Council Chair Steward Harbinson. Therefore, progress in disciplining both export subsidies and export credits seems possible.

New Submissions:

- EC: Maximum quantities of an agricultural product for which export credits may be granted per year to be established and to be subject to same reduction commitments as apply to export subsidies; annual effective expenditure to be reduced just as export subsidies; credit terms and conditions as defined by OECD Understanding; annual reporting of certain export credits; food aid to be provided in fully grant form; some flexibility with view to least-developed countries (LDCs) and net food-importing developing countries (NFIDCs).
- US: Export credits granted to developing countries are important for countries with foreign exchange constraints, and thus ensure food security; export credits and export subsidies approached differently by AoA as they involve different measures, objectives, operations and magnitudes of effect on global markets; export subsidies have 100 percent subsidy component, whereas export credits less than 4 percent in average.
- Australia: Define "export credit" and discipline to ensure they do not confer an export subsidy; generally, repayment terms must not exceed 180 days and premiums should be risk-based; minimum interest rate benchmarks to established; negotiate maximum percentage to be covered by credit; obligation to make minimum cash payment in advance; define starting point of credit; establish notification requirements; define boundaries between export credit and food aid; consider point 4 of Marrakech Decision for net food-importing developing countries' by making appropriate provisions in new disciplines on export credits.

When asked whether the separate Australian paper were a result of discrepancies within the Cairns Group, another Cairns Group member delegation said that the group principally backed Australia's position; only due

to time shortages the Cairns Group was not able to “plurilateralise”¹⁶ the paper tabled by Australia.

2.6 Other Relevant Proposals

- Group of 5 Cairns Group members¹⁷: Special and Differential Treatment Countervailing Measure (SDCM)

Developing countries can only further reduce tariff protection if developed countries stop subsidising agricultural production or if effective defences against subsidised imports are at hand; therefore as part of S&D for developing countries, establish a simplified countervailing¹⁸ measure procedure as a transitional and effective sui generis tool (other than Special Safeguard Mechanism (SSG) or remedies via the Subsidies and Countervailing Measures Agreement (SCM)); this would be available without requiring any injury test (as provided e.g. for the SCM) that may only be applied by developing countries to exports of products from developed countries which use, or are entitled to use, trade distorting domestic support or export subsidies – be it product specific or non-product specific support; AMS, de minimis, Blue Box support and Green Box payments under Annex II numerals 5-7 (rebuttably) deemed to be trade-distortive and specific.

Such a mechanism that would allow developing countries to countervail globally against all developed countries’ exports, which are entitled to apply trade distorting domestic support or export subsidies, was not well received by Members. The US, which commented the proposed SDCM as “breath-taking”, together with Canada opposed the new countervailing mechanism and any other provisions that would give blanket exceptions for developing countries, arguing that the solution is rather to cut subsidies, than to countervail subsidised imports. This drastic move by the group of 5 Cairns Group developing country members shows again that the Cairns Group seems to have significant problems to speak with one voice when special developing countries’ concerns are discussed.

- Cairns Group: Export Subsidies

In order to reduce and finally eliminate export subsidies, down payment of 50 percent in the first year of implementation of the results of the negotiations followed by three annual reductions for developed countries and – as a S&D provision – six for developing countries; eliminate export subsidy element in export credits) (developing its proposal G/AG/NG/W/11, the Cairns Group is now also proposing a detailed timeframe for phasing out export subsidies).

¹⁶ i.e. get it adopted by all Cairns Group members.

¹⁷ Argentina, Bolivia, Paraguay, Philippines, Thailand.

¹⁸ A "countervailing duty" per definition given in Article VI paragraph 3 of the GATT 1994 is a "special duty levied for the purpose of offsetting any subsidy bestowed directly or indirectly upon the manufacture, production or export of any merchandise."

As expected, the EC argues that tackling export subsidies should be part of a package that included all forms of export subsidies such as subsidised export credits and food aid. Five developing countries (Nicaragua, Panama, Peru, Venezuela and Zimbabwe) supported the Cairns Group position. CARICOM members, however, stressed the need for longer term elimination for export subsidies and other measures helping net food-importing developing countries (NFIDCs) and least-developed countries (LDCs) to adjust.

Section 3: Agriculture at Doha

3.1 What Will Be Discussed?

WTO Members circulated a new nine-page draft Declaration for the forthcoming WTO Ministerial in Doha, Qatar, on 26 September along with an 11-page draft decision on specific issues of concern to developing countries, referred to as implementation. The two texts - plus a third document on the relationship between intellectual property and access to medicines/public health - will form the framework for negotiations at Doha (all three up-dated texts can be viewed at:

<http://www.ictsd.org/ministerial/doha/relevantdoc.htm>). They were compiled by WTO General Council Chair Stuart Harbinson in cooperation with WTO Director-General Mike Moore after months of consultations. Not surprisingly, this first draft declaration paints a mixed picture of the various interests angling to be included in the Doha trade talks. *Inter alia*, the Declaration calls for improving disciplines on anti-dumping; negotiating or expanding analysis on investment and competition; negotiations on a multilateral agreement on transparency in government procurement; and examinations of trade, debt and finance and of trade and technology transfer.

The draft Ministerial Declaration - the document outlining the scope and areas for Ministerial agreement on multilateral trade issues - had been without a text on agriculture until 8 October, when General Council Chair Stuart Harbinson circulated a brief 2-paragraph text containing language he hopes will lead to an acceptable text for all Members. The Addendum on Agriculture was subsequently fully endorsed in the revised 27 October draft Ministerial Declaration (see Appendix C).

3.2 Voices

Whereas the US expressed its feeling that the text on agriculture provided a sound basis for talks, Cairns Group Members said the draft text on agriculture does not go far enough in committing Members to eliminating all trade-distorting domestic subsidies, including in particular export subsidies. Developing countries expressed their disappointment with regard to special and differential treatment in the document.

On its part, the EC expressed reservations about its wording. *Inter alia*, the text would commit Members to "reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in domestic support." It also says "special and differential treatment for developing countries shall be an integral part of all elements of the negotiations..." In addition, "non- trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture." Especially, the EC is concerned as there was

insufficient weight given to non-trade concerns such as environment, animal welfare, and food safety.

All in all, no Member is completely happy with the formulations, but most have said it could serve as a 'basis' for discussions.

3.3 Outlook for EC

In order to better understand the EC's negotiation style regarding agriculture one needs to consider the link between agriculture trade and environmental issues such as labelling and precaution, made by the EC in the pre-Doha context by reiterating that "trade and the environment, or the omission of it, is indeed a deal-breaker."

Right after the publication of the draft Ministerial Declaration (first draft) the EC submitted a contentious paper on environment, as it was unhappy with the first draft text on environment in the draft Declaration, which it saw as too minimal to pass by EC members and domestic constituencies. The EC documents - outlining two 'options' for Ministerial Declaration text on environment - met with immediate resistance from developing countries and most other Members. The major point of contention is the use of the word 'negotiation' in the EC environment text. The first option proposes launching talks on clarifying existing WTO rules on matters examined under the Committee on Trade and Environment (CTE); the second proposes a much deeper set of negotiations aimed at increasing "predictability in the multilateral trading system and to ensure compatibility between WTO and public policy or market responses to environmental concerns." It includes references to precaution, to mutual supportiveness between the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and the UN Convention on Biodiversity (CBD), and to clarification between the WTO Agreements and multilateral environmental agreements (MEAs).

Many developing countries have been vehemently opposed to talks in this area, arguing they were not prepared to accept any negotiations on any aspect of environment since they were convinced that the existing rules are adequate to protect all legitimate environmental concerns. The US, Canada, Australia, and New Zealand are also of the opinion that the time was not ripe for negotiations on environment.

Developing countries are concerned that talks on environment could lead to greater protectionism from developed countries speculating that the EC wants to have environment on the table in order to introduce new regulations limiting agricultural trade. From the European side, it was stated that environment negotiations were a quid pro quo - or trade-off - for agreeing to consider cutting back on agricultural subsidies, and that the EC would not agree to launch ambitious negotiations on agriculture without a commitment to talks on environment links.

Nevertheless, the language on environment in the revised 27 October draft Ministerial Declaration is now more explicit as it further asks the Committee on Trade and Environment (CTE) to address “the relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights” as well as labelling (which was commissioned to the Committee on Technical Barriers to Trade in the earlier draft) while stating that “work on these issues should include the identification of any need to clarify relevant WTO rules.” However, it remains to be seen whether this improved language on environment will have major impacts on the EC’s willingness to agree to further substantial commitments in the agricultural sector. The EC delegation indicated recently that the agriculture and environment (as discussed at the CTE), were not directly linked in the Doha preparatory process - at least not within the EC’s Geneva strategy - a statement which could be interpreted to communicate that progress on environment is not the only precondition for the EC to agree to further liberalisation in agriculture trade.

Nevertheless, it appears that the EC sacrificed stronger language¹⁹ on NTCs such as environment and animal welfare within the agriculture negotiations for successfully including additional environmental issues, as discussed at the CTE²⁰, in the revised draft Ministerial Declaration. Taking into account that the intra-European expectations on process in the CTE issues are very high, it appears plausible that the EC will concentrate on environment in this context (i.e. MEAs, labelling, precautionary principle) rather than on demanding stronger emphasis on NTCs (such as environment, animal welfare, etc.) in the draft agriculture text. As an EC member delegation recently expressed it, a European defeat on the CTE-environment front would be – for the EC, internally - a political disaster, whereas compromises regarding NTCs were easier to justify. Here the EC could even proclaim that it was cutting spending for its farming sector²¹ – a message that may be rather well received by European constituencies, which were not supporting agriculture as much as they had used to do. Therefore, if there really had been a CTE-NTCs trade-off, then a major break-through with respect to the NTCs asserted by the EC in the immediate follow-up of the Doha Ministerial would seem less likely.

Looking Ahead

When trying to look forward in order to estimate what developments might take place with regard to agriculture trade policy making, both on the global as well as the domestic level, it seems appropriate to say that the period starting from now, less than ten days ahead of Doha, to the next Agriculture week at

¹⁹ The draft text simply states: "We take note of the non-trade concerns reflected in the negotiation proposals submitted by Members and confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture." The text remained unchanged in the second Draft.

²⁰ I.e. labelling, precautionary principle and relationship between MEAs and WTO rules.

²¹ NTC would principally be addressed within the Green Box, so that less emphasis on NTCs would generally mean a lower amount of payments to farmers through the box.

the WTO from 3-7 December will be mainly stamped by the lead-up, duration, and aftermath of the fourth WTO Ministerial Conference. Any language agreed there on the Ministerial level will be part of the mandate given to the 142 Members (144 including China and Chinese Taipei who are expected to accede in mid-December) which will be the basis of all future negotiations, on the one hand, with regard to the implementation of the WTO Agreements (including the AoA), and with respect to further liberalisation of world trade, on the other.

In case Members agree on precise and ambitious language during the Ministerial, each country will need some time in order to comprehensively assess what the exact implications of the Ministerial language for domestic farm policy are, where and how changes have to be implemented, and where and in how far agricultural regimes on the domestic level will have to be adjusted or redesigned.

On the EC level, there will be an Agriculture Council meeting right after Doha scheduled at 19 November, where – more than likely – a stock-taking will take place in order to assess the direct Doha outcomes with agriculture implications. Furthermore, the last Agriculture Council in this year is currently scheduled to be held on 17 December. As the mid-term review of the CAP will take place in mid-2002, maybe already end of this year first discussion will take place on the future of the EC farm policy, particularly in the light of the results of the fourth Ministerial.

For its part, the US is currently dealing with two issues directly linked to agriculture at the WTO: Firstly, the trade promotion authority (TPA) - or so-called 'fast-track' -, which would allow the US to negotiate trade agreements that Congress could approve or reject, but not amend. If provided by Congress to the US administration prior to Doha, the TPA would enable the latter to negotiate with increased bargaining power as its word would have more weight due to the higher chances that the agreements will also be ratified by Congress. The US House Ways and Means Committee has recently approved TPA legislation, which now has to pass Congress. Although USTR as well as US business groups are strongly advocating for granting the TPA to Bush, it is still not clear whether the US delegation will be sent to Doha with or without it.

Secondly, the US is currently engaged in drafting a new farm bill replacing the current one which is expiring in September 2002. Recently, a 'green' farm bill had been tabled by US Department of Agriculture chief Anne Veneman shifting some of the commodity-based agricultural support towards spending on conservation programs. However, this bill was defeated by the US Congress on 4 October. It appears that the House rather favours price-based support and strengthening 'counter'- cyclical' policies. As the expiration of the old farm bill is ten months ahead, and the new bill will need to consider the language on agriculture to be agreed at Doha, it can be expected that the new bill would not pass Congress before early 2002.

According to Japanese and Canadian trade officials, no significant decisions regarding domestic farm policies of both countries will be made or prepared during the remaining two month in 2001.

In a nutshell, Doha will determine the framework for future developments in the world's farming sectors. If Members are able to compromise on further liberalisation, agricultural constituencies need to focus on how to make sure that further AoA commitments will be integrated in domestic farm policies in an equitable way. If no progress is made during the Ministerial, constituencies have to continue to work and influence at the domestic level in order to help create new domestic incentives which could possibly lead to new negotiations at the multilateral level.

China's accession should now be increasingly taken into account, as a new agricultural giant (75 percent agricultural population and 17.7 percent of added value share in GDP) will enter the WTO who will actively participate in the ongoing reform process of the world trading system and will – more than likely – shift the general perspective of world trade further towards developing countries' concerns. China is already in preparation of a Green Box proposal focussing *inter alia* on the conservation of life supporting systems and food security.

APPENDICES

Appendix A – Quick Reference Guides

Market Access - Proposals

Country	% of agriculture to GDP	% of agricultural employment	% of world agricultural trade		
			Exports	Imports	
Cairns Group	12	32	33	13	Deep tariff cuts, elimination of tariff peaks and tariff escalation with 50% down payment
US	2	2	19	14	Eliminate tariff escalation, disciplines on TRQs including automatic reduction of in-quota duties in case of TRQ underfill
EC	4	5	18	18	UR approach for tariff reduction, improved TRQ administration, geographical indications, maintain SSG
ASEAN	27	50	9	6	Improved TRQs; liberalisation of tropical products, maintain SSG for developing countries; elaboration of GSP in the Agreement
African Group	31	55	5	6	Credits for autonomous liberalisation; reduction of tariff peaks and escalation; preferences for LDC exports; review of SSG; Art. 9 and 10 SPS Agreement and Art. 11 and 12 TBT Agreement to be mandatory
India	28	55	2	2	Reduction of tariff peaks and escalation; SSG (with QRs) for developing countries; improved administration of TRQs
CARICOM	n.a. ²²	17	<1	<1	Binding preferences within the AoA; simplified tariff regimes; disciplines on TRQs
Switzerland	n.a.	7	1	1	Special concessions to LDCs and other developing countries to take account of their particular needs and specific production structures; examine disciplines on TRQ allocation
Japan/Korea	4	6	1	14	Flexibility in setting tariffs and levels of access opportunities to take into account domestic conditions; flexible administration of TRQs; maintain SSG
Norway	2	4	<1	<1	Access opportunities to take into account self-sufficiency, maintain SSG
SIDS	n.a.	35	<1	<1	Binding preferences within the AoA
Namibia	13	47	<1	<1	Elimination of tariff peaks and escalation
Senegal	18	82	<1	<1	Maintain preferences for small and medium-sized nations
Congo	58	64	<1	<1	Tariff reductions; removal of application of SSG on products from developing countries
Nigeria	41	30	<1	<1	Limit the use of SSG by developed countries; ceilings on tariff peaks and expanded TRQs with lower in-quota tariffs in developed countries
Egypt	17	40	<1	1	Simplified tariff structures; elimination of tariff peaks and escalation; elimination of SSG
Mexico	5	24	2	3	Request and offer approach to tariffs and

²² not available.

Turkey	18	32	1	1	TRQs UR approach for tariff reduction with flexibility for developing countries; elimination of tariff peaks and escalation; elimination of SSG; disciplines on TRQ administration
Morocco	17	37	<1	<1	Rapid reduction of tariffs for developed countries; flexibility in tariff reductions and maintaining SSG for developing countries
Croatia	9	9	<1	<1	Exempt low tariffs from reduction for transition economies
Poland	4	20	1	1	UR approach to tariffs; reduce in-quota tariffs by 50 %t in cases of underfill; maintain SSG
Jordan	2	13	<1	<1	Convergence of applied rates; maintain SSG (with QRs under specified circumstances);
Canada	3	3	2.5	3.5	Substantial tariff reductions and harmonisation of tariff levels; eliminate tariffs within quota.

Domestic Support –Proposals

Country	% of agriculture to GDP	% of agricultural employment	% of world agricultural trade		
			Exports	Imports	
Cairns Group	12	32	33	13	Reduce support and reduce disparity between developed/developing country levels of overall support; elimination of Blue Box
Canada	3	3	2.5	3.5	Complementary to Cairns Group proposal: overall limit on the amount of support of all types (green, blue and amber) to reduce inequities
US	2	2	19	14	Simplified definition of domestic support; "non-exempt" and criteria-based "exempt" support measures ensuring least trade distortiveness; elimination of Blue Box
EC	4	5	18	18	Existing AoA structure should be maintained; focus on de-coupling support
Switzerland	n.a.	7	1	1	Wait to negotiate Amber and Blue Box until instruments of NTCs agreed in principle; examine and specify Green Box measures
Norway	2	4	<1	<1	Two-tiered system for production for domestic consumption / exports; maintaining Blue Box
ASEAN	27	50	9	6	Flexibility for developing countries; deep reductions for developed countries; including Blue Box in AMS; limiting developed countries' Green Box payments
African Group	31	55	5	6	Reduce developed country supports; ensure Green Box measures are non, or at most minimally, distorting; flexibilise AMS and de minimis for developing countries; expand S & D to benefit developing country NTCs
Like-minded Group	12	32	4	4	Collapse support into one category and discipline as percentage of production; add Development Box; termination of Peace Clause
India	28	55	2	2	Including Blue and some Green Box supports in AMS; exempt antipoverty measures; reduction below de minimis for all countries
Transitional Economies	17	15	2	2	Flexible approach given transitional sensitivities
Poland	20	4	1	1	Further Reductions of AMS need flexibility; maintain Blue Box
Croatia	9	9	<1	<1	No further reduction commitments before 2006 as well as more flexibility for transitional countries
Lithuania	10	16	<1	<1	Postponement of new reduction commitments for transitional countries
Mexico	5	24	2	3	Maintain Green Box; continued reduction of Amber Box; accelerated Blue Box reductions
Japan/Korea (NFIC)	4	6	1	14	Seeks also to provide Green Box supports to entire market structure, including factors of production; maintaining Blue Box
Turkey	18	32	1	1	Reduce developed countries' support to de minimis; increase de minimis for developing countries; exemptions based on domestic inflation; maintain Article 6.2 and qualified Green Box use; do not

SIDS	n.a.	35.	<1	<1	renew Peace Clause Manage economic and geographical vulnerabilities. Special attention to sensitive sectors; maintain Peace Clause.
Namibia	13	47	<1	<1	De minimis and AMS should be reconsidered by those with zero or negative rates; eventual elimination of all distorting support; discipline Green Box; cap Blue Box and eventually eliminate
Senegal	18	82	<1	<1	Flexible support for developing countries to ensure food security, rural employment and poverty reduction
Nigeria	41	30	<1	<1	Article 6 subsidies should continue to receive immunity from Article 13 (Peace Clause); subsidies in excess of de minimis for developing countries; more transparency of domestic support regimes
Egypt	17	40	<1	1	Reduce developed country supports; up-front reduction down payment; review of Annex 2 subsidies as well as Article 13
Jordan	2	13	<1	<1	Review Green Box to ensure that measures are non-distorting; developing countries development support to be exempted from reduction commitments; maintain Blue Box subject to reduction commitments; de minimis for developing countries only
Kenya	22	75	<1	<1	Elimination of all trade-distortive subsidies; establish mechanism for respective countervailing action; include Development Box; no continuation of Peace Clause
Congo	58	64	<1	<1	Inclusion of all financial undertakings and efforts of least-developed countries in Development Box; improvement of the Green Box as well as Amber Box including possibility for the least-developed countries to go beyond their base level AMS

Export Competition – Proposals

Country	% of agriculture to GDP	% of agricultural employment	% of world agricultural trade		
			Exports	Imports	
Cairns Group	12	32	33	13	Elimination and prohibition of all forms of export subsidies; commitments on export subsidies to have S&D provisions to cushion impact of reform process
US	2	2	19	14	Eliminate export subsidies and variable export subsidies and discipline state trading enterprises (STEs)
EC	4	5	18	18	All forms of support to exports must be discussed, including credits and food aid
Mercosur	13	23	1.5	6	Discipline activities of STEs and marketing boards; disciplines on export credits, export credit guarantees, and export insurance programmes
African Group	31	55	5	6	Eventual elimination of export subsidies; disciplines on export credits, export credit guarantees and insurance programs taking into account needs of NFIDCs and LDCs
India	28	55	2	2	Export subsidies to be eliminated in the first 2 years of implementation; flexibility for developing countries
Switzerland	n.a.	7	1	1	Disciplines on export competition, including measures with similar effects as subsidies, such as state trading, price pooling, and export credits
Japan/Korea	4	6	1	14	Discipline all forms of support; improve disciplines on export subsidies in markets of interest to developing countries; reduce export barriers; improve disciplines for state trading exporters
Norway	2	4	<1	<1	Negotiated reduction of all forms of export support; Norway acknowledges adjustment effects on Norwegian milk production with reduced export support
Mauritius	n.a.	12	<1	<1	Disciplines on export credits to provide for differential treatment in favour of NFIDCs
Senegal	18	82	<1	<1	Reduction of subsidies; adjustment mechanism for NFIDCs affected by reforms on export subsidies
Congo	58	64	<1	<1	Elimination of all forms of export subsidies
Nigeria	41	30	<1	<1	Rationalise the use of export subsidies
Egypt	17	40	<1	<1	Flexibility on the use of export subsidies by developing countries
Turkey	18	32	1	1	Elimination or substantial reductions in export subsidies of developed countries
Mexico	5	24	2	3	Elimination of export subsidies; disciplines on STEs and export credits
Mercosur	13	23	1.5	6	Discipline activities of government and non-governmental enterprises and marketing boards
Morocco	17	37	<1	<1	Elimination of export subsidies
Croatia	9	9	<1	<1	Disciplines on export credits, STEs, and on food aid
Poland	4	20	1	1	Gradual reduction of all forms of export subsidies
Jordan	2	13	<1	<1	Elimination of export subsidies; disciplines on export credits, export credit guarantee and insurance programs
Namibia	13	47	<1	<1	Disciplines on export subsidies to apply to all forms of export support

Non-Trade Concerns – Proposals

Country	% of agriculture to GDP	% of agricultural employment	% of world agricultural trade		
			Exports	Imports	
US	2	2	19	14	Liberalisation alone will not achieve food security
EC	4	5	18	18	Maintaining positive externalities (public goods) cannot be de-linked from agriculture production
African Group	31	55	5	6	Negotiation should take into account NTCs such as food security, sustainable rural development and poverty alleviation
Argentina	6	11	4	<1	Eliminate distortions in world agriculture markets that exacerbate non-trade concerns in developing countries - rural poverty, unemployment and environmental protection
LMG	25	53	4	4	S&D should lead to Development Box allowing measures for food security, rural development, etc.
India	28	55	2	2	Food Security Box as prime objective, but also addressing most of same issues of LMG
Transitional Economies	17	15	2	2	Flexibility to ensure NTC are addressed through domestic support and market access measures
Mexico	5	24	2	3	NTCs must be clearly defined and their measures non-distorting
Japan/Korea (NFIC)	4	6	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
Switzerland	n.a.	7	1	1	Seek win-win-win solutions. Reduction commitments must be considered in context of NTCs
Turkey	18	24	1	1	NTCs are important but should not disguise protection
Poland	4	20	1	1	Right to protect policies linked to NTCs
Norway	2	4	<1	<1	Maintaining positive externalities (public goods) cannot be de-linked from agriculture production. Negative externalities must be minimised
SIDS	n.a.	35	<1	<1	Food insecurity must be mitigated by special safeguards and technical assistance. AoA waived during natural disasters
Namibia	13	47	<1	<1	Legitimate, measurable and quantified values should be attached to NTCs; provision of household food for rural poor should be flexible
Senegal	18	82	<1	<1	Defined as food security; operationalise "Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on LDCs and NFIDCs"; transparent and participatory food aid management; establish fund to enable infrastructural development
Nigeria	41	30	<1	<1	Provisions for food security; regulate multinationals
Jordan	2	13	<1	<1	Olive production is defence against desertification; preserve cultural heritage of Bedouin nomads and fat tail sheep varieties

Special and Differential Treatment – Proposals

Country	% of agriculture to GDP	% of agricultural employment	% of world agricultural trade		
			Exports	Imports	
Cairns Group	12	32	33	13	Access to special safeguards; developing market access improvements for developing country products.
US	2	2	19	14	S&D based on products of interest to developing countries; technical assistance; flexibility for criteria based exempt support measures.
EC	4	5	18	18	Enhanced Green Box measures, revision of de minimis clause; technical assistance.
ASEAN	27	50	9	6	Longer implementation periods insufficient for developing countries. S&D must mean deep and substantive commitments and flexibility in rules benefiting developing countries.
African Group	31	55	5	6	S&D should be binding while reducing inequalities in market share, access to technology and financing and infrastructure.
LMG	25	53	4	4	Significant restructuring and changes to AoA to support developing country development goals. Operationalise S&D.
Mexico	5	24	2	3	S&D to stimulate agriculture sector, promote rural development, combat poverty and reduce rural unemployment.
India	28	55	2	2	Similar to LMG, need to operationalise special provisions around concept of food security as well as continuing S&D in other aspects of agreements.
Japan/Korea (NFIC)	4	6	1	14	Market access and domestic support flexibility and continued use of export supports for developing countries
Turkey	18	32	1	1	S&D integral part of negotiations.
Poland	4	20	1	1	Willing to discuss S&D for least developed countries.
Egypt	17	40	<1	1	S&D should be cross-cutting; flexibility for developing countries.
Norway	2	4	<1	<1	S&D should improve market access and permit domestic support flexibility and continued use of export supports for developing countries.
Senegal	18	82	<1	<1	Flexibility to develop short and long term agriculture production; replace derogations and base S&D access on verifiable economic indicators; revise deadlines.
Nigeria	41	30	<1	<1	Measures should be equity generating; technical assistance; flexibility for sensitive products, rural livelihood, employment, and self-sufficiency.
Jordan	2	13	<1	<1	Export development fund for developing countries; trade policy impact-monitoring programme to assess effects of AoA on environment and farmers.

Appendix B - Country Groupings

Country Grouping			
<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>ASEAN</i></p> <p>Brunei Darussalam Cambodia Indonesia Laos Malaysia Myanmar Philippines Singapore Thailand Viet Nam</p> <p>Reflects: G/AG/NG/W/55</p>	<p><i>AFRICAN GROUP</i></p> <p>Comprises all African WTO Members</p> <p>Reflects: G/AG/NG/W/142</p>	<p><i>EFTA</i></p> <p>Switzerland Norway Iceland</p> <p><i>Japan/Korea</i></p> <p>Japan Korea</p> <p><i>Other Economies</i></p> <p>United States Poland Swaziland Mali Morocco</p>

APPENDIX C - Draft WTO Decision Addendum on Agriculture

JOB(01)/140/Rev.1

27 October 2001

General Council

Preparations for the Fourth Session of the Ministerial Conference

Draft Ministerial Declaration

Revision

AGRICULTURE

13. We recognize the work already undertaken in the negotiations initiated in early 2000 under Article 20 of the Agreement on Agriculture, including the large number of negotiating proposals submitted on behalf of a total of 121 Members. We recall the long-term objective referred to in the Agreement to establish a fair and market-oriented trading system through a programme of fundamental reform encompassing strengthened rules and specific commitments on support and protection in order to correct and prevent restrictions and distortions in world agricultural markets. We reconfirm our commitment to this programme. Building on the work carried out to date, we commit ourselves to comprehensive negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support. We agree that special and differential treatment for developing countries shall be an integral part of all elements of the negotiations and shall be embodied in the Schedules of concessions and commitments and as appropriate in the rules and disciplines to be negotiated, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development. We take note of the non-trade concerns reflected in the negotiating proposals submitted by Members and confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture.

14. Modalities for the further commitments, including provisions for special and differential treatment, shall be established no later than Participants shall submit their comprehensive draft Schedules based on these modalities no later than The negotiations, including with respect to rules and disciplines and related legal texts, shall be concluded as part and at the date of conclusion of the negotiating agenda as a whole.

...

APPENDIX D - EC Non-paper on Green Box

Brussels, 25 September 2001

Special session of the Committee on
Agriculture Informal Meeting, 24-26 September 2001

Green box

1. Green box: measures have facilitated the reform process. Not only have they helped Members to move away from price support towards more transparent and less trade-distorting policies but they have also contributed to the achievement of a number of important societal goals in both developed and developing countries. The role of agriculture is not only to produce agricultural goods at the lowest possible cost. Agriculture encompasses other functions such as the preservation, management and enhancement of the rural landscape, the protection of the environment, including against natural hazards, and a contribution to the viability of the rural areas. The current green box provisions have contributed to implement policies to pursue these societal goals.

2. As regards specifically rural development, the EC believe that all the countries have the right to choose to preserve or develop the economic and social environment necessary to maintain rural population. Agricultural activities, in particular in remote or peripheral areas where there are few other possibilities of employment, can help to prevent depopulation, the social, economic and environmental cost of which is high for society. More generally, agricultural activities and farm diversification can contribute to the economic and social viability of rural areas and thus to a balanced territorial development. In most of the world, especially in developing countries, farming is the fabric of rural society and its main economic activity. Social and political stability depend on the continued economic health of the farm sector.

3. The EC believe that the current provisions provided for in the Agreement on agriculture (AoA) represent in general the right disciplines for addressing these issues and should therefore be maintained.

4. Having said that, the EC would like first to stress the requirement that green box measures have no, or at most minimal, trade-distorting effects. This reinforces the need to retain the provision that measures which are counter-cyclical (i.e. decided in response to price fluctuations) or which are determined by production, prices or inputs levels, should not be considered as green.

5. Secondly, coverage of new measures relating to increasingly important issues should also be adequately guaranteed. One of these issues is animal welfare. Legislation aimed at protecting animals may increase costs to producers. As producers from other countries are not confronted with similar additional cost, this can lead to unequal conditions of competition, and even drive down welfare standards world-wide. The EC is ready to engage in fruitful discussion with the Membership to find appropriate ways to address this issue. In this context, the EC believe that it is legitimate that compensation for additional costs be exempted from reduction commitments whenever it can be clearly shown that these additional costs stem directly from the higher standards in question and thus have no, or at most minimal, trade-distorting effects.

6. The EC highlight the importance of according Special and differential treatment to developing countries. The EC believe that domestic support measures that promote the sustainable vitality of rural areas and the food security concerns of developing countries, in particular through means targeted at poverty alleviation, are of great relevance. Therefore, the EC propose that these measures where appropriate be exempted from any reduction commitment.