

Agriculture Negotiations at the WTO 'Modalities' Phase Outlook Report¹



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DEVELOPMENT

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TABLE OF CONTENTS

Executive Summary	3
Section 1: Context Setting	5
2.1 Background	5
2.2 Timetable	6
Section 2: Negotiations Finalising Phase II	7
2.1 General	7
2.2 Development box	8
2.3 Special and differential treatment (S&D)	11
2.4 Green Box	14
Section 3: Looking Ahead – ‘Modalities Phase’	16
3.1 Sequencing	16
3.2 S&D, NTCs	16
3.3 ‘Modalities’	17
3.4 Process	17
3.5 Transparency	18
3.6 Dynamics	18
Section 4: Agriculture-Related Policy Formulation At Other Fora	21
4.1 Other WTO negotiating groups	21
Environment	21
Rules	22
4.2 Fora outside the WTO	23
World Summit on Sustainable Development (WSSD)	23
Convention on Biological Diversity (CBD)	24

APPENDIX A:	Quick Reference Guides
APPENDIX B:	Country Groupings
APPENDIX C:	Agriculture Mandate in Doha Declaration (paras. 13-14)
APPENDIX D:	26 March 2002 Work Programme.
APPENDIX E:	1993 Modalities (without Annexes)

Executive Summary

This paper is the third report detailing the developments in the agriculture trade negotiations currently underway at the World Trade Organisation (WTO). It has been prepared by the International Centre for Trade and Sustainable Development (ICTSD).

This report, issued in April 2002, offers an update on the recent negotiations finalising phase II of the ongoing WTO agriculture negotiations. The 4-7 February special session of the Committee on Agriculture (CoA) included the fifth and final informal meeting in phase II as well as the third and final formal meeting in the phase. Furthermore, the paper introduces the new 12-month work programme for the next phase – dubbed ‘phase III’ or ‘modalities phase’² – which was recently agreed by Members at a 26 March special session of the CoA, while further trying to provide a brief analysis of the process as well as negotiation dynamics during the forthcoming stage of WTO agriculture negotiations. Lastly, the report briefly looks at policy formulation processes currently underway in the preparation of the World Summit on Sustainable Development (WSSD) as well as at the Sixth Conference of the Parties (COP-6) of the Conference on Biological Diversity (CBD), which both have potential implications for the agriculture negotiations under the Doha mandate.

This report is divided into four sections:

- Section 1 is a brief introduction setting the agriculture negotiations in the overall context of activities at the WTO.
- Section 2 focuses on the themes within the final stage of phase II negotiations that have been identified as showing most significance for its recent work on influencing European trade policy-making, providing descriptive and analytical detail of expressed positions.
- Section 3 looks ahead at the emerging issues in connection with the future negotiations in agriculture during the ‘modalities phase’.
- Section 4 is aimed at providing an overview on agriculture-related policy making processes in relevant fora within and outside the WTO.

The methodology used in compiling this report combined comprehensive in-house analytical work as well as extensive outreach to country delegates based in Geneva and representatives of local non-governmental organisations. As already provided in the previous report, the quick references now include information on the importance of trade issues for WTO Member countries. This is designed to assist readers in assessing the relative importance of trade issues for that country. These are included as appendices. To enable readers to better understand the scope and

² This term refers to the fact that Members are required to establish the “modalities for the further commitments” (Doha Declaration paragraph 14) until 31 March 2003. See also the analysis on Doha Declaration paragraph 14 provided in the previous ICTSD Doha Analysis Report issued in January 2002, p. 18.

function of the negotiation instrument 'modalities, excerpts of the 1993 modalities used during the Uruguay round negotiations has also been annexed to the report. The non-papers used in writing this report could not be annexed for reasons of confidentiality.

ICTSD, April 2002

Section 1: Context Setting

2.1 Background

With the formal special session of the Committee on Agriculture (CoA) held on 7 February 2002, the second phase of the agriculture negotiations currently underway at the WTO have been finalised. In the informal special session ahead of the formal meeting, Members mainly discussed issues with developmental implications such as the establishment of a Development Box and Special and Differential Treatment (S&D). 13 non-papers were tabled by developing countries and developing country groupings with only two papers submitted by developed country Members.

Remarkably, all country groups traditionally pointing at their developmental concerns (i.e. the Like-Minded Group, the African Group and CARICOM) contributed to the discussion on development at the CoA with comprehensive papers, whereby it should be noted that the Like-Minded Group (LMG) together with the African Group tabled a joint submission on S&D. Furthermore, CARICOM's paper on the Green Box is the group's first contribution to the discussion on the intersection between domestic support and development. Flanked by the strong S&D language embodied in the Doha mandate on agriculture negotiations³, this further bundling of developing countries' interests in modelling an Agreement on Agriculture (AoA), which is more responsive to developing countries needs, is bringing more pressure to bear on Members to create a more 'development –friendly' AoA.

Paving the way for the next stage of the ongoing WTO agriculture negotiations, Members agreed in a 26 March CoA special session on a 12-month work programme so as to respect the 31 March 2003 deadline for the establishment of the so-called modalities as provided for in the Doha Declaration. These modalities will set out targets - including numerical targets - as well as rules-related elements based on which Members will subsequently prepare their individual schedules. As a result, the negotiation of the modalities is one of the most critical stages of the agriculture talks, as the modalities to be agreed will determine the shape of the final outcomes of the negotiations under the Doha mandate. It appears that Members will have a difficult time completing their work in the seven meetings scheduled between now and end-March 2003, both for technical and political reasons. Given this pressure and the bilateral nature of trade relations, it should be anticipated that much of the activity in this phase would take place outside of the scheduled meetings in bilateral discussions and informal consultations. Another challenge will be to synchronise the modalities negotiations with talks at other negotiation groups as some Members are likely to offer new agricultural commitments only as trade-offs for gains in other trade sectors. Finally, it could emerge as a delaying factor that the two traditional 'big players' in agriculture - i.e. the EC and the US - are both more or less unable to proactively engage in the farm trade talks as they are preoccupied by uncertainties in relation to the CAP reform and the CEEC accession process, on the one hand, and the pending new farm bill and the lack of trade promotion authority (TPA) of the US President on the other.

³ Paragraph 13 of the Doha Declaration provides that S&D should "be operationally effective and...enable developing countries to effectively take account of their development needs, including food security and rural development."

2.2 Timetable

The timescale for the forthcoming negotiations on agriculture as known to date is as follows:

<u>Work Programme</u>			
(As agreed so far) ⁴			
Informal Special Session	Formal Special Session	Regular CoA	Issue of meeting
17-19 June	20 June	21 June	Export competition
2-3 September	4 September	None	Market access
23-25 September	27 September	26 September	Domestic Support
18-20 November	22 November	21 November	Matters that require follow-up
18 December (begin of WTO winter break)			Circulation of overview paper prepared by Chair (including rules)
22-24 January 2003			Comprehensive review of possible modalities based on the overview paper
24-28 February 2003			Consideration of the first draft of modalities (draft to be circulated in advance)
25-31 March 2003			Establishment of the modalities (revised draft to be circulated in advance)
Second half of 2003			Draft Schedules to be submitted (Before 5 th WTO Ministerial in Mexico) ⁵
Second half of 2003			Stocktaking (At 5 th WTO Ministerial in Mexico)
1 January 2005			Negotiations to be concluded (together with 'single undertaking') ⁶

⁴ As provided for in the 26 March work Programme and in the Doha Declaration (see Appendices C and D).

⁵ See footnote above.

⁶ See Doha Declaration paras. 14 and 45.

Section 2: Negotiations Finalising Phase II

2.1 General

On 4-6 February, WTO Members met for the last scheduled Special Session in the current Phase II of the ongoing agriculture negotiations to discuss mainly development-related issues, including the establishment of a Development Box, special and differential treatment (S&D) for developing countries, single commodity producers, and small island developing states (SIDS). Food aid and the Green Box provisions for developing countries were also discussed under the bullet "additional issues".

Debate revolved around the question of whether or not different sets of rules should be established for developed and developing countries that would partly exempt the latter from commitments under the WTO Agreement on Agriculture (AoA)

Discussion also centred on how to tackle developing countries' difficulties in the ongoing agriculture negotiations that will now be continued under the mandate agreed at the Doha ministerial conference last November. Three basic questions featured in the deliberations:

- (a) whether significant flexibility for developing countries to protect and support their domestic production (especially with regard to staples and food security crops) is the best way to deal with their weaknesses, or whether further liberalisation flanked with some flexibility is more effective;
- (b) whether or not only developing countries should be allowed to address non-trade issues such as food security and rural development; and
- (c) whether further S&D provisions should apply generally to all developing countries, or whether specific groups of developing countries needed extra flexibility. In this context, the question arose whether the "enabling clause"⁷ needed to be revised, as it required preferential treatment to be generally available to all developing countries⁸.

⁷ A 1979 GATT Decision enabling Members to accord differential and more favourable treatment to developing countries as a departure from most-favoured nation treatment.

⁸ This issue seems to be of predominant importance for some African Caribbean and Pacific (ACP) countries such as Mauritius, which are losing their non-reciprocal preferential access to the EC market under the Lome Convention. From 2008, the Lome Convention will be replaced by reciprocal Economic Partnership Agreements (EPAs) to be negotiated under the Cotonou Agreement. Some ACP countries fear that they might not be ready to survive the competition with a wide range of developing country exporters e.g. under a Generalised system of Preferences (GSP) such as the Everything But Arms (EBA) initiative of the EC. Therefore, they say, one possible solution would be to provide less competitive countries with special preferences which are not open to all developing countries. To that end, the enabling clause would need to be revised as it is widely interpreted to require preferential treatment to be generally available to all developing countries.

2.2 Development box

The Like-Minded Group (LMG) of developing countries that has pushed for a Development Box⁹ tabled a non-paper on the Box proposing that its provisions, which would apply only to developing countries, should consist of enhanced flexibilities rather than specific prescribed policies. According to the LMG document, the Box should target low-income and resource-poor (LI/RP) farmers and secure supplies of "food security crops" (FSCs) and should allow developing countries, *inter alia*, to exempt these FSCs from their commitments and to maintain or renegotiate high tariffs on them. Furthermore, the LMG believes, developing countries should be provided with a simplified safeguard mechanism so as to protect FSCs, with expanded domestic support provisions applying to LI/RP producers. Cairns Group developing countries opposed this proposal, arguing that it would impede "south-to-south" trade between developing countries, which should rather be promoted through the negotiations. They also took the view that some of the ideas went against the direction set in the Doha Ministerial Declaration as all Members had committed themselves to "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" as well as to the establishment of a "fair and market-oriented trading system through a programme of fundamental reform"¹⁰.

In another non-paper, Switzerland largely agreed with need of flexibility for developing countries to pursue food security / rural development policies as proposed by the LMG, but cautioned that only temporary and well-targeted measures could avoid the creation of a "two-tier system" permanently exempting developing countries from WTO rules.

Other developed countries, such as the EC, US, Japan and those from the Cairns Group of agriculture-exporting countries also opposed the idea of different sets of rules for developed and developing countries. They cautioned against adopting policies that would increase trade distortions, with the EC stating that "it would [not] be in the interest of developing countries to accept the idea that they should actually increase their tariffs" as "the greatest potential for increase in agricultural trade lies in increasing demand in developing countries." Instead of raising tariffs, some argued, developing countries should rather countervail against cheap subsidised exports from developed countries while using generally applicable instruments as provided in the WTO Antidumping Agreement and the Agreement on Subsidies and Countervailing Measures (SCM)¹¹. In respect to the question - as raised e.g. in the Swiss proposal - whether to establish sub-categories for especially disadvantaged developing countries such as net food-importing developing countries (NFIDCs) or small island developing states (SIDS), some developed countries cautioned that this would go against the spirit of the AoA which intended to set out rules applying to principally the whole WTO Membership. Furthermore, many developing country Members warned that establishing separate rules applying to different developing country groupings could split the solidarity amongst them. Japan and Norway, together with some transition economies, stated that issues such as food security and rural development would also apply to them, an idea that was rejected by many developing countries.

⁹ See WTO document G/AG/NG/W/13.

¹⁰ See Doha Declaration para. 13.

¹¹ It should be noted that Members are currently mostly prevented from applying these instrument by the peace clause (AoA Article 13).

It appears that most developed countries are opposed to the idea of permanently excluding developing countries as such - or sub-groups of them - from already existing and / or newly agreed commitments under the AoA. To avoid that the S&D language embedded in the Doha Declaration¹² would be used by the 'Friends of the Development Box'¹³ as an argument to legitimise such a two-tier system, developed countries and 'Friends of Multifunctionality' such as the EC, Japan and Norway have been indicating that they would then demand the same flexibility to meet their own non-trade interests relating to the environment, rural development and food security. As such a result would go against the intention of the Box as suggested by the Like-Minded Group et al., and would further contravene the Doha agriculture mandate as well as being contradictory to the open-market negotiation position of the Cairns Group. Perhaps the most likely compromise (at this stage of the negotiation) for implementing the S&D language of the new agriculture mandate seems to be the type of approach proposed by Switzerland, which suggests addressing developing countries' food security objectives on a clearly targeted and partly temporary basis with the caveat that all envisaged measures needed to be least trade distorting and/or compatible with WTO rules and principles. The Swiss proposal would leave the AoA system intact but would provide developing countries with a significant degree of flexibility¹⁴. The other option of having a Development Box for developing countries and a separate but similar instrument for developed countries non-trade concerns would be a major step back in the global agriculture trade reform from a free trade point of view. The Cairns Group together with the US have traditionally prevented such an approach. However, as the US is now pursuing a broader agenda and as the trading interests between the developing and the developed Cairns Group members seem to become more and more diverse¹⁵, it remains to be seen to what extent the 'liberalising' camp of the WTO Membership will be able to prevent the 'flexibility' oriented faction from advancing using S&D and a more operational recognition of non-trade concerns to respond to the Doha mandate.

LMG¹⁶: Regarding tariffs, developing countries should be allowed to indicate the list of agriculture crops that would be subject to reduction commitments ("positive list" approach) so as to enable them to exempt basic 'food security crops' (FSCs) from reduction and other commitments; as an S&D measure, they should also be able to maintain appropriate levels of tariff bindings to protect their farmers. Furthermore, they should be allowed to re-negotiate tariff bindings with regard to FSCs; on the other hand, developed countries should provide

¹² S&D shall be "operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development" (para. 13).

¹³ Principally comprising the LMG members together with some additional African countries such as Senegal. It was reported that Indonesia - a Cairns Group member - would like to join the group as well.

¹⁴ It should be noted, however, that also the Swiss proposal links the Development Box to the recognition of non-trade concerns stating that the discussions on the Box "would take into account non trade concerns (NTCs) on the understanding that some of these concerns are specific to certain countries and regions and some are common to all countries, developing and developed alike."

¹⁵ It was e.g. reported by a Like-Minded Group Member that Indonesia - a Cairns Group member - would like to join the 'Friends of the Development Box'. Observers inside the negotiations further reported that some Cairns Group members had been quite critical of each other's proposals and statements recently.

¹⁶ Submitted by Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nigeria, Pakistan, Sri Lanka, and Zimbabwe.

quota-free and tariff free access to products from low-income or resource-poor (LI/RP) farmers in developing countries.

On domestic support, AoA Article 6.2 (S&D Box)¹⁷ should be expanded to include: firstly, support promoting the integration of LI/RP farmers, particularly through subsidised credit and similar capacity building measures; secondly, measures taken to increase domestic production of staple crops for domestic consumption (including input subsidies and any other kind of product specific support provided to LI/RP farmers); and, lastly, any spending on transportation costs for FSCs from surplus to deficit parts of a country. In terms of product-specific support, the *de minimis* should be calculated on an aggregate basis and negative product-specific AMS should be allowed to be offset against positive non-product-specific support. Annex II, paragraph 13 should be revised in order to allow governments to target regional assistance plans to LI/RP farmers exclusively¹⁸. In addition, an “appropriate” (i.e. non-onerous) safeguard mechanism should allow developing countries to respond to import surges in food security crops. “Dumping” should be generally prohibited and developing countries should be allowed to take “appropriate border measures” in the event that food security concerns are impeded by dumped farm products. Furthermore, “certain penalty measures” should be triggered where subsidised production harms domestic production in developing countries or displaces their non-subsidised exports in third markets.

The Marrakech Decision¹⁹ should be strengthened, and an international fund be established to help LDCs/net food-importing developing countries (NFIDCs) to acquire the necessary foodstuffs from the international market.

Lastly, the peace clause (Article 13) should not be renewed, but developing countries Green Box and S&D Box (Article 6.2) measures should not be actionable under the Subsidies and Countervailing Measures Agreement (SCM).

(this paper builds on the LMG proposal G/AG/NG/W/13)

Switzerland: Generally, the concept of a Development Box should take a graduated approach taking into consideration the various countries’ stage of development as well as the particular situations prevailing in NFDICs, landlocked DCs, SIDS, single commodity producing developing

¹⁷ Article 6.2 reads: "In accordance with the Mid-Term Review Agreement that government measures of assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries, investment subsidies which are generally available to agriculture in developing country Members and agricultural input subsidies generally available to low-income or resource-poor producers in developing country Members shall be exempt from domestic support reduction commitments that would otherwise be applicable to such measures, as shall domestic support to producers in developing country Members to encourage diversification from growing illicit narcotic crops. Domestic support meeting the criteria of this paragraph shall not be required to be included in a Member's calculation of its Current Total AMS."

¹⁸ For the time being, Annex II paragraph 13 provides that all producers be eligible for such assistance.

¹⁹ I.e. the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food- Importing Developing Countries.

countries and vulnerable economies in transition. However, all measures falling under the Box would need to be targeted and least trade distorting and/or compatible with WTO rules and principles.

Provisions regarding government measures directed to food security (paragraph 3), domestic food aid (paragraph 4) and regional assistance (paragraph 13) should be kept unchanged under the Green Box (Annex II), provided that they are strictly targeted to the consumers and producers most in need. Furthermore, budgetary spending on transportation costs within a country to ship staples/FSCs from surplus to deficit production parts of a developing country/LDC should be added to the Green Box categories. As a temporary exception for countries with low bound rates, price support for staples/FSCs above the *de minimis* threshold (10 percent for developing countries) should be allowed provided that producers able to produce under world conditions are excluded and that “staple foodstuffs/FSCs” can be well defined. Furthermore, if a clear definition of the category “LI/RP farmers” can be agreed upon and as long it can be monitored effectively, extending credits at concessionary rates for LI/RP producers (Article 6.2) to all LI/RP farmers of a developing country Member can be reasonable. Food aid should only be provided in fully grant form and the amounts should not depend on world market prices. Provided that “staple food stuffs/FSCs” can be well defined, a special safeguard (SSG)²⁰ for such category should be introduced for LDCs on countries whose producers are unable to produce under world market conditions.

(building on comprehensive proposal G/AG/NG/W/94)

Mauritius: A Development Box should address the needs of a wide range of vulnerable countries such as LDCs, NFIDCs, SIDS, landlocked DCs, single commodity exporters and vulnerable economies in transition. Therefore, measures should be targeted to the specific situations of individual countries, regions as well as categories of producers. A “positive list” approach should be taken and Members benefiting from the Box should be allowed to renegotiate low tariffs in relation to key crops. In this regard, “FSCs” need to be defined. Furthermore, the SSG clause should be available for all Members and – as a necessary corollary of the Development Box – the peace clause should be renewed (building on statement given in G/AG/NG/W/28 and G/AG/NG/W/28/Add.1).

2.3 Special and differential treatment (S&D)

Drawing on the Development Box debate, the discussion on S&D was ignited by submissions from the African Group together with some LMG members as well as Cairns Group members Colombia and Bolivia. Talks revolved around the question of

²⁰ The special agricultural safeguard (SSG) mechanism (AoA Article 5) enables Members to impose higher duties on “tariffied” products when import volumes rise above a certain level or prices fall below a certain threshold. However, only 38 Members – both developed and developing countries - have reserved the right to use SSGs on certain specified products (combined total: 6,072).

whether more protection/support or market orientation was the solution. In addition, Colombia (a Cairns Group member) endorsed in its non-paper several points of the LMG Development Box paper, while targeting its proposed measures to crops substituting illicit narcotic crops. Bolivia (another Cairns Group member) put forward a similar idea seeking special treatment for developing countries that would promote "alternative development".

Whereas most Members agreed that S&D had a high priority in the post Doha agenda and was an integral part of the agriculture negotiations, the US pointed out that the Ministerial Declaration set S&D within the overall objective of achieving a fair and market-orientated agricultural trading system, so that all Members should participate in the reform program.

African Group²¹

+ LMG²²:

Generally, the lower reduction rate (2/3)²³ for developing countries used in the UR was insufficient to resolve the disparities between developed and developing countries. Some sensitive staples/FSCs should be exempt from any reduction commitments. On domestic support, policy flexibility is needed for agricultural development and food security and, furthermore, a lifting of the *de minimis* threshold as well as "credits" for negative AMS should be agreed.²⁴

Regarding market access, developing countries should be exempted from commitments so as to: (i) protect basic FSCs from surges of subsidised imports; (ii) protect the current levels of employment in subsistence farming; and, (iii) be able to use tariffs as a source of revenue generation required for investment in agriculture. Furthermore, developed countries should substantially reduce their trade-distorting support prior to asking developing countries to reduce their tariffs. In addition to the relatively onerous anti-dumping and countervailing measures generally available after the expiration of the peace clause, developing countries need an "appropriate safeguard mechanism" that would – if necessary – be limited to staples/FSCs. In terms of market access to developed countries, those Members should be required to sharply reduce tariffs on products of particular interest for developing countries on a unilateral basis. Alternatively, developing countries could be provided with greater access to tariff rate quotas (TRQs).

Regarding S&D in export competition, the exemption given to subsidies on marketing and transport costs (AoA Article 9.4 in conjunction with

²¹ Comprising all African WTO Members.

²² Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Pakistan and Sri Lanka.

²³ Whereas developed countries committed themselves to reduce tariffs by 36 percent, AMS by 20 percent, the value of export subsidies by 36 percent as well as the quantities of subsidised products by 21 percent, developing countries only had to bring down the respective categories by 24, 10, 24 and 14 percent. LDCs had been exempted from any reduction commitments.

²⁴ The concept of 'negative AMS' applies if in the calculation of the AMS, domestic support prices are lower than the external reference price (so as to ensure access of poor households to basic foodstuffs), thereby resulting in negative product specific support. In that case – many Members suggest as e.g. in the WTO Document 'Compilation of Outstanding Implementation Issues Raised by Members' (JOB(01)/152/Rev.1) - Members shall be allowed to increase their non-product specific support by an equivalent amount.

9.1 (d) and (e)) should be maintained and expanded. Moreover, it is important to clarify whether exemptions on certain forms of export assistance allowed to developing countries under the SCM are applicable²⁵; furthermore, Article 12.2 (Disciplines on Export Prohibitions and Restrictions) should generally apply to Net Food Importing Developing Countries (NFIDCs).

Finally, financial as well as technical assistance must be an integral part of any S&D strategy, and monitoring and analysing the effectiveness of S&D provisions must be enshrined as an overarching principle in the context of all S&D provisions

(building on LMG proposal G/AG/NG/W/13 and African Group proposal G/AG/NG/W/142)

India²⁶:

Regarding market access, developing countries should have the flexibility to adjust their tariff bindings on all agricultural products keeping in view their food security and livelihoods requirements. Additionally, the SSG should be extended to all developing countries and also be modified to make it more responsive to developing countries' needs. Developing countries should be provided with greater access to tariff rate quotas (TRQs) and, furthermore, developing countries struggling with self-sufficiency should not be required to make commitments on minimum market access. Moreover, developed countries should provide developing countries with preferential access to the formers' markets.

In terms of domestic support, all measures taken by developing countries for food security, poverty alleviation, rural development, rural employment and diversification of agriculture should be exempted from any form of reduction commitment. Article 6.2²⁷ should be maintained and expanded to product-specific support provided to LI/RP farmers. When calculating the AMS, "credit" should be given for negative product-specific support by allowing developing countries to adjust the positive non-product-specific support against the same. Some "credit" for negative product-specific support should also be given by excluding from AMS calculation specific food security expenditures. Furthermore, inflation must be factored in the calculation of AMS. For developed countries, the operation of Article 6.4 (a) (i) and (ii)

²⁵ Certain export subsidies such as those in relation to export performance of a firm (SCM Annex I) which are generally prohibited under SCM Article 3(a) are allowed for LDCs and some other developing countries (SCM Article 27.2(a) in connection with Annex VII). The questions as raised in the non-paper is how these provisions in the SCM correlate to e.g. the AoA provisions on export subsidies such as Article 7.1 and 3.3.

²⁶ It should be noted that India's Food Security Proposal is more or less identical with the Development Box proposal. It was reported that India chose to take its own negotiation position so as to "gain more profile" as a big WTO Member. However, both India and the 'Friends of the Development Box' have been supporting each other's proposals in the agriculture negotiations. Moreover, it was said that India is now attending the 'Friends of the Development Box' meetings and is likely to join the ground in the near future.

²⁷ "...investment subsidies which are generally available to agriculture in developing country Members and agricultural input subsidies generally available to low-income or resource-poor producers in developing country Members shall be exempt from domestic support reduction commitments that would otherwise be applicable to such measures..."

(deduction of *de minimis* from AMS calculation) should be suspended until domestic support level of all Members is brought down to the *de minimis* levels. Moreover, paragraph 13 (regional assistance programmes) of the Green Box (Annex II) should be revised to permit governments to provide greater assistance to LI/RP farmers. Finally, Article 13 (peace clause) should be abolished while measures taken by developing countries under Article 6.2 (S&D Box) and Annex II (Green Box) should be exempted from actions under the SCM Agreement.

Regarding export subsidies, developing countries²⁸ listed in Annex VII of the SCM Agreement should be exempted from AoA Article 3.3 (prohibition of introducing new export subsidies), and the current exemption available for developing countries in Article 9.4 (exclusion of subsidies on transport and marketing costs) should be maintained²⁹.

Finally, legally binding commitments on technical and financial assistance should allocate special funds on a permanent basis.

(building on Food Security proposal in G/AG/NG/W/102)

2.4 Green Box

The submissions of CARICOM and Mauritius on the Green Box can be regarded as the first substantive contribution of the island states to the discussion on how to address developmental concerns via the already existing Annex II of the AoA (Green Box) as well as – in the case of CARICOM – a suggestion on how to strip the Green Box of its trade distorting elements.

CARICOM: The category of “exempt measures” as established in the Green Box should be maintained and qualifying criteria determining which measures are genuinely non trade-distorting should be agreed upon. To that end, an operational definition of what constitutes minimal distortion as well as an agreed method of measurement should be developed. Payments used by developed countries under Annex II (Green Box) paragraphs 5-7 (direct payments to producers, decoupled income support and support on income insurance and income safety-net programmes) should be excluded from the Box by virtue of their trade distorting effects. A mechanism facilitating the reclassification and shifting of measures should be established. In addition, a “regime of strict monitoring” should be agreed which limits Members’ flexibility to shift trade distortive support from other boxes to the Green Box without fundamentally altering its distorting character. Beyond the expiration of the peace clause, developing countries’ support measures should be exempted from the applicability of the SCM Agreement.

²⁸ I.e. LDCs as well as Bolivia, Cameroon, Congo, Côte d'Ivoire, Dominican Republic, Egypt, Ghana, Guatemala, Guyana, India, Indonesia, Kenya, Morocco, Nicaragua, Nigeria, Pakistan, Philippines, Senegal, Sri Lanka and Zimbabwe.

²⁹ This proposal also addresses the relationship between S&D provisions in the SCM and AoA rules as done in the joint LMG-African Group non-paper (see footnote 18).

The scope of the Green Box should be expanded by covering: (i) measures used by developing countries to meet their food security, rural development, poverty alleviation and agricultural diversification objectives; (ii) government assistance aimed at addressing the adverse effects of sudden changes in exchange rates on the price of their principal agricultural exports; (iii) measures employed by developing countries in the restructuring the agricultural sector away from a reliance on preferential markets; and, (iv) domestic support measures used by developing countries to assist in the revitalisation of rural areas in general, or to assist specific groups, or sub-groups of producers within rural areas.

Mauritius: As biomass for the production of green energy and ethanol is vital for many SIDS, a new paragraph should be added to the Green Box to facilitate the use of biomass. Furthermore, producer funding used e.g. with respect to research, pest and disease control, and training should be covered by the Green Box. Generally, Annex II (Green Box) should be broad and not limitative so as to provide room to address the diverse concerns of all Members (building on ideas expressed in its statement in G/AG/NG/W/28 as well as in the Note on Non-Trade Concerns, G/AG/NG/W/36/Rev.1).

It was reported that some Members had reservations about the Green Box proposals tabled as they opposed putting some of the envisaged measures in the Box. Others, however, argued that Green Box subsidies were defined as those that cause no or minimal trade distortion. Therefore, they said, any shift in support to the Green Box should be welcomed.

Section 3: Looking Ahead – ‘Modalities Phase’

The WTO Committee on Agriculture (CoA) reached an agreement at a 26 March special (negotiating) session on a work programme for establishing the so-called modalities for negotiating new commitments in the areas of market access, export subsidies and domestic support by 31 March 2003. The Doha Declaration provides in para. 14 that "Modalities for the further commitments, including provisions for special and differential treatment, shall be established no later than 31 March 2003."

3.1 Sequencing

According to the new work programme, Members will address each 'pillar' of the Agreement on Agriculture (AoA) separately and in sequence: export subsidies, competition and restrictions on 17-20 June; market access on 2-4 September; and domestic support on 23-27 September. These informal meetings will be held back-to-back with formal ones where the Chairperson will report on the work undertaken in the informal special sessions³⁰. Following a wrap-up meeting scheduled for 18-20 November, Members envisaged having a draft overview paper on the various modalities options ready for circulation by 18 December 2002. In the follow-up process, the first draft modalities are scheduled to be circulated prior to the end-February 2003 meeting, which would then be finalised at the last seven-day session of the modalities phase at 25-31 March 2003. According to sources, it is likely that the sessions will not produce any official outputs besides minutes and the Chair's reports³¹ prior to the first draft modalities, as Members would be very reluctant to have any kind of 'materialisation' of the discussions at a stage where the negotiation results could only be premature.

3.2 S&D, NTCs

According to the work programme, "special and differential treatment for developing countries shall be an integral part of all elements of the negotiations under this programme" and "non-trade concerns will be taken into account in these negotiations" as provided for in the Doha Declaration (para. 13). As several trade sources explained, this would mean that special and differential treatment (S&D) as well as non-trade concerns (NTCs) would be discussed where appropriate under each of the three pillars. In what way S&D and NTCs will exactly be addressed during the modalities negotiations - e.g. under standing agenda items or on an *ad hoc*-basis - is still unclear. In this context it was further said that the wording of both the Doha Declaration³² and the 26 March 2002 work programme³³ seemed to make a qualitative differentiation between S&D on the one hand and NTCs on the other. Accordingly, S&D "shall be an integral part of all elements of the negotiations" and be embodied "as appropriate in the rules and disciplines to be negotiated", whereas

³⁰ See also timetable in Section 1 of this report.

³¹ To the formal special session of the CoA.

³² See Appendix C.

³³ See Appendix D.

NTCs will only "be taken into account" as provided in the AoA³⁴. As a result, it appears that Members have committed themselves to develop S&D provisions for each pillar of the AoA, while NTCs are to be considered, but not necessarily integrated into the modalities negotiations.

3.3 'Modalities'

According to the WTO Secretariat, the 12-month work programme agreed upon dealt with one of the most critical phases in the agriculture talks as the modalities would set targets - including numerical targets - as well as rules-based elements for achieving the objectives set out in the Doha Declaration. These include significant cuts in both tariffs and subsidies³⁵. Sources indicated that this 'modalities' stage would therefore set the tone of the negotiations' final outcome, as the modalities will be used by Members for making their initial offers to negotiate their specific commitments³⁶. However, it should be noted that Members would still have significant flexibility when preparing their draft comprehensive schedules. As in the case of market access, for example, Members will be free to determine where to reduce tariffs significantly and where to make lesser or even zero cuts as long as this would be in line with the tariff reduction formula³⁷ contained in the modalities to be agreed. Therefore, detailed negotiations where Members will try to articulate their particular trading interests will commence only after the establishment of the modalities in response to the first offers received by Members before the fifth WTO ministerial conference in 2003.

3.4 Process

As some Members were of the view that it would be difficult to discuss the three pillars in a segregated way, the agreed work programme further provides that "Special Sessions will be complemented by informal consultations, including consultations between Members and consultations under the direction³⁸ of the Chairperson" in which the raised issues "will not necessarily follow the order set out above in the programme of meetings". The Like-Minded Group source commented that this would only take place in the form of technical considerations so as to keep the agreed sequencing in place. It was further noted that Members would have the chance to discuss again all the issues at the three 2003 meetings so that the first three pillar-based meetings scheduled for June and September this year should simply help to establish an overview about the various options for modalities which had been tabled since the start of the agriculture negotiations in early 2000.

³⁴ The AoA in its preamble explicitly mentions only food security and "the need to protect the environment" as legitimate NTCs which are to be taken into account in the negotiations for continuing the reform process (Article 20).

³⁵ I.e. "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."

³⁶ The practice of agreeing on modalities first, followed by the negotiation of specific commitments, was previously used during the Uruguay Round. See also Appendix E of this report, which contains the 1993 modalities used during the UR (without Annexes).

³⁷ This formula would need to set out the percentage of the envisaged overall tariff reduction, the reference level (bound or applied tariffs, etc.), the minimum cuts per tariff line, the implementation period, the instalment plan, etc.

³⁸ This wording implies that Members provided the Chair with a great discretion with respect to determining the participants of the consultations as well as the subjects to be discussed.

The WTO Secretariat further explained that for the first three 2002 pillar-based meetings Members needed to start translating their proposals tabled since early 2000 into technical language and applicable rules that could be used as concrete options for the modalities to be agreed. Nevertheless, it appears that no one including Members and the Secretariat expects concrete numbers on percentages, timelines, base levels, etc. being tabled before the last end-March meeting of the modalities phase as "no one wants to show his hand before he really needs to," a trade source explained.

3.5 Transparency

Regarding the bilateral discussions between Members as well as the informal consultations under the direction of the Chair as set out in the work programme, it should be noted that Members will focus a great deal of attention on the bilateral aspect of the negotiations and that the seven multilateral meetings scheduled within the next 12 months will rather provide a platform to inform the Membership on the developments in the informal consultations. Besides ensuring secrecy, leaving enough space for such consultations is desired by Members as the CoA special sessions with the WTO Membership of 144 would not always be the appropriate platform to conduct "technical elaborations of detailed possible modalities, including rules-related elements."³⁹ In this regard, smaller working groups could sometimes be more efficient so as to draft technical and legal language. In terms of transparency, it was indicated by observers that they expected the Chair to report to the full CoA Membership on the matters being discussed in the informal consultations held by the Chair. Unlike during the Uruguay Round, observers said, where consultations were mainly held between the two key players, i.e. the EC and the US, there were now so many Members actively engaged in the agriculture negotiations that all Members - including the EC and the US - needed to anticipate that it might not be participating in all consultations initiated by the Chair. Therefore, every Member would now have an interest in being informed about what is happening in the consultations. How this reporting could look like remains to be seen, however, as Members will very likely try to strike a balance between their bilateral concerns and the general right to information to come up with a workable solution.

3.6 Dynamics

As a developing country delegate from the Like-Minded Group reported, there had been a great deal of discussion on the dates and the number of meetings as well as on their sequencing, with the EC in particular pushing for discussing market access first⁴⁰, whereas developing country groups such as the Like-Minded Group proposed moving market access discussions until after August. Most developing countries, said the source, would not have the capacity in Geneva or in the capitals to assess all the modalities options regarding market access put forward at a June meeting. Therefore, in order to provide for adequate participation in the market access negotiations, domestic support and export subsidies should be addressed first with no more than three meetings held before the end of this year, the source explained. In the end, Members agreed on the compromise formula put forward by the Chair of

³⁹ See 26 March 2002 work programme (Appendix D).

⁴⁰ The EC took the view that the Doha Declaration would set out the sequencing market access, export subsidies and domestic support (see para 13).

the special sessions of the CoA, Stuart Harbinson. Harbinson's compromise used the sequence of export subsidies, market access, and domestic support, and scheduled four meetings for 2002.

Commenting on the tight 12-month timeline for the establishment of the modalities, one African developing country Member said that many developing countries would not like to be rushed by the fast pace of the modalities talks. Nevertheless, some Members did not expect modalities with concrete figures by end-March next year anyway, as WTO Members were not likely to be able to agree on the fundamentals of the new commitments at that early stage, he added. While some African countries expressed a desire for an "early harvest" in the agriculture negotiations so as to "not immediately lose what they have just gained at Doha," other sources from both developed and developing country Members cautioned that the agriculture negotiations might not be the right place to expect gains for developing countries prior to the conclusion of the new trade round.

Furthermore, most of the delegates interviewed for this report took the view that WTO Members as a whole were very committed to meet the 31 March 2003 deadline. They further emphasised that the EC as well as the US would be trying to avoid any behaviour that could be interpreted as a signal that they were not making good faith efforts with a view to a successful and timely conclusion of the agriculture negotiations. This attitude is especially significant as both the EC and the US are currently preoccupied with their future domestic farm policies.

For the US, the pending new farm bill makes it difficult to negotiate on new domestic support commitments as the US House of Representatives as well as the Senate passed two different versions of the bill which now have to be reconciled. One of the major differences between the two farm bills is the proposed expenditure on conservation as the Senate bill would provide US\$11.8 billion in new funding in five years versus the House bill, which would provide only US\$6.8 billion. Furthermore, the US President is still not provided with a Trade Promotion Authority (TPA) which would allow him to negotiate trade deals that could only be either approved or rejected by Congress, but not be amended. This possibility that Congress could modify the outcomes of the agriculture negotiations later on is seen by many as an obstacle for the US to act as a *demandeur* in the farm trade talks.

The EC, on the other hand, is currently preparing for a mid-term review of its Common Agricultural Policy (CAP)⁴¹ which pro-CAP reform states such as Germany, the UK and the Netherlands want to use as an opportunity to initiate a fundamental reorientation of EC agricultural policy. These EC Members propose *inter alia* that much more of the EC's agricultural expenditure be shifted from the so-called first pillar, which comprises the traditional production-linked instruments of the CAP such as price support, export refunds and state intervention, to the second pillar providing funds⁴² for rural development as well as agri-environmental programmes. In addition, the envisaged EC enlargement towards Central and East European Countries (CEEC)⁴³ will have strong implications for the EC's budgetary situation. In

⁴¹ The Commission plans to circulate a first discussion paper on CAP reform prior to the EU 2002 summer break.

⁴² At the moment the second pillar comprises only 10 percent of the EC's agricultural expenditure.

⁴³ The accession process is scheduled to begin in 2004 for lead candidates, with limited transition periods.

order to make enlargement fiscally feasible, the compensatory payment⁴⁴ and market support strategies of the CAP would need to be scaled down or even withdrawn. How and to what extent this can be achieved is still a matter of negotiation between the EC and the candidate countries. The negotiations with lead candidate countries are scheduled to be concluded by the end of this year, so that EC members would be able to decide on the CAP reform in early 2003⁴⁵.

As a result, both the EC and the US were pushing for having domestic support discussed last at the three pillar-based meeting so as to gain more time to consolidate their agricultural budgets at home.

⁴⁴ These compensatory payments are notified by the EC under the Blue Box. As provided in the Agenda 2000, this payment scheme will be continued at least until a further reform of the CAP can be undertaken. Although the new entrants to the EC expect to be eligible for "compensatory" CAP payments, many EC Members argue that the candidate countries have never experienced the cuts to higher support prices to warrant "compensation".

⁴⁵ It should be noted, however, that a reformed CAP is unlikely to take effect before the expiration of the Berlin accord on the Agenda 2000 (2006) as members such as France would like to see the CAP unchanged until that date.

Section 4: Agriculture-Related Policy Formulation At Other Fora

In parallel to the ongoing agriculture negotiations under the Doha mandate, further negotiations as mandated by the Doha Declaration such as those on WTO rules⁴⁶ - including those on fisheries subsidies - and the trade and environment relationship should not be left out in the monitoring of the WTO farm talks as they are likely to have both direct and indirect implications for the negotiation dynamics and outcomes in agriculture. Moreover, additional policy formulation processes are currently underway outside the WTO trade talks where countries discuss the role of agriculture from a trade as well as non-trade related perspective. These extra-WTO policy making fora such as the Convention on Biological Diversity (CBD), the World Summit on Sustainable Development (WSSD), the World Food Summit, the European CAP reform and others should also be taken into account so as to better understand the issues, dynamics and complexities of the WTO agriculture negotiations. For this report, ICTSD focussed on those fora where developments with possible agriculture-related implications could currently be observed.

4.1 Other WTO negotiating groups

Environment

The first 22 March negotiating session of the Committee on Trade and Environment (CTE) focused on the organisation of future work and began discussions around the three sub-paragraphs of the Doha environmental negotiating mandate in para. 31.

Many observers have termed the environmental negotiating objectives in the Doha Declaration as being limited in scope or circumscribed. In brief terms, they include (i) the relationship between WTO rules and specific trade obligations set out in MEAs, though talks are limited to the applicability of WTO rules as among parties to the MEA in question; (ii) procedures for regular information exchange between MEA secretariats and the relevant WTO Committees, and the criteria for granting of observer status; and (iii) the reduction or elimination of tariff and non-tariff barriers to environmental goods and services.

The EC, which at the Doha Conference was the main *demandeur* for environmental negotiations, initiated discussions on 22 March by circulating some preliminary ideas on para. 31(i) on the WTO-MEA relationship. *Inter alia*, the EC paper pushes for clarification of the WTO Agreements on how they relate to MEAs and sets out the EC's initial thoughts on 'specific trade obligations' in MEAs and 'among parties' as contained in 31(i).

Most other delegations - Australia in particular - viewed the EC position as overly ambitious. In the words of one diplomat who attended the meeting, the EC's ideas "bear little resemblance to reality". Countries were concerned primarily on two points. First, that the EC was going beyond the scope of mandated negotiations by talking about both party and non-party issues, whereas the Doha text limits the applicability of talks to parties of MEAs only. Second, there is concern that previous EC proposals to reverse the burden of proof by using the concept of precaution in

⁴⁶ Such as rules on antidumping, subsidies and regional trade agreements.

environment-related disputes have re-surfaced. Many Members fear that bringing the precautionary principle into the WTO system via MEAs could enable trading partners to ban certain imports - e.g. for food safety reasons - beyond the scope of the Agreement on Sanitary and Phytosanitary (SPS) Measures and the Technical Barriers to Trade (TBT) Agreement.

Since the Doha preparations it appeared that the EC is only willing to make substantial commitments in the agriculture negotiations in the event that good progress is made in the environment talks.

Rules

In the first formal meeting of the WTO Negotiation Group on Rules, on 11 March, the Chair announced that for "practical considerations" and without implying any political views whatsoever, he would be grouping topics together into three headings: subsidies, anti-dumping and regional trade agreements. He said that the issue of fisheries subsidies would be discussed under the topic "subsidies.

Iceland, which had been advocating for negotiating fisheries subsidies under a separate agenda item, expressed its disappointment with the decision, particularly as it views the Doha Ministerial Declaration as calling for a separate heading for this item⁴⁷. However, "in the spirit of compromise," Iceland said it was willing to accept this arrangement based on the understanding that the fisheries subsidies topic would, nevertheless, be treated as a distinct issue with its own particularities. Korea repeated its call for discussing fisheries subsidies in the context of general subsidies, with Argentina disagreeing with Korea on this issue. Argentina, together with Australia, Brazil, Peru, New Zealand, Malaysia and the US, supported Iceland's proposal.

Furthermore, a submission by New Zealand on fisheries in a 21 March regular session of the CTE⁴⁸ prompted a lively debate, primarily between countries pushing for reductions in distortive fisheries subsidies termed the 'Friends of Fish'⁴⁹ and those focused on addressing fisheries issues in a broader context such as Japan and Korea. The paper referred to by New Zealand highlighted recent research on fisheries subsidies that challenged prevailing assumptions about the benign nature of certain types of subsidies⁵⁰.

The discussions on fisheries subsidies could have implications for the domestic support negotiations in the agricultural sector as the 'Friends of the Fish' are pushing for a discussion that may ultimately lead to a categorisation of subsidies into environmentally friendly and ecologically harmful subsidies. Developing a new set of rules in the Subsidies and Countervailing Measures (SCM) Agreement - either for fisheries subsidies alone or for environmentally harmful subsidies as such – may set a precedent on how ecologically damaging subsidies are dealt with in the WTO

⁴⁷ Paras. 28 and 31

⁴⁸ It should be noted that fisheries subsidies are currently being negotiated at the Negotiation on Rules Group. However, para. 31 (Trade and Environment) of the Doha Declaration notes "that fisheries subsidies form part of the negotiations provided for in paragraph 28" (WTO Rules). In addition, the CTE in its formerly purely non-negotiating mode has been the forum where fisheries subsidies had been discussed so far.

⁴⁹ Comprising Members such as New Zealand, Iceland, the US, Chile, Peru, and the Philippines.

⁵⁰ See WTO document WT/CTE/W/204.

system, though most Members are wary of doing so, precisely because of possible links with the Agreement on Agriculture. On the other hand, new general provisions in the SCM on environmentally harmful subsidies could have direct implications for agricultural subsidisation in the event that the peace clause, which effectively prevents Members from taking action under the SCM Agreement, expires in end-2003 as provided for in AoA Article 13.

4.2 Fora outside the WTO

World Summit on Sustainable Development (WSSD)

The UN Commission on Sustainable Development (CSD), acting as the Preparatory Committee for the World Summit on Sustainable Development (WSSD), has been holding its third session (PrepCom III) in New York from 25 March to 5 April, with the aim of producing the first draft of a 'review' document as well as elements of the CSD's future work programme. However, PrepCom III did not achieve its objective, as Members were not even able to produce a broadly agreed text. Nevertheless, Preparations for WSSD will also feature at the Sixth Conference of the Parties (COP-6) to the Convention on Biological Diversity (CBD) where delegates will discuss a draft statement to be submitted to the Summit.

Delegates at PrepCom III began the second week by discussing the revised Chairman's paper released on Saturday, with many participants criticising the 100-page text as not sufficiently action-oriented. While trade-related discussions took place under a few agenda items, most delegates deferred to ongoing work at the WTO and to the mandate agreed upon by WTO Members at the Fourth WTO ministerial conference in Doha, Qatar, in November 2001. PrepCom IV will be held in Bali, Indonesia, on 27 May - 7 June to prepare a concise and focused document for consideration at WSSD on 26 August - 4 September in Johannesburg, South Africa.

Continuing on from discussions at the second preparatory meeting in February, delegates raised a number of trade-related aspects. In the context of talks on agricultural and rural development under 'poverty eradication', delegates were divided over whether to include references to trade-distorting subsidies. The EC and Korea said subsidy issues should be considered under 'globalisation'. Japan supported deletion of trade-distorting subsidy references, arguing that this language went beyond the WTO's Doha mandate. It appears therefore, that WTO Members such as the EC and Japan, which have high levels of farm subsidy spending, would not like to see any statement in the context of the WSSD that trade-distorting subsidies as such were potentially thwarting international efforts to combat poverty. However, the emphasis on reducing trade-distorting agricultural support during the preparatory process for the WSSD is very likely to put pressure on WTO Members such as the EC during the current trade round to agree on "substantial reductions in trade-distorting domestic support" as provided for in the Doha Declaration.

Convention on Biological Diversity (CBD)

Parties to the Convention on Biological Diversity (CBD) are convening for their sixth meeting in The Hague on 7-19 April to discuss, *inter alia*, the impact of trade liberalisation on the conservation and use of agricultural biological diversity. Working Group 1 of COP-6 will discuss agricultural biodiversity in the afternoon of 9 April and on the morning of 10 April.

Based on a paper prepared by the CBD Executive Secretariat, Parties at COP-6 will debate the impacts of trade liberalisation on agricultural biodiversity in the context of the multi-year programme of activities, established at COP-3, which aims to promote the positive, and mitigate the negative, impacts of agricultural practices on biodiversity, while trying to promote the conservation and sustainable use of genetic resources of actual or potential value for food and agriculture as well as the fair and equitable sharing of benefits arising out of the use of genetic resources.

According to the Secretariat's paper, further removal of trade restrictions are likely to lead to an increase in world prices for agricultural products and consequently a shift in production location as countries use their comparative advantages, leading to a contraction of production in developed countries and an expansion in developing countries. These developments are expected, according to the paper, to result in changes in the abundance of natural habitats and new land cover types, and to changes in spatial patterns as well as in natural patterns of environmental variation. Additionally, a contraction of productive land could lead to the loss of species dependent on certain types of farmland. Assessing the effects of production intensification due to farm trade liberalisation, the report finds that this might result in greater genetic vulnerability as more homogeneous modern plant varieties are used. However, while production intensification is expected to have immediate negative impacts on agro-biodiversity, e.g. through ground and surface water pollution, the report also points out that a decrease in producer price support and other subsidies can reduce agrochemical use overall. Lastly, as transport costs decline and exports grow, the spread of alien invasive species would be facilitated, possibly leading to a loss of native species.

The assessment on agricultural biodiversity undertaken at COP-6 could potentially feed into discussions at the WTO in the context of environment as an agricultural non-trade concern (NTC).

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. ⁵¹	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 TRQs
Turkey	18	32	1	1	UR approach for tariff reduction with flexibility for developing countries; elimination of tariff peaks and escalation; elimination of SSG; disciplines on TRQ

⁵¹ not available.

Morocco	17	37	<1	<1	administration 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 renew Peace Clause
SIDS	n.a.	35.	<1	<1	Manage economic and geographical vulnerabilities. Special attention to sensitive sectors; maintain Peace

Namibia	13	47	<1	<1	Clause. 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>

WORLD TRADE

WT/MIN(01)/DEC/W/1
14 November 2001

ORGANIZATION

(01-5769)

MINISTERIAL CONFERENCE
Fourth Session
Doha, 9 - 14 November 2001

MINISTERIAL DECLARATION

...

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 and without prejudging the outcome of the negotiations 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 31 March 2003. Participants shall submit their comprehensive draft Schedules based on these modalities no later than the date of the Fifth Session of the Ministerial Conference. 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.

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**Programme March 2002 – March 2003 under Paragraphs 13 and 14
of the Doha Development Agenda**

Special Session Committee on Agriculture

26 March 2002

The negotiations under this programme shall build on the negotiating proposals and submissions worked on by participants over the last two years and be based on paragraphs 13, 14 and the other relevant provisions of the Doha Ministerial Declaration.

The negotiations shall be conducted in accordance with the following schedule:

- (i) Informal Special Session 17-19 June 2002, Formal Special Session 20 June 2002⁵²: Export Competition (including export restrictions) – Technical elaboration of detailed possible modalities, including rules-related elements.
- (ii) Informal Special Session 2-3 September 2002, Formal Special Session 4 September 2002: Market Access – Technical elaboration of detailed possible modalities, including rules-related elements.
- (iii) Informal Special Session 23-25 September 2002, Formal Special Session 27 September 2002*: Domestic Support – Technical elaboration of detailed possible modalities, including rules-related elements.
- (iv) Informal Special Session 18-20 November 2002, Formal Special Session 22 November 2002*: Matters that require follow-up from previous meetings.
- (v) Informal/Formal Special Session 22-24 January 2003: Comprehensive and substantive review of possible modalities, including rules-related elements. This review will take place on the basis of an overview paper to be prepared by the Chairperson and to be circulated by 18 December 2002.
- (vi) Informal/Formal Special Session 24-28 February 2003: Consideration of the first draft of modalities for further commitments. (Draft to be prepared and circulated in advance of the Special Session.)
- (vii) Informal/Formal Special Session meetings 25-31 March 2003*: Establishment of modalities as a basis for the subsequent submission of comprehensive draft schedules. (Draft to be prepared and circulated in advance of this Special Session.)

In accordance with paragraph 13 of the Doha Ministerial Declaration special and differential treatment for developing countries shall be an integral part of all elements of the negotiations under this programme. Non-trade concerns will be taken into account in these negotiations as provided for in the Declaration.

* Meetings held in the same week as regular meetings of the Committee on Agriculture.

The Chairperson will report to the formal Special Session meetings on the work undertaken in the Informal Special Session and to the TNC on each Formal Special Session meeting.

It is also understood that throughout the period covered by this programme the Special Sessions will be complemented by informal consultations, including consultations between Members and consultations under the direction of the Chairperson. The issues to be taken up in these consultations will not necessarily follow the order set out above in the programme of meetings. As for the consultations by the Chairperson due regard will be given to sufficient advance notice, to transparency and to the schedule of meetings in other WTO bodies.

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Negotiating Group on Market Access

**MODALITIES FOR THE ESTABLISHMENT OF SPECIFIC BINDING
COMMITMENTS UNDER THE REFORM PROGRAMME**

NOTE BY THE CHAIRMAN OF THE MARKET ACCESS GROUP

The present text of the Modalities for the Establishment of Specific Binding Commitments under the Reform Programme (originally issued as part of the Draft Final Act, MTN.TNC/W/FA of 20 December 1991, pages L.19 to L.34) reflects changes to these modalities resulting from the negotiating process. The text is being re-issued for the purpose of completing draft Schedules of concession and commitments in the Agricultural negotiations and for facilitating the verification process leading to the establishment of formal Schedules to be annexed to the Uruguay Round Protocol.

As noted in paragraph 22 of the Modalities, tables of supporting material in their final form are to be communicated to the Secretariat, to enable these tables to be registered and assigned an official GATT document number.

The attention of participants is drawn to the revised Table 4 (Total AMS) which appears in the attachment to Annex 2 (at page 7 of this document).

The revised text is being re-issued on the understanding of participants in the Uruguay Round that these negotiating modalities shall not be used as a basis for dispute settlement proceedings under the MTO Agreement.

1. Specific binding commitments in the areas of market access, domestic support and export competition shall be established in accordance with the modalities set out hereunder.

2. The commitments under the reform programme shall apply to measures maintained by participants relating to products listed in Annex 1, hereafter referred to as agricultural products.

Specific Modalities: Market Access

3. For agricultural products currently subject to ordinary customs duties only, the reduction commitment shall be implemented on the bound duty level or, in the case of unbound duties, on the level applied as at 1 September 1986.

4. For agricultural products currently subject to border measures other than ordinary customs duties, the reduction commitment specified in paragraph 5 below shall be implemented on customs duties resulting from the conversion of such measures ("tariffication"). The modalities of the conversion and other related provisions, including those relating to current access opportunities, and the establishment of minimum access opportunities are set out in Annex 3. The special safeguard provision may be invoked only in respect of these tariffied products.

5. Ordinary customs duties, including those resulting from tariffication, shall be reduced, over the six-year period commencing in the year 1995, on a simple average basis by 36 percent with a minimum rate of reduction of 15 percent for each tariff line. Where there are no significant imports, minimum access opportunities shall be established. They shall represent in the first year of the implementation period not less than 3 percent of corresponding domestic consumption in the base period 1986-88 and shall be expanded to reach 5 percent of that base figure by the end of the implementation period.

6. Current access opportunities, which during the base period are in excess of the minimum access opportunities as defined in paragraph 5 above, shall be maintained and increased over the implementation period. However, in relation to the expansion of current access, due account shall be taken of reduction commitments in the export competition area.

7. The reductions in ordinary customs duties and expansion of access opportunities shall be implemented in equal instalments. All customs duties, including those resulting from tariffication, shall be bound.

Specific Modalities: Domestic Support

8. All domestic support in favour of agricultural producers, with the exception of measures meeting the criteria set out in Annex IV or elsewhere in these modalities shall be subject to commitments expressed and implemented through Aggregate Measurements of Support calculated as provided for in Annex 5, or, where the calculation of an AMS is not practicable, through Equivalent Measurements of Support calculated as provided for in Annex 6. The base period shall be the years 1986 to 1988. A Total AMS shall be calculated as the sum of the value of all Aggregate Measurements of Support and Equivalent Measurements of Support.

The Total AMS shall be reduced during the period of implementation in equal annual instalments and shall be bound, at the end of the period, at a level 20 percent below the base period level. Credit shall be allowed in respect of actions undertaken since the year 1986.

9. Domestic support measures that cannot be shown to satisfy the criteria set out in Annex 4 or elsewhere in these Modalities shall be included in the base Total AMS.

10. Participants shall not be required to include in the calculation of their base Total AMS:

(i) product-specific domestic support which would otherwise be required to be included where such support does not exceed 5 percent of the total value of production of a basic product; and

(ii) non-product-specific domestic support which would otherwise be required to be included where such support does not exceed 5 percent of the value of total agricultural production.

Specific Modalities: Export Competition

11. The export subsidies listed in Annex 7 shall be subject to budgetary outlay and quantity commitments. Outlays and quantities shall be reduced, over a six-year period, commencing in the year 1995 by 36 percent and 21 percent respectively. The base period shall be the year 1986 to the year 1990. These commitments shall be established in accordance with the modalities prescribed in Annex 8.

12. Commitments shall include undertakings not to introduce or re-introduce subsidies on the export of agricultural products or groups of products in respect of which such subsidies were not granted during the course of the base period. In addition, commitments may be negotiated to limit the scope of subsidies on exports of agricultural products as regards individual or regional markets. The markets to which such commitments apply shall be specified in the lists of commitments on export competition.

Special and Differential Treatment

13. In keeping with the recognition that special and differential treatment to developing countries is an integral element of the negotiation, the provisions set out in paragraphs 14 to 20 below shall apply in respect of developing countries.

14. In the case of products subject to unbound ordinary customs duties developing countries shall have the flexibility to offer ceiling bindings on these products.

15. Developing countries shall have the flexibility to apply lower rates of reduction in the areas of market access, domestic support and export competition provided that the rate of reduction in each case is no less than two thirds of that specified in paragraphs 5, 8 and 11 above. Developing countries shall have the flexibility to implement the reduction commitments over a period of up to 10 years.

16. The least developed countries shall be exempt from the reduction commitments.

17. In implementing the commitments on market access, developed countries will take fully into account the particular needs and conditions of developing countries by providing for a greater improvement of opportunities and terms of access for agricultural products of particular interest to these countries, including the fullest liberalization of trade in tropical agricultural products as agreed at the Mid-Term Review, and products of particular importance to the diversification of production from the growing of illicit narcotic crops. Account may also be taken of the guidelines by the Chairman of the Market Access Negotiating Group relating to concessions and other liberalization measures implemented by developing countries.

18. Special and differential treatment in respect of domestic support shall reflect the agreement by participants that government measures of assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries. Accordingly, policy measures specified below which may fall under the reduction commitment in paragraph 8 above shall be exempt from reduction where implemented as part of agricultural and rural development programmes in developing countries:

- (a) investment subsidies which are generally available to agriculture;
- (b) domestic support to producers to encourage diversification from the growing of illicit narcotic crops; and
- (c) agricultural input subsidies, whether in cash or kind, provided to low-income or resource-poor producers, defined using clear and objective criteria, and which are available to all producers meeting these criteria.

Domestic support meeting the criteria of this paragraph shall not be required to be included in the base Total AMS.

19. In addition to the exemptions listed above, and the general exemptions from reduction commitments specified under Annex 4, special and differential treatment shall apply to the de minimis provision concerning reduction commitments on domestic support in paragraph 10 above. The relevant threshold percentage for developing countries shall be 10 percent.

20. During the implementation period, developing countries shall not be required to undertake commitments in respect of the export subsidies described in Annex 7 paragraphs 1(d) and 1(e).

Lists of Commitments

21. Lists of commitments, together with related supporting tables, shall be submitted in line with Annex 2 no later than the date decided by the Trade Negotiations Committee.

Tables of Supporting Material

22. Tables of supporting material in their final form (Supporting Tables 1 to 11 as appropriate) are to be submitted to the Secretariat to enable these tables to be registered and assigned an official GATT document number. In the case of commitments limiting subsidization (domestic support and export subsidy commitments) reference is to be made, as appropriate, to the relevant Supporting Tables, as contained in this document, in Part IV of the Schedules to be annexed to the Uruguay Round (1994) Protocol.

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