

WORLD TR
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The WTO Agreements Series
Agriculture

The WTO agreements series

The WTO's agreements are the legal foundation for the international trading system that is used by the bulk of the world's trading nations. This series offers a set of handy reference booklets on selected agreements. Each volume contains the text of one agreement, an explanation designed to help the user understand the text, and in some cases supplementary material. They are intended to be an authoritative aid for understanding the agreements, but because of the legal complexity of the agreements, the introductions cannot be taken as legal interpretations of the agreements.

The agreements were the outcome of the 1986–1994 Uruguay Round of world trade negotiations held under the auspices of what was then the GATT (the General Agreement on Tariffs and Trade). The full set is available in *The Results of the Uruguay Round of Multilateral Trade Negotiations: The Legal Texts*

Contents

| | |
|--|----|
| Introduction | 3 |
| The basic structure of WTO agreements | 5 |
| Agriculture Agreement | 9 |
| An overview | 9 |
| Introduction to the Agriculture Agreement | 10 |
| Key principles: the three pillars | 14 |
| Other provisions | 30 |
| Transparency: sharing information | 32 |
| Agriculture Committee | 36 |
| A comprehensive database of agricultural trade information | 41 |
| Resolving disputes | 41 |

| | |
|--|-----|
| Negotiations: built-in agenda and Doha Round | 50 |
| Cotton | 52 |
| Summary | 56 |
| <hr/> | |
| Frequently asked questions | 60 |
| <hr/> | |
| Legal texts on agriculture Agreement on Agriculture | 68 |
| <hr/> | |
| 2013 Bali Package on agriculture | 100 |

Introduction

The WTO Agreement on Agriculture entered into force when the World Trade Organization (WTO) came into being on 1 January 1995. Its main objective is to reform agricultural trade so that it is closer to competitive market conditions — but also to serve other objectives.

The first steps in that reform are already in place. Developed countries phased in their reform over six years from 1995 to 2000, developing countries (other than least developed countries, which did not have to cut tariffs and subsidies) did so over 10 years, from 1995 to 2004. The new lower limits on tariffs, domestic support and export subsidies are now locked into place. Some countries that negotiated to join the WTO after 1995 implemented their reforms after they joined, and some more recent members are still doing so. New negotiations since 2000, now part of the Doha Round, aim to make further reductions in tariffs and subsidies.

Agriculture Committee. The committee also meets in “special sessions” for Doha Round negotiations on the sector. The committee’s mandate, role and activities are described along with the issues in the negotiations.

A separate section answers a number of frequently asked questions about the Agreement.

The publication concludes with legal and official texts in full: the Agreement, its annexes, and the 2013 Bali ministerial decisions and one declaration on agriculture.

In order to make the publication easier to read, the terms “country” and “member” are used interchangeably for much of the text even though legally some members are “separate customs territories”, and one member (the European Union) is a group of countries. This is also in the spirit of the 1994 Marrakesh Agreement Establishing the WTO, which includes this explanatory note:

“The terms ‘country’ or ‘countries’ as used in this Agreement and the Multilateral Trade Agreements are to be understood to include any separate customs territory Member of the WTO.

“In the case of a separate customs territory Member of the WTO, where an expression in this Agreement and the Multilateral Trade Agreements is qualified by the term ‘national’, such expression shall be read as pertaining to that customs territory, unless otherwise specified.”

The basic structure of WTO agreements

The conceptual framework

Broadly speaking, the WTO agreements for the two largest areas of trade — goods and services — share a common three-part outline, even though the details are sometimes different (see Figure 1).

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agriculture, the GATT “schedules” now include a part containing countries’ commitments on subsidies to support the disciplines of the Agriculture Agreement in this area. For GATS, the commitments state how much access

Also important

One other set of agreements not included in the diagram above is also important: the two “plurilateral” agreements not signed by all members: fair trade in civil aircraft and

Introduction to the Agriculture Agreement

developed countries, and net importers and exporters. The Agreement establishes a number of general rules and commitments, mainly in three areas sometimes called

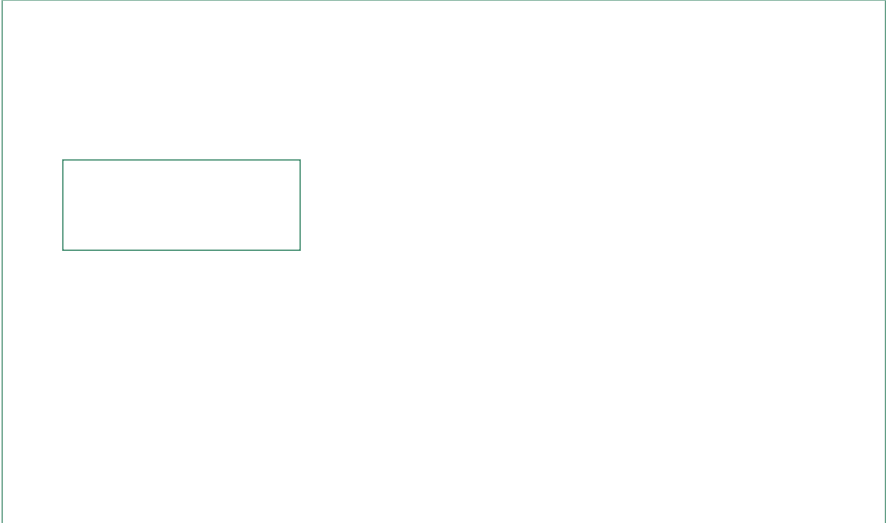
The 1986–94 Uruguay Round negotiations produced the first comprehensive set of multilateral trade rules specifically on agriculture. There are four main components:

- (1) the WTO's Agreement on Agriculture (sometimes abbreviated as AoA)
- (2) the “schedules” or lists of commitments WTO members have made to set new limits on tariffs and other aspects of market access, and on domestic support and export subsidies (they are called “schedules” because they include timetables for moving to the new tariff and subsidy limits)
- (3) the Sanitary and Phytosanitary (SPS) Measures Agreement
- (4) the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries.

“Agriculture” does not mean the same in all these documents. In particular, the Agriculture Agreement does not include fisheries and forestry products. The SPS Agreement does.

The Uruguay Round deal provided a framework for the long-term reform of agricultural trade and domestic policies. The Agriculture Agreement reflects the compromises made to satisfy the many interests represented in the negotiations. Over 120 countries participated, including developed, developing and least

Figure 2: The Agriculture Agreement in a nutshell



committed WTO members to continue the reform by resuming negotiations in 2000. It also takes into account non-trade concerns, including food security, and environmental protection. Developing countries enjoy special treatment (such as more lenient and flexible terms, of cially known as “special and differential treatment”). This includes a pledge to improve opportunities for their exports to gain access to other markets, under improved terms.

Cuts in richer countries’ subsidies means their exports are no longer arti cially cheap, and therefore food supplies can be more expensive for importing countries.

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the Agriculture Agreement — governments commodities and other farm produce, and have to observe them as well, when devising processed products such as confectionery, agricultural trade policies. alcoholic and non-alcoholic drinks and tobacco

products. Excluded are sh, shery products, forestry products, and those manufactured from bres such as cloth and clothing.

Relationship with other WTO agreements

The legal provision defining the coverage is In principle, all WTO rules on trade in goods Annex 1 of the Agriculture Agreement, with apply to agriculture. These rules are in the a reference in the Agreement's Article 2. This agreements themselves and various legal definition of agricultural products is based on documents known as "understandings". the product categories set up under the World They include the General Agreement on Customs Organization, specially the 1992 Tariffs and Trade, and pacts such as those version of the WCO's "Harmonised System" dealing with sanitary and phytosanitary (HS92). Annex 1 defines the agricultural measures, customs valuation (how customs products covered by the Agreement as those authorities value goods in order to calculate within Chapters 1 to 24 of the Harmonized import duties), import licensing, pre-shipment System (excluding sh and sh products), inspection (when governments require imports including, for example:

to have been inspected for price, quantity and quality before they were exported), safeguard • basic agricultural products such as wheat, measures (temporary increases in tariffs, milk and live animals, and products to deal with import surges or price falls), subsidies in general, and various standards, regulations and labelling requirements that imports have to meet (known as "technical barriers to trade"). The WTO agreements on services (the General Agreement on Trade in Services or GATS) and on "trade-related aspects of intellectual property rights" (TRIPS) also apply to agriculture.

The relationship is spelt out legally in the Agriculture Agreement's Article 21. This says that the GATT and all other WTO agreements on trade in goods (of cially Annex 1A of the Marrakesh Agreement establishing the WTO) apply but if there is a conflict, then the rules in the Agriculture Agreement prevail (Article 21.1).

Products covered by the Agreement

The products covered are specific to the Agriculture Agreement. Included are

Many of these rules translate into commitments

Peace clause

speci cally, WTO members agreed that in were previously used 15.3(i)-11.9(o)-9.8(c)(2)(36(e))-11.2 these cases, the combined effect should be a market access opportunity of at least 3% of 1986–88 consumption in 1995, the first year of the Agriculture Agreement and the WTO, rising gradually to 5% by 2000 for developed countries, and by 2004 for developing countries.

How is a “market access opportunity” provided? The most common form is a tariff quota (sometimes called a tariff-rate quota, TRQ), where quantities inside the quota are charged a lower duty or no duty at all. For these market access opportunities, the duty inside the quota had to be low or minimal either in absolute terms or in relation to the “normal” ordinary customs duty charged on out-of-quota imports. As with tariffs, these tariff quotas are legally bound. The size of the quota, the tariff rates inside and outside the quota, and any other conditions, are listed in the schedules of those members who use them.

Most tariff quotas in agriculture come from the Uruguay Round negotiations. A number also resulted from new members' negotiations to join the WTO later. Altogether, at the time of writing (May 2015), 37 WTO members (counting the EU and its 28 member states as one) had tariff quotas specified in their schedules. There are more than 1,000 tariff quotas on individual products across the WTO's membership. These tariff quotas are binding commitments. However members are allowed autonomous tariff quotas at any time, for example to stabilize the domestic price after a poor harvest.

Non-tariff border measures prohibited

Article 4.2 of the Agriculture Agreement prohibits a range of non-tariff measures that

- import restrictions to reduce balance-of-payments problems (Articles XII and XVIII of the GATT)
- general safeguards (Article XIX of the GATT and the Safeguards Agreement)
- general exceptions (Article XX of the GATT, which deals with a range of concerns such as public morals, conservation of resources, national security, etc.)
-

allow imports in, first-come first-served, at on whether trade is “distorted” — when prices the importing ports until the quota limit is and supply or production differ from their reached, or issue import licences upon every normal market levels — or not:

request (“automatic licence on demand”) up to the quota limit. Developing countries can choose any alternative administration method, including continuing with the one they are already using. The understanding will be reviewed in 2019: the paragraph dealing with the change of administration method — including the flexibility for developing countries — will lapse in 2019 unless members agree to extend or modify it. Even then, countries on an opt-out list would not need to apply it. They are: Barbados, Dominican Republic, El Salvador, Guatemala and the United States.

support that does not distort trade, or does so minimally. This has been nicknamed “Green Box” support because it is allowed without any limit. It includes measures such as government-funded agricultural research or training.

trade-distorting support such as a government buying-in at a guaranteed price. Most of this is called “Amber Box” support because it is constrained (“amber”, or yellow, comes from the “slow down” colour on traffic lights). Variants are described in the sections below.

Domestic support

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leave governments with ample scope to cater for the diverse circumstances in their agricultural sectors. The agreed approach also aims to ensure that the countries’ commitments on market access and subsidies are not undermined by the way they support agriculture domestically.

Under the Agriculture Agreement, domestic support that is not subject to rules. Domestic support is divided into three basic categories:

Other exempt measures

Some support outside the Green Box is also allowed without any limit in WTO jargon, it is exempt from “reduction commitments” under the Agriculture Agreement (Article 6). One type is for development in developing countries. Another involves direct payments when production is limited. Finally, conceptually small or minimised levels of support are capped without having to be reduced.

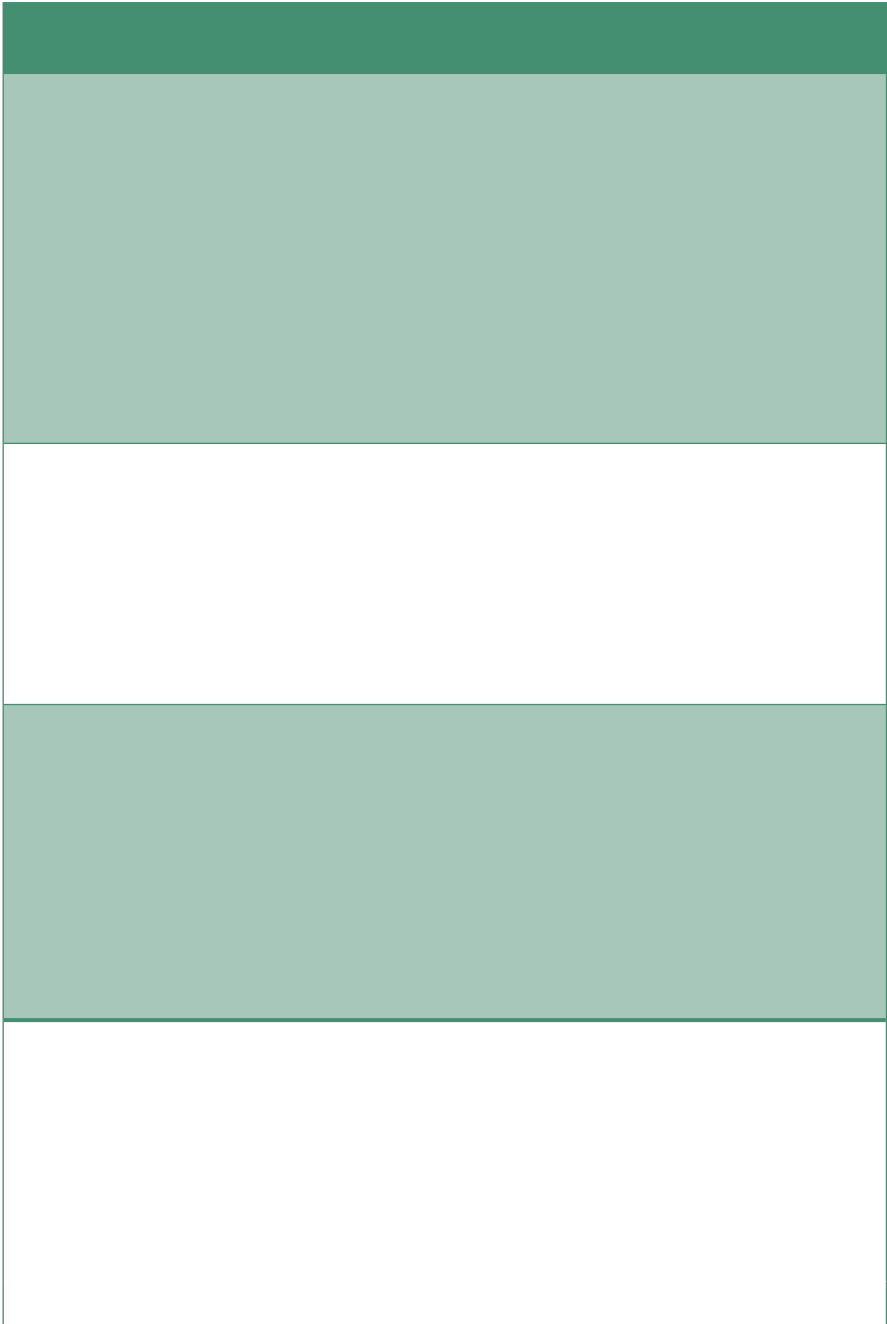
Developmental measures

The Green Box includes special treatment for developing countries. In addition, outside the Green Box, developing countries can also support agriculture as part of their development programmes. These are direct or indirect assistance designed to encourage agricultural and rural development, including investment subsidies generally available to agriculture, agricultural input subsidies generally available to low-income or resource-poor producers, and domestic support to producers to encourage diversification away from illicit narcotic crops.

Blue Box

Amber Box support distorts trade by encouraging over-production. “Blue Box” measures reduce the impact partly by limiting production. They are allowed without limit (and exempt from “reduction commitments”) if the payments are made on

are listed in their legal documents called “schedules”. The commitments are expressed as a “total aggregate measurement of support” (“Total AMS”,



Box 2: Calculation of Current Total AMS, member X (developing country with 10% *de minimis*), year Y

Wheat:

| | |
|---|--|
| Intervention price for wheat | \$255 per tonne |
| Fixed external reference price (world market price) | \$110 per tonne |
| Domestic production of wheat | 2,000,000 tonnes |
| Value of wheat production | \$510,000,000 |
| Wheat AMS (AMS 1): | $(\$255 - \$110) * 2,000,000 \text{ tonnes} = \$290,000,000$ |
| de minimis level | \$51,000,000 |

Barley:

| | |
|-------------------------------|---------------|
| De ciency payments for barley | \$3,000,000 |
| Value of barley production | \$100,000,000 |
| Barley AMS (AMS 2) | \$3,000,000 |
| de minimis level | \$10,000,000 |

Oilseeds:

| | |
|---------------------------------|--------------|
| De ciency payments for oilseeds | \$13,000,000 |
|---------------------------------|--------------|

Equivalent measurement of support

When it is not practical to calculate a product-specific AMS as set out in the agreement, provisions are made for an “equivalent measurement of support” (EMS). The EMS is generally calculated on the basis of budgetary outlays — the money spent by governments to support a product, for example, rather than market price support calculated in comparison to a fixed external reference price. Like the AMS, the EMS is compared to the de minimis level and, if above that level, included in the Current Total AMS.

Evolution since 1995

Since the Uruguay Round and its new disciplines and reduction commitments there has been a significant fall in the most trade-distorting support provided by the members that were traditionally the largest. The total support provided by all members has fallen from 151 billion dollars in 1995 to 11.3 billion dollars in 2008. The total support provided by all members has fallen from 151 billion dollars in 1995 to 11.3 billion dollars in 2008. The total support provided by all members has fallen from 151 billion dollars in 1995 to 11.3 billion dollars in 2008.

Export subsidies

The conceptual framework

Export subsidies increased considerably in the years leading to the 1986–94 Uruguay Round. They became one of the key issues to be tackled in the agricultural negotiations. Export subsidies for industrial products were already strictly disciplined under the General Agreement on Tariffs and Trade, and for developed countries they had been outlawed, following previous GATT negotiations. But for agricultural and other primary products, the disciplines were loose in theory and

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sold domestically, such as for bringing exportable produce to one central point for shipping

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In the Doha Round, the export subsidy package has four components:

- export subsidies themselves
- export credits, export credit guarantees and insurance programmes
- international food aid
- agricultural exporting state trading enterprises.

three other components. However, failure to

to look after the interests of poorer food importers — the Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (NFIDCs).

All notifications are submitted to the WTO through a Central Registry of Notifications. This unit forwards the notifications to the Secretariat's division handling the subject, in this case the Agriculture and Commodities Division. Meanwhile, the Agriculture Committee has developed standard forms and timelines (document G/AG/2) to help members comply with their obligations to notify. In agriculture these are tables. Notifications are increasingly handled electronically. Comprehensive information is publicly available online in the Agriculture Information Management System (AG-IMS: <http://agims.wto.org/>) where notifications and relevant data can be accessed in the three official WTO languages (English, French and Spanish).

In agriculture, members are required to submit 12 types of notifications under five topics. Each type is identified by initials representing the topic: MA for "market access" and so on. They are:

- Market access — Tables MA:1 to MA:5
 - tariff and other quotas
 - special safeguard actions.
- Domestic support — Tables DS:1 to DS:2
 - Current Total Aggregate Measurement of Support

Special s7.106fw 17.1(k)8(e)1.197 -1o2.2(m)-d

The notifications that each member has to submit largely depend on the commitments

If they have tariff quotas and the right to use the special safeguard, then they have to report how they have used these, in some cases annually, in others when a measure is used. When members began implementing the reform (1995 in most cases), they had to describe upfront how each tariff quota would be administered, for example whether imports would be allowed in “first-come, first-served” or if import licences were to be used,

cannot subsidize exports. They only have to report that they have not used export subsidies on agricultural products — except that developing countries allowed to use marketing and transport subsidies during the implementation period (under Article 9.4) do have to list these.

Members with legally binding commitments to reduce the subsidies, as listed in their “schedules”, have to report every year: both the quantities subsidized and the level

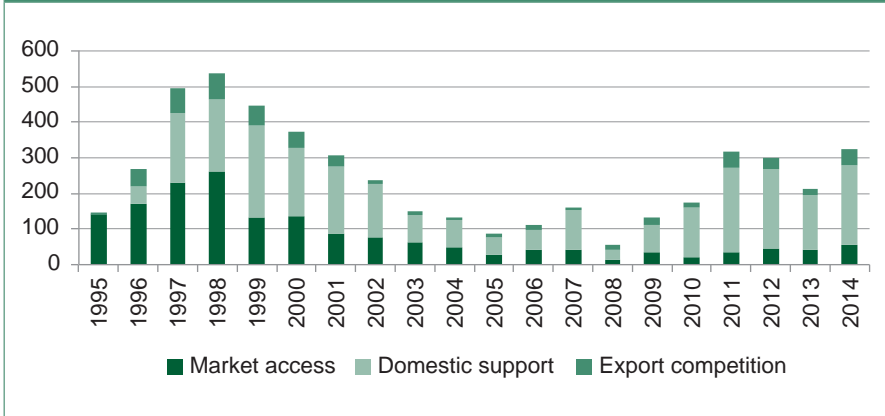
delegations can ask questions about how other members are implementing the Agreement

- (2) providing a forum for members to consult each other on agricultural trade issues and on issues related to implementing their commitments, including those based on rules
- (3) in the committee, members use notified information to review the Agreement's implementation. This is normally through questions and answers. They can (and do) also ask each other questions or volunteer information that is not based on notifications (allowed under Article 18.6). Even if a member queries another's practices in the committee, it can still seek legal dispute settlement at any time
- (4) monitoring developments in agricultural trade and the follow-up to the net food-importers decision — the 1994 Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries
- (5) since December 2013, the Committee

At the heart of the reform under the Agriculture Agreement are the three pillars of market access, domestic support and export competition. Figure 7 shows that among the three pillars, more than half were about domestic support (54%), 34% were on market access and 12% on export subsidies and related issues (“export competition”).

On market access, members are most interested in tariff quotas that have low import volumes compared to the size of the quotas (low “ll rates”), and the methods that governments use to allocate shares of the quotas among importers. The largest number of questions on domestic support are about Green Box programmes

Figure 8: In early years, questions on market access dominated
Evolution of distribution of questions by pillar (1995–2014)



Source: AG-IMS

Developed countries are generally more active in asking questions than developing countries. Figure 10 tracks how many questions were asked by developing and developed countries.

By contrast, the proportion of questions asked about notifications from developed and developing countries has been more equal. In recent years (2010–14, the latest

Figure 9: The proportion of questions by type has fluctuated
Evolution of questions according to whether they are about notifications (1995–2014)

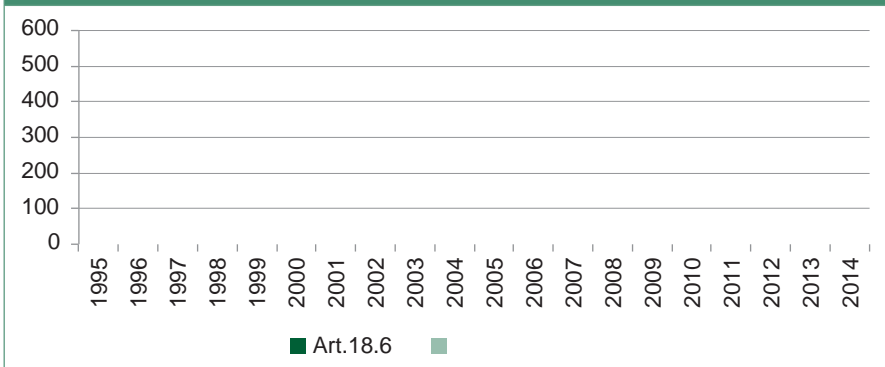


Figure 10: Developing countries ask far fewer questions
Tracking the shares of questions asked by developing and developed countries 1995–20

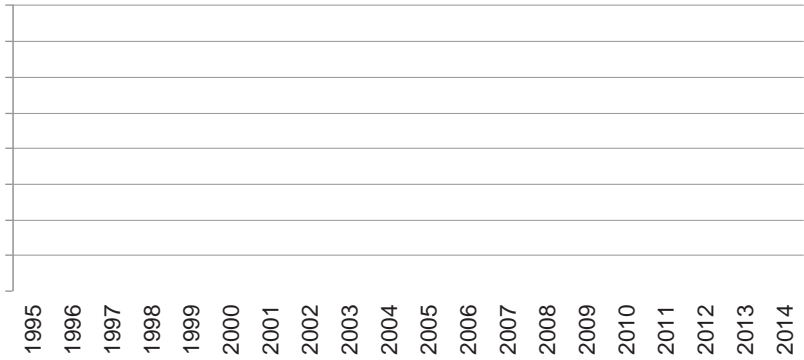
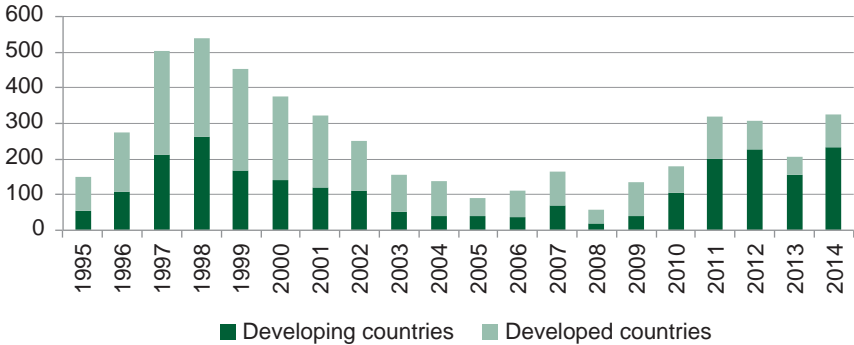


Figure 11: Developing countries face more questions
Figures for 1995–2014 show developing countries are asked proportionately more questions than they themselves ask, and since 1995 they have faced more questions than developed countries



Source: AG-IMS

Table

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if they can. The Agriculture Agreement

| Agriculture Agreement provisions | Short name of case | Dispute number and reference | Some of the points discussed |
|--|--------------------|------------------------------|------------------------------|
| Article 3.2 and Annex 3 (domestic support) | | | |
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| Agriculture Agreement provisions | Short name of case | Dispute number and reference | |
|----------------------------------|--------------------|------------------------------|--|
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| Agriculture Agreement provisions | Short name of case | Dispute number and reference | Some of the points discussed |
|---|--------------------|------------------------------|---|
| Article 5.5 (special safeguard) | EC-Poultry | DS69/AB/R, paras 157–171 | Link between Article 5.1(b) and Article 5.5; whether the price-based remedy can be calculated using a methodology that is different from that specified in Article 5.5, e.g. by using a different “representative price” instead of “c.i.f. price”; and why Article 5 is characterized as being a “special” safeguard mechanism. |
| Article 6 and 7.2(a) (domestic support) | Korea-Beef | DS161/AB/R, paras 90–129 | Data elements required to calculate Current AMS for beef and Current Total AMS for 1997 and 1998 in accordance with the Agreement on Agriculture; examination of scheduled information and agriculture supporting tables (AGST, used to supplement commitments in members’ schedules); and reversal of panel findings of inconsistency of the measure at issue with Article 6 and Article 7.2(a). |
| Article 9.1(a) (export subsidies) | Canada-Dairy | DS103/AB/R, paras. 84–102 | Interpretation of “payments-in-kind”; whether marketing boards are “agencies” of the government (see also related panel report paras 7.35–7.87). |
| | US-Upland Cotton | DS267/AB/R, paras 567–584 | Examination of measure at issue against Article 9.1(a) criteria; export contingency requirement under the Agriculture Agreement on, including relationship with, and contextual guidance from, the Subsidies Agreement; implications for consistency with Articles 3.3 and 8. |

| Agriculture Agreement provisions | Short | | |
|----------------------------------|-------|--|--|
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| Agriculture Agreement provisions | Short name of case | Dispute number and reference | Some of the points discussed |
|---|--------------------|------------------------------|---|
| Article 10.2 (anti-circumvention on export subsidies) | US-Upland Cotton | DS267/AB/R, paras. 585–641 | Whether Article 10.2 exempts export credit guarantees, export credits and insurance programmes from compliance with the export subsidy provisions of the Agriculture Agreement (see also related panel report, paras. 7.897–7.942). |
| Article 10.3 (anti-circumvention on export subsidies) | Canada-Dairy | | |
| | | | |
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| Agriculture Agreement provisions | Short name of case | Dispute number and reference | Some of the points discussed |
|---|--------------------|---|---|
| Annex 5 — Attachment (special treatment under “tariffs only”) | EC-Bananas | WT/L/625, Second Arbitration, paras. 40–127 | Review of a proposal to rebind market access concessions based on the price gap methodology described in Attachment to Annex 5; data elements to be taken into account to calculate the tariff equivalent of the level of protection at issue, while maintaining market access opportunities to most-favoured nation (MFN) suppliers (i.e. suppliers under provisions giving all trading partners equal treatment), and considering the margin of preference enjoyed by preferential suppliers (see also First Arbitration Award WT/L/616: paras. 48–94). |

Negotiations: built-in agenda and Doha Round

2000–01: Article 20 and Doha

Agricultural trade reform did not end with the Uruguay Round or with the birth of the Agriculture Agreement. Members said they wanted it to continue and the present negotiations aim to do that. Countries’ commitments under the Agriculture Agreement are just a first step.

This was written into Article 20, which says agriculture negotiations should re-start in 2000 (“one year before the end of the [six-year] implementation period”). These talks are held in “special sessions” that are separate from the committee’s regular work. In November 2001 they merged with the broader Doha Round negotiations launched at the Fourth Ministerial Conference in Doha,

Qatar. In Doha, members also agreed to work on other issues, including how the current WTO agreements were being implemented. The entire package is often called the Doha Development Agenda (DDA) or the Doha Round, although officially it is the “Doha Work Programme”.

Under the Doha Declaration, the aim of the agriculture negotiations is:

“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”.

Ministers also agreed 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 rules and disciplines to be negotiated, so as to (...) enable developing

countries to effectively take account of their development needs, including food security and rural development” (para. 13 and 14 of the Doha Declaration).

2003–05: Cancún, Geneva framework and Hong Kong

The Fifth Ministerial Conference in Cancún, Mexico, in September 2003, was intended as a stock-taking meeting. Members were supposed to agree on how to complete the rest of the negotiations. But discord soured the meeting, in particular on agricultural issues, including cotton. It ended in deadlock. It was only 10 months later that real progress was achieved in agriculture. In the early hours of 1 August 2004 members meeting as the General Council agreed on a set of decisions (sometimes called the

2013: The Bali Package

At the Ninth Ministerial Conference in Bali in December 2013, ministers agreed on a package of issues. In agriculture these

- (1) the damage that they believed was inflicted on them by richer countries' cotton subsidies
- (2) a call for the subsidies to be eliminated
- (3) a call for compensation to be paid so long as the subsidies remain, to cover the economic losses they caused.

The four first wrote to the WTO Director-General on 30 April 2003, introducing a "Sectoral Initiative in Favour of Cotton". This became an official document in the agriculture negotiations (document TN/AG/GEN/4 of 16 May 2003). It was presented on 10 June 2003 to the Trade Negotiations Committee by the Burkina Faso President Blaise Compaoré, the first time a head of state had addressed a WTO committee (other than a Ministerial Conference). The proposal was also discussed the following month, on 1 and 18 July, at meetings of the agriculture negotiations ("Special Sessions" of the Agriculture Committee).

three pillars: market access, domestic support and export competition. They also differed over the proposal for compensation: whether it should be paid at all, and if so how. One view was that if there were to be some kind of payment, then it should be in the form of development assistance. This then raised a further question about who should handle the funding: the WTO is not a development agency and it has no budget for assistance other than for training of officials on WTO issues. (Eventually the development aspect of cotton was handled on a separate track from the trade negotiations.)

If the Cancún meeting had ended successfully, the ministerial declaration was set to have included a separate paragraph on a cotton sectoral initiative. But it did not and in early 2004 the debate continued, including on how the issue would fit in with the Doha Round and its agriculture negotiations.

2004: "framework"

2003: Cancún Ministerial Conference

The proposal developed into two documents for the September 2003 Cancún Ministerial Conference (documents WT/MIN(03)/W/2 and WT/MIN(03)/W/2/Add.1). The Cotton Four pressed for a conference decision under an agenda item titled "Poverty Reduction: Sectoral Initiative in Favour of Cotton — Joint Proposal by Benin, Burkina Faso, Chad and Mali".

Almost a year later, on 1 August 2004, a breakthrough was achieved on the failed Cancún package of issues. For the first time, cotton was included as a specific subject in the Doha Round. The General Council decision (document WT/L/579), which included an outline for proceeding in the agriculture talks, referred to cotton both in the main text, and in its Annex (the framework for agriculture). Members said they considered the cotton initiative to be important in two aspects: trade and development. They agreed to handle these

No conclusion was reached in Cancún separately but also stressed that the two because of a failure to agree on the whole were complementary (paragraph 1.b). Doha Round package. Members disagreed over whether this sectoral initiative should be handled separately or whether it should come under the agriculture negotiations' The talks within the agriculture negotiations

will aim for quick and ambitious reform, especially for cotton (over the years the phrase “ambitiously, expeditiously and especially” has been repeated regularly in the talks on cotton). It instructs the agriculture negotiations to ensure that the cotton issue is given “appropriate” priority, independently from other sectors.

In the August 2004 framework, members also agreed to create a Sub-Committee on Cotton. It would meet periodically and report to the broader agricultural negotiations (the Agriculture Committee’s “Special Sessions”) where progress would be reviewed. The framework said the work on cotton should deal with trade-distorting policies in all three agricultural pillars (market access, domestic support, and export subsidies), as specified in the original Doha Declaration and the framework itself.

Development : The main text of the August 2004 framework sets up the separate track of the development aspects of cotton. The WTO Secretariat and the Director-General are to continue to work with the development community and international organizations such as the World Bank, International Monetary Fund, Food and Agriculture Organization and International Trade Centre. The purpose is to make progress on the development aspects of cotton and to report regularly to the General Council.

Negotiations on cotton

Cotton Sub-Committee

As agreed in the August 2004 decision, the Cotton Sub-Committee was officially set up at the 19 November 2004 agriculture negotiations meeting, to focus on cotton as

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Ministers repeated the mandate from the August 2004 decision, to address cotton “ambitiously, expeditiously and speci cally”

2011 Geneva WTO Ministerial Conference Cotton to strengthen the cotton sector in to continue efforts to deal with cotton the LDCs. “ambitiously, expeditiously and speci cally” within the agriculture negotiations, using the 2008 revised draft as a reference.

Summary

Ministers also reaffirmed the importance of the development assistance aspects Box 3 summarizes key parts of the Agriculture of cotton and committed to continued Agreement and the related commitments, engagement in the Director-General’s as described above. The legal text of the Consultative Framework Mechanism on Agreement on Agriculture is on page 69.

Box 3: Key elements of the Agriculture Agreement and related commitments

| Policy area | Agreement or commitment | Developed countries | Developing countries |
|---------------|--|---|----------------------|
| Market access | Article 4.2, Article 4.1 and schedules | Prohibition on the use of restrictions on imports other than tariffs. All tariffs bound. | |
| | Article 5 | Special agriculture safeguard mechanism against import volume surges or import price declines below a trigger level (limited to “tariff ed” products and not applicable to imports under related tariff quota commitments). | |
| | Schedules | Tariffs resulting from conversion of non-tariff border measures under negotiating modalities (“tariff cation”) plus pre-existing tariffs on all other agricultural products to be reduced. | |
| | Schedules | Implementation of current and minimum access opportunity commitments in respect of tariff ed products. | |

Box 3: Key elements of the Agriculture Agreement and related commitments

| Policy area | Agreement or commitment | Developed countries | Developing countries |
|-------------|-------------------------|---------------------|----------------------|
| | | | |
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Box 3: Key elements of the Agriculture Agreement and related commitments

| Policy area | Agreement or commitment | Developed countries | Developing countries |
|------------------|--|---|---|
| | Schedules | Total AMS support to be reduced by 20% over six years. | Total AMS support to be reduced by 13.3% over 10 years. |
| | Schedules | | Least-developed countries must bind AMS support level if applicable but not required to reduce it. |
| Export subsidies | Article 9 | Definition of export subsidies subject to reduction. | |
| | Article 10 | Other export subsidies subject to anti-circumvention provisions which include disciplines relating to food aid. | |
| | Article 3.3 | Prohibition on the use of export subsidies on products not subject to reduction commitments. | |
| | Schedules | Distinct reduction commitments on both volume (21%) and budgetary outlays (36%) over six years. | Two-thirds of the reduction required for developed countries over 10 years. |
| | Article 11 | For incorporated/processed products budgetary outlays only (36%). | |
| | Article 9.4 | | Exception during the implementation period in respect of certain marketing and internal transportation subsidies. |
| Export | prohi.9(ine)3.3(x)-10.5(p)-16.8(o)-10.9(r)-45.4(t s)-1.3(u)-7.4(b)-12.9(s)-7.1(i)-11.9(d)-7.8(i)-11.9(e) | | |

Box 3: Key elements of the Agriculture Agreement and related commitments

| Policy area | Agreement or commitment | Developed countries | DevP(t)-14.8(u)5 250 Tc 0.076 T |
|-------------|-------------------------|---------------------|---------------------------------|
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What is the purpose of the Agriculture Agreement?

Agriculture is important, but trade is distorted by subsidies and protectionism — hurting producers (and some consumers) who are not supported or protected. The 1994 agreement is a first step in the effort to reduce the distortion.

The importance of agricultural trade cannot be over-emphasized. In many countries, agriculture is an important economic activity. This is particularly the case in developing nations. Agriculture generates income and wealth. It creates jobs. It plays a major role in domestic production of food and other produce, and in exports. It provides revenue for the government and foreign exchange for the country. Trade in agricultural products contributes to global food security by helping

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on their tariffs on all agricultural products. The reform introduced by the Agriculture Agreement aims for:

“substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets”.

import restrictions and restrictive business practices”.

This means that when producers, consumers, importers and exporters decide whether to buy, sell or produce, they are influenced by factors other than competitive market conditions, such as the subsidies they receive

The Agreement says the reform should be implemented equitably among all members: it seeks to strike a balance between agricultural trade liberalization and governments’ rights to pursue legitimate agricultural policy goals. Those goals include concerns that go beyond trade (“non-trade concerns”) such as food security and the need to protect the environment. Developing countries are given special treatment.

What is “distortion”?

Distortion is not defined in the Agriculture Agreement. Broadly, the word is used to mean when prices or quantities differ from those that would occur under competition. In other words, trade is distorted if prices are higher or lower than “normal”, and if quantities produced, bought, and sold are also higher or lower than “normal” — i.e. than the levels that would usually exist in a competitive market.

The WTO Dictionary of Trade Policy Terms says a distortion is:

“a measure, policy or practice that shifts the market price of a product above or below what it would be if the products were traded in a competitive market. Measures causing distortions include subsidies,

Does the WTO monitor members' agricultural policies?

Yes, when they involve trade. The WTO is its members: it is a "member-driven" organization, and its membership monitors how well countries are respecting their commitments.

agriculture, individual countries' pages and market access:

- www.wto.org/agriculture
- [www.wto.org/\[member'sname\]](http://www.wto.org/[member'sname])
- www.wto.org/marketaccess

This is done in the different committees, tariffs on imports, the commitments on which consist of the entire membership. tariff quotas (where duty is lower on Delegations ask questions to clarify what imports within the quota than on quantities other members are doing, including in outside), the products where the member information they have noted. The purpose claims the right to use the special is to ensure the various agreements are safeguard (temporary tariff increases to deal with import surges or price falls) and the commitments on domestic support

In agriculture, this is handled by the Agriculture and export subsidies. These are listed Committee, one of the subsidiary bodies of by individual product, often categorized the Goods Council. The committee's role in great detail, or by broader groups of in notifications and members' questions products or for agriculture as a whole.

and answers are explained above. Briefly, it oversees and monitors how members are implementing the Agriculture Agreement and their commitments. This is based on notifications and a provision allowing

A "schedule" lists a country's maximum

deal with import surges or price falls)

the commitments on domestic support

How are developing countries treated differently?

Developing countries are allowed a number trade reform under the Agreement. Even of special rights, including making gentler when a concern has been discussed in the cuts, to phase them in over a longer period, committee, members can still seek a legal and to use some kinds of subsidies that ruling in the WTO's dispute settlement are outlawed or capped for developed system, the ultimate arbiter of whether countries. Least developed countries have agreements and commitments are being not had to make any cuts. respected.

How do we know what members have committed to in agriculture?

The answer is in publicly available legal

documents listing the commitments and how This special and exible treatment (as they were phased in, known as "schedules".explained above) is included in the Agriculture They can be found on the WTO website on Agreement, the commitments developing a number of pages including the sections on countries make in their "schedules", and in an

The of cial term for this is "special and differential treatment" (S&D or SDT). It is used generally in all WTO topics, not only agriculture. Development and the interests of developing countries are at the heart of the WTO's work.

agreement to look after the interests of poorer food importers — the Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (NFIDCs).

Is it true that richer countries are allowed to subsidize more and only they can use the special safeguard?

In neither case is that description exactly true. For subsidies (domestic support and export subsidies), the present rules are the result of much higher subsidies that existed at the start of the Uruguay Round in the mid-1980s. The reform that was agreed required countries to reduce their subsidies, and not to increase them. Those that had distorting subsidies at the start of the talks were allowed to continue, so long as they promised to reduce them to a lower level. They included both developed and developing countries. Members agreed that the cuts should be percentages of the original levels, so the countries starting with larger subsidies than others ended up with a larger allowance, but this was lower than before and the difference was smaller. Members also pledged to continue the reform, and this is now being negotiated

- regulations on food safety and animal and plant health (sanitary and phytosanitary measures) (the Sanitary and Phytosanitary Measures or SPS Agreement), and with
- other product standards, regulations and labelling requirements (technical barriers to trade). (the Technical Barriers to Trade or TBT Agreement). Agricultural services come under the General Agreement on Trade in Services (GATS), and issues such as trademarks and inventions come under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. Even agricultural subsidies also come under the more general Subsidies and Countervailing Measures (SCM) Agreement. And tariff quota administration — the way the quotas are shared out among importers — comes under GATT Article XIII and the Import Licensing Agreement.

Not allowed:

- tariffs and other duties and charges exceeding the legally agreed maximums
- quotas other than tariff quotas (lower tariffs on quantities inside the quotas than outside)
- import bans
- import duties that are not fixed (“variable levies”)
Legally speaking, this extension to other agreements is covered by Article 21 of the Agriculture Agreement.
- minimum import prices
- discretionary import licensing
The Agriculture Agreement prevails if it conflicts with another agreement.
- voluntary export restraints (usually bilateral agreements between importers and exporters)
For example, the Subsidies Agreement outlaws export subsidies (Article 3.1(a)) but they are allowed under the Agriculture Agreement within the limits pledged by countries that had the subsidies and agreed to reduce them (members “with reduction commitments”) — members without reduction commitments have agreed not to subsidize exports.
- other similar measures unless listed as allowed.

See more details in the section on market access above.

Is the WTO Agriculture Agreement the only one dealing with agriculture?

No. Agricultural goods and services are also covered by the General Agreement on Tariffs and Trade, and all other WTO agreements.

What does the WTO Secretariat do?

The WTO Secretariat is not the WTO. The Secretariat supports its members' work in the WTO. The Secretariat's main duties are to supply administrative, technical and professional support for the various councils and committees, to

monitor and analyse developments in world trade, to provide information to the public and the media, to organize the ministerial conferences, to support legal work such as dispute settlement, and to provide technical assistance for developing countries.

WTO technical assistance is described as “capacity building” — helping developing countries gain the capacity to work effectively within the multilateral trading system’s rules and procedures. This is an important component of the Secretariat’s work. The main purpose is to strengthen the staff and institutions of developing countries (and formerly centrally-planned economies) so their countries can take full advantage of the multilateral trading system, which is based on rules. It helps them enjoy their rights and meet their obligations. Training for officials is central, but activities are also organized for other groups such as parliamentarians, non-governmental organizations and journalists.

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Jargon buster

Amber Box Domestic support for agriculture that is considered to distort trade and therefore subject to reduction commitments. Technically calculated as “Aggregate Measurement of Support” (AMS).

AMS Aggregate Measurement of Support, the annual figure for trade-distorting domestic support calculated according to the Agriculture Agreement’s requirements. The AMS support can be for specific products, or available more generally. (The term is defined negatively: all support for farmers and other producers, except support that does not have to be reduced or is allowed without limit).

AoA Agreement on Agriculture

Blue Box Amber Box types of support, but with constraints on production or other conditions designed to reduce the distortion. Currently not limited.

c.i.f. cost, insurance, freight (included in the price)

CoA Committee on Agriculture

CoASS Committee on Agriculture in Special Session, the official name for agriculture negotiations meetings in the Doha Round.

de minimis Amber Box supports in small, minimal or negligible amounts that are allowed even though they distort trade — currently limited to 5% of the value of production for developed

| | |
|--------------|--|
| Green Box | Domestic support for agriculture that is allowed without limits because it does not distort trade, or at most causes minimal distortion. |
| LDC | least-developed country |
| MFN | most favoured nation, in the WTO, the principle of treating trading partners equally |
| MTO | Multilateral Trade Organization — the proposed name of the new organization that eventually became the WTO, used during Uruguay Round negotiations (appears in negotiating documents such as “Modalities” for agricultural commitments). |
| NFIDC | net food-importing developing country |
| notification | A transparency obligation requiring member governments to report trade measures to the relevant WTO body if the measures might have an effect on other members. |
| OTDS | |

Legal texts on agriculture

Agreement on Agriculture

Members,

Having decided to establish a basis for initiating a process of reform of trade in agriculture in line with the objectives of the negotiations as set out in the Punta del Este Declaration;

Recalling that their long-term objective as agreed at the Mid-Term Review of the Uruguay Round “is to establish a fair and market-oriented agricultural trading system and that a reform process should be initiated through the negotiation of commitments on support and protection and through the establishment of strengthened and more operationally effective GATT rules and disciplines”;

Recalling further that “the above-mentioned long-term objective is to provide for substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets”;

Committed to achieving specific binding commitments in each of the following areas: market access; domestic support; export competition; and to reaching an agreement on sanitary and phytosanitary issues;

Having agreed that in implementing their commitments on market access, developed country Members would take fully into account the particular needs and conditions of developing country Members by providing for a greater improvement of opportunities and terms of access for agricultural products of particular interest to these Members, including the fullest liberalization of trade in tropical agricultural products as agreed at the Mid-Term Review, and for products of particular importance to the diversification of production from the growing of illicit narcotic crops;

Noting that commitments under the reform programme should be made in an equitable way among all Members, having regard to non-trade concerns, including food security and the need to protect the environment; having regard to the agreement that special and differential treatment for developing countries is an integral element of the negotiations, and taking into account the possible negative effects of the implementation of the reform programme on least-developed and net food-importing developing countries;

Hereby agree as follows:

Part I

Article 1

Definition of Terms

In this Agreement, unless the context otherwise requires:

- (a) “Aggregate Measurement of Support” and “AMS” mean the annual level of support, expressed in monetary terms, provided for an agricultural product in favour of the producers of the basic agricultural product or non-product-specific support

Annex 4 of this Agreement and taking into account the constituent data and methodology used in the tables of supporting material incorporated by reference in Part IV of the Member's Schedule;

- (e) "export subsidies" refers to subsidies contingent upon export performance, including the export subsidies listed in Article 9 of this Agreement;
- (f) "implementation period" means the six-year period commencing in the year 1995, except that, for the purposes of Article 13, it means the nine-year period commencing in 1995;
- (g) "market access concessions" includes all market access commitments undertaken pursuant to this Agreement;
- (h) "Total Aggregate Measurement of Support" and "Total AMS" mean the sum of all domestic support provided in favour of agricultural producers, calculated as the sum of all aggregate measurements of support for basic agricultural products, all non-product-specific aggregate measurements of support and all equivalent measurements of support for agricultural products, and which is:
 - (i) with respect to support provided during the base period (i.e. the "Base Total AMS") and the maximum support permitted to be provided during any year of the implementation period or thereafter (i.e. the "Annual and Final Bound Commitment Levels"), as specified in Part IV of a Member's Schedule; and
 - (ii) with respect to the level of support actually provided during any year of the implementation period and thereafter (i.e. the "Current Total AMS"), calculated in accordance with the provisions of this Agreement, including Article 6, and with the constituent data and methodology used in the tables of supporting material incorporated by reference in Part IV of the Member's Schedule;
- (i) "year" in paragraph (f) above and in relation to the specific commitments of a Member refers to the calendar, financial or marketing year specified in the Schedule relating to that Member.

Article 2

Product Coverage

This Agreement applies to the products listed in Annex 1 to this Agreement, hereinafter referred to as agricultural products.

Part II

Article 3

Incorporation of Concessions and Commitments

1. The domestic support and export subsidy commitments in Part of each Member's Schedule constitute commitments limiting subsidization and are hereby made an integral part of GATT 1994.
2. Subject to the provisions of Article 6, a Member shall not provide support in favour of domestic producers in excess of the commitment levels specified in Section of Part IV of its Schedule.
3. Subject to the provisions of paragraphs 2(b) and of Article 9, a Member shall not provide export subsidies listed in paragraph of Article 9 in respect of the agricultural products or groups of products specified in Section of Part IV of its Schedule in excess of the budgetary outlay and quantity commitment levels specified therein and shall not provide such subsidies in respect of any agricultural product not specified in that Section of its Schedule.

Part III

Article 4

Market Access

1. Market access concessions contained in Schedules relate to bindings and reductions of tariffs, and to other market access commitments as specified therein.
2. Members shall not maintain, resort to, or revert to any measures of the kind which have been required to be converted into ordinary customs duties, except as otherwise provided for in Article 5 and Annex 5.

1 These measures include quantitative import restrictions, variable import levies, minimum import prices, discretionary import licensing, non-tariff measures maintained through state-trading enterprises, voluntary export restraints, and similar border measures other than ordinary customs duties, whether or not the measures are maintained under country-specific derogations from the provisions of GATT 1947, but not measures maintained under balance-of-payments provisions or under other general, non-agriculture-specific provisions of GATT 1994 or of the other Multilateral Trade Agreements in Annex A to the WTO Agreement.

Article 5

Special Safeguard Provisions

1. Notwithstanding the provisions of paragraph 1(b) of Article II of GATT 1994, any Member may take recourse to the provisions of paragraphs 4 and 5 below in connection with the importation of an agricultural product, in respect of which measures referred to in paragraph 2 of Article 4 of this Agreement have been converted into an ordinary customs duty and which is designated in its Schedule with the symbol "SSG" as being the subject of a concession in respect of which the provisions of this Article may be invoked, if:
 - (a) the volume of imports of that product entering the customs territory of the Member granting the concession during any year exceeds a trigger level which relates to the existing market access opportunity as set out in paragraph 4 or, but not concurrently:
 - (b) the price at which imports of that product may enter the customs territory of the Member granting the concession, as determined on the basis of the c.i.f. import price of the shipment concerned expressed in terms of its domestic currency, falls below a trigger price equal to the average 1986-1988 reference price for the product concerned.
2. Imports under current and minimum access commitments established as part of a concession referred to in paragraph 1 above shall be counted for the purpose of determining the volume of imports required for invoking the provisions of subparagraph 1(a) and paragraph 4, but imports under such commitments shall not be affected by any additional duty imposed under either subparagraph 1(a) and paragraph 4 or subparagraph 1(b) and paragraph 5 below.
3. Any supplies of the product in question which were en route on the basis of a contract settled before the additional duty is imposed under subparagraph 1(a) and paragraph 4 shall be exempted from any such additional duty, provided that they may be counted in the volume of imports of the product in question during the following year for the purposes of triggering the provisions of subparagraph 1(a) in that year.
4. Any additional duty imposed under subparagraph 1(a) shall only be maintained until the end of the year in which it has been imposed, and may only be levied at a level which shall not exceed one-third of the level of the ordinary customs duty in effect in the year in which the action is taken. The trigger level shall be set according to the following schedule based on market access opportunities defined as imports as a

² The reference price used to invoke the provisions of this subparagraph shall, in general, be the average c.i.f. unit value of the product concerned, or otherwise shall be an appropriate price in terms of the quality of the product and its stage of processing. It shall, following its initial use, be publicly specified and available to the extent necessary to allow other Members to assess the additional duty that may be levied.

percentage of the corresponding domestic consumption

- (e) if the difference is greater than 75 per cent of the trigger price, the additional duty shall equal 90 per cent of the amount by which the difference exceeds 75 per cent, plus the additional duties allowed under (b), (c) and (d).
- 6. For perishable and seasonal products, the conditions set out above shall be applied in such a manner as to take account of the specific characteristics of such products. In

of agricultural producers with the exception of domestic measures which are not subject to reduction in terms of the criteria set out in this Article and in Annex 2 to this Agreement. The commitments are expressed in terms of Total Aggregate Measurement of Support and "Annual and Final Bound Commitment Levels".

2. 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 lowpu2.7(s)12(i)5.1(n)32(3-11.3(m)-8(m)38(id2(t)1(o4(r)-3.5(e)-15.7(c)-24.7(t)-41(,

Article 9

Export Subsidy Commitments

1. The following export subsidies are subject to reduction commitments under this Agreement:
 - (a) the provision by governments or their agencies of direct subsidies, including payments-in-kind, to a firm, to an industry, to producers of an agricultural product, to a cooperative or other association of such producers, or to a marketing board, contingent on export performance;
 - (b) the sale or disposal for export by governments or their agencies of non-commercial

- (ii) in the case of export quantity reduction commitments, the maximum q

Article 10

Prevention of Circumvention of Export Subsidy Commitments

1. Export subsidies not listed in paragraph 4 of Article 9 shall not be applied in a manner which results in, or which threatens to lead to, circumvention of export subsidy commitments; nor shall non-commercial transactions be used to circumvent such commitments.
2. Members undertake to work toward the development of internationally agreed disciplines to govern the provision of export credits, export credit guarantees or insurance programmes and, after agreement on such disciplines, to provide export credits, export credit guarantees or insurance programmes only in conformity therewith.
3. Any Member which claims that any quantity exported in excess of a reduction commitment level is not subsidized must establish that no export subsidy, whether listed in Article 9 or not, has been granted in respect of the quantity of exports in question.
4. Members donors of international food aid shall ensure:
 - (a) that the provision of international food aid is not tied directly or indirectly to commercial exports of agricultural products to recipient countries;
 - (b) that international food aid transactions, including bilateral food aid which is monetized, shall be carried out in accordance with the FAO "Principles of Surplus Disposal and Consultative Obligations", including, where appropriate, the system of Usual Marketing Requirements (UMRs); and
 - (c) that such aid shall be provided to the extent possible in fully grant form or on terms no less concessional than those provided for in Article IV of the Food Aid Convention 1986.

Article 11

Incorporated Products

In no case may the per-unit subsidy paid on an incorporated agricultural primary product exceed the per-unit export subsidy that would be payable on exports of the primary product as such.

Part VI

Article 12

Disciplines on Export Prohibitions and Restrictions

1. Where any Member institutes any new export prohibition or restriction on foodstuffs in accordance with paragraph 2(a) of Article XI of GATT 1994, the Member shall observe the following provisions:
 - (a) the Member instituting the export prohibition or restriction shall give due consideration to the effects of such prohibition or restriction on importing

- (i) non-actionable subsidies for purposes of countervailing duties
- (ii) exempt from actions based on Article XVI of GATT 1994 and Part of the Subsidies Agreement; and
- (iii) ex

Part VIII

Article 14

Sanitary and Phytosanitary Measures

Members agree to give effect to the Agreement on the Application of Sanitary and Phytosanitary Measures.

Part IX

Article 15

Special and Differential Treatment

1. In keeping with the recognition that differential and more favourable treatment
f

6. The review process shall provide an opportunity for Members to raise any matter relevant to the implementation of commitments under the reform programme as set out in this Agreement.
7. Any Member may bring to the attention of the Committee on Agriculture any measure which it considers ought to have been notified by another Member.

Article 19

Consultation and Dispute Settlement

The provisions of Articles XXII and XXIII of GATT 1994, as elaborated and applied by the Dispute Settlement Understanding, shall apply to consultations and the settlement of disputes under this Agreement.

Part XII

Article 20

Continuation of the Reform Process

Recognizing that the long-term objective of substantial progressive reductions in support and protection resulting in fundamental reform is an ongoing process, Members agree that negotiations for continuing the process will be initiated one year before the end of the implementation period, taking into account:

- (a) the experience to that date from implementing the reduction commitments;
- (b) the effects of the reduction commitments on world trade in agriculture;
- (c) non-trade concerns, special a(c)-1.017.2(i) 0 55(e3q4.9(e i)-6.9()2.4-15.7())2(a.6(JTJ

Part XIII

Article 21

Final Provisions

1. The provisions of GATT 1994 and of other Multilateral Trade Agreements in Annex 1A to the WTO Agreement shall apply subject to the provisions of this Agreement.
2. The Annexes to this Agreement are hereby made an integral part of this Agreement.

ANNEX 1

PRODUCT COVERAGE

1. This Agreement shall cover the following products:

| HS Chapters 1 to 24 less fish and fish products, plus* | | |
|--|----------------|---|
| HS Code | 2905.43 | (mannitol) |
| HS Code | 2905.44 | (sorbitol) |
| HS Heading | 33.01 | (essential oils) |
| HS Headings | 35.01 to 35.05 | (albuminoidal substances, modified starches, glues) |
| HS Code | 3809.10 | (finishing agents) |
| HS Code | 3823.60 | (sorbitol n.e.p.) |
| HS Headings | 41.01 to 41.03 | (hides and skins) |
| HS Heading | 43.01 | (raw furskins) |
| HS Headings | 50.01 to 50.03 | (raw silk and silk waste) |
| HS Headings | 51.01 to 51.03 | (wool and animal hair) |
| HS Headings | 52.01 to 52.03 | (raw cotton, waste and cotton carded or combed) |
| HS Heading | 53.01 | (raw flax) |
| HS Heading | 53.02 | (raw hemp) |

2. The foregoing shall not limit the product coverage of the Agreement on the Application of Sanitary and Phytosanitary Measures.

*The product descriptions in round brackets are not necessarily exhaustive.

ANNEX 2

DOMESTIC SUPPORT: THE BASIS FOR EXEMPTION FROM THE REDUCTION COMMITMENTS

1. Domestic support measures for which exemption from the reduction commitments is
c

- (f) marketing and promotion services, including market information, advice and promotion relating to particular products but excluding expenditure for unspecified purposes that could be used by sellers to reduce their selling price or confer a direct economic benefit to purchasers; and
- (g) infrastructural services, including: electricity reticulation, roads and other means of transport, market and port facilities, water supply facilities, dams and drainage schemes, and infrastructural works associated with environmental programmes. In all cases the expenditure shall be directed to the provision or construction of capital works only, and shall exclude the subsidized provision of on-farm facilities other than for the reticulation of generally available public utilities. It shall not include subsidies to inputs or operating costs, or preferential user charges.

3. Public stockholding for food security purposes

Expenditures (or revenue foregone) in relation to the accumulation and holding of stocks of products which form an integral part of a food security programme identified in national legislation. This may include government aid to private storage of products as part of such a programme.

The volume and accumulation of such stocks shall correspond to predetermined targets related solely to food security. The process of stock accumulation and disposal shall be financially transparent. Food purchases by the government shall be made at current market prices and sales from food security stocks shall be made at no less than the current domestic market price for the product and quality in question.

4. Domestic food aid

5.

by the producer; or to the prices, domestic or international, applying to such production; or to the factors of production employed.

- (d) Where a producer receives in the same year payments under this paragraph and under paragraph 8 (relief from natural disasters), the total of such payments shall be less than 100 per cent of the producer's total loss.

8. Payments (made either directly or by way of government financial participation in crop insurance schemes) for relief from natural disasters

- (a) Eligibility for such payments shall arise only following a formal recognition by government authorities that a natural or like disaster (including disease outbreaks, pest infestations, nuclear accidents, and war on the territory of the Member concerned) has occurred.

- (a) Eligibility for such payments shall be determined by reference to clearly defined criteria in programmes designed to remove land or other resources, including livestock, from marketable agricultural production.
- (b) Payments shall be conditional upon the retirement of land from marketable agricultural production for a minimum of three years, and in the case of livestock on its slaughter or definitive permanent disposal.
- (c) Payments shall not require or specify any alternative use for such land or other resources which involves the production of marketable agricultural products.
- (d) Payments shall not be related to either the type or quantity of production or to the prices, domestic or international, applying to production undertaken using the land or other resources remaining in production.

11. Structural adjustment assistance provided through investment aids

- (a) Eligibility for such payments shall be determined by reference to clearly-defined criteria in government programmes designed to assist the financial or physical restructuring of a producer's operations in response to objectively demonstrated structural disadvantages. Eligibility for such programmes may also be based on a clearly-defined government programme for the reprivatization of agricultural land.
- (b) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the base period other than as provided for under criterion (e) below.
- (c) The amount of such payments in any given year shall not be related to, or based on, the prices, domestic or international, applying to any production undertaken in any year after the base period.
- (d) The payments shall be given only for the period of time necessary for the realization of the investment in respect of which they are provided.
- (e) The payments shall not mandate or in any way designate the agricultural products to be produced by the recipients except to require them not to produce a particular product.
- (f)

- (a) Eligibility for such payments shall be determined as part of a clearly-defined

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ANNEX 3

DOMESTIC SUPPORT: CALCULATION OF AGGREGATE MEASUREMENT OF SUPPORT

1. Subject to the provisions of Article 6, an Aggregate Measurement of Support (AMS) shall be calculated on a product-specific basis for each basic agricultural product receiving market price support, non-exempt direct payments, or any other subsidy not exempted from the reduction commitment ("other non-exempt policies"). Support which is non-product specific shall be totalled into one non-product-specific AMS in total monetary terms.
2. Subsidies under paragraph 1 shall include both budgetary outlays and revenue foregone by governments or their agents.
3. Support at both the national and sub-national level shall be included.
4. Specific agricultural levies or fees paid by producers shall be deducted from the AMS.
5. The AMS calculated as outlined below for the base period shall constitute the base level for the implementation of the reduction commitment on domestic support.
6. For each basic agricultural product, a specific AMS shall be established, expressed in total monetary value terms.
7. The AMS shall be calculated as close as practicable to the point of first sale of the basic agricultural product concerned. Measures directed at agricultural processors shall be included to the extent that such measures benefit the producers of the basic agricultural products.
8. Market price support: market price support shall be calculated using the gap between a fixed external reference price and the applied administered price multiplied by the quantity of production eligible to receive the applied administered price. Budgetary payments made to maintain this gap, such as buying-in or storage costs, shall not be included in the AMS.
9. The fixed external reference price shall be based on the years 1986 to 1988 and shall generally be the average f.o.b. unit value for the basic agricultural product concerned in a net exporting country and the average c.i.f. unit value for the basic agricultural product concerned in a net importing country in the base period. The fixed reference price may be adjusted for quality differences as necessary.
10. Non-exempt direct payments: non-exempt direct payments which are dependent on a price gap shall be calculated either using the gap between the fixed reference price and the applied administered price multiplied by the quantity of production eligible to receive the administered price, or using budgetary outlays.

11. The fixed reference price shall be based on the years 1986 to 1988 and shall generally be the actual price used for determining payment rates.
12. Non-exempt direct payments which are based on factors other than price shall be measured using budgetary outlays.
13. Other non-exempt measures, including input subsidies and other measures such as marketing-cost reduction measures: the value of such measures shall be measured using government budgetary outlays or, where the use of budgetary outlays does not reflect the full extent of the subsidy concerned, the basis for calculating the subsidy shall be the gap between the price of the subsidized good or service and a representative market price for a similar good or service multiplied by the quantity of the good or service.

ANNEX 4

DOMESTIC SUPPORT: CALCULATION OF EQUIVALENT MEASUREMENT OF SUPPORT

1. Subject to the provisions of Article 6, equivalent measurements of support shall be calculated in respect of all basic agricultural products where market price support as defined in Annex 3 exists but for which calculation of this component of the AMS is not practicable. For such products the base level for implementation of the domestic support reduction commitments shall consist of a market price support component expressed in terms of equivalent measurements of support under paragraph 2 below, as well as any non-exempt direct payments and other non-exempt support, which shall be evaluated as provided for under paragraph 3 below. Support at both national and sub-national level shall be included.
2. The equivalent measurements of support provided for in paragraph 1 shall be calculated on a product-specific basis for all basic agricultural products as close as practicable to the point of first sale receiving market price support and for which the calculation of the market price support component of the AMS is not practicable. For those basic agricultural products, equivalent measurements of market price support shall be made using the applied administered price and the quantity of production eligible to receive that price or, where this is not practicable, on budgetary outlays used to maintain the producer price.
3. Where basic agricultural products falling under paragraph 1 are the subject of non-exempt direct payments or any other product-specific subsidy not exempted from the reduction commitment, the basis for equivalent measurements of support concerning these measures shall be calculations as for the corresponding AMS components (specified in paragraphs 10 through 13 of Annex 3).
4. Equivalent measurements of support shall be calculated on the amount of subsidy as close as practicable to the point of first sale of the basic agricultural product concerned. Measures directed at agricultural processors shall be included to the extent that such measures benefit the producers of the basic agricultural products. Specific agricultural levies or fees paid by producers shall reduce the equivalent measurements of support by a corresponding amount.

ANNEX 5

SPECIAL TREATMENT WITH RESPECT TO PARAGRAPH 2 OF ARTICLE 4

Section A

1. The provisions of paragraph 2 of Article 4 shall not apply with effect from the entry

access opportunities resulting from this formula in the 10th year shall be maintained in the Schedule of the developing country Member concerned;

(b) appropriate market access opportunities have been provided for in other products under this Agreement.

8. Any negotiation on the question of whether there can be a continuation of the special treatment as set out in paragraph 7 after the end of the 10th year following the beginning of the implementation period shall be initiated and completed within the

2. External prices shall be, in general, actual average c.i.f. unit values for the importing country. Where average c.i.f. unit values are not available or appropriate, external prices shall be either:
 - (a) appropriate average c.i.f. unit values of a near country; or
 - (b) estimated from average f.o.b. unit values of (an) appropriate major exporter(s) adjusted by adding an estimate of insurance, freight and other relevant costs to the importing country.
3. The external prices shall generally be converted to domestic currencies using the annual average market exchange rate for the same period as the price data.
4. The internal price shall generally be a representative wholesale price ruling in the domestic market or an estimate of that price where adequate data is not available.
5. The initial tariff equivalents may be adjusted, where necessary, to take account of differences in quality or variety using an appropriate coefficient.
6. Where a tariff equivalent resulting from these guidelines is negative or lower than the current bound rate, the initial tariff equivalent may be established at the current bound rate or on the basis of national offers for that product.
7. Where an adjustment is made to the level of a tariff equivalent which would have resulted from the above guidelines, the Member concerned shall afford, on request, full opportunities for consultation with a view to negotiating appropriate solutions.

The 2013 Bali Package on Agriculture

General Services (Ministerial Decision WT/MIN(13)/37)

MINISTERIAL DECISION OF 7 DECEMBER 2013

The Ministerial Conference,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

Decides as follows:

Members recognize the contribution that General Services programmes can make to rural development, food security and poverty alleviation, particularly in developing countries. This includes a range of General Services programmes relating to land reform and rural livelihood security that a number of developing countries have highlighted as particularly important in advancing these objectives. Accordingly, Members note that, subject to Annex 2 of the Agreement on Agriculture, the types of programmes listed below could be considered as falling within the scope of the non-exhaustive list of general services programmes in Annex 2, paragraph 2 of the AoA.

General Services programmes related to land reform and rural livelihood security, such as:

- i. land rehabilitation;
- ii. soil conservation and resource management;
- iii. drought management and food control;
- iv. rural employment programmes;
- v. issuance of property titles; and
- vi. farmer settlement programmes

in order to promote rural development and poverty alleviation.

Post-Bali November 2014 General Council decision WT/L/939

Public Stockholding for Food Security Purposes

DECISION OF 27 NOVEMBER 2014

The General Council,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization (the “WTO Agreement”);

Conducting the functions of the Ministerial Conference in the interval between meetings pursuant to paragraph 2 of Article IV of the WTO Agreement;

Recognizing the importance of public stockholding for food security purposes for developing countries;

Noting the Ministerial Decision of 7 December 2013 on Public Stockholding for Food Security Purposes (WT/MIN(13)/38-WT/L/913) dated 11 December 2013 (hereinafter referred to as the “Bali Decision”);

Decides that:

1. Paragraph 2 of the Bali Decision shall be read as follows: Until a permanent solution is agreed and adopted, and provided that the conditions set out in paragraphs 3 to 6 of the Bali Decision are met, Members shall not challenge through the WTO Dispute Settlement Mechanism, compliance of a developing Member with its obligations under Articles 6.3 and 7.2(b) of the Agreement on Agriculture (AoA) in relation to support provided for traditional staple food crops in pursuance of public stockholding programmes for food security purposes existing as of the date of the Bali Decision, that are consistent with the criteria of paragraph 3, footnote 5, and footnote 5 and 6 of Annex 2 to the AoA.

1 The permanent solution will be applicable to all developing Members.

2 This term refers to primary agricultural products that are predominant staples in the traditional diet of a developing Member.

3 This Decision does not preclude developing Members from introducing programmes of public stockholding for food security purposes in accordance with the relevant provisions of the Agreement on Agriculture.

2. If a permanent solution for the issue of public stockholding for food security purposes is not agreed and adopted by the 11

Tariff quota administration (Understanding on Tariff Rate Quota Administration Provisions of Agricultural Products, as De ned in Article 2 of the Agreement on Agriculture, Ministerial Decision WT/MIN(13)/39)

MINISTERIAL DECISION OF 7 DECEMBER 2013

The Ministerial Conference,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

Decides as follows:

Without prejudice to the overall conclusion of the Doha Round negotiations based on the single undertaking and to the continuation of the reform process enshrined in Article 20 of the Agreement on Agriculture and agreed in the Doha Development Agenda for negotiations in agricultur , Members hereby agree as follows:

1. Tariff quota administration of scheduled tariff quotas shall be deemed to be an instance of "import licensing" within the meaning of the Uruguay Round Agreement on Import Licensing Procedures and, accordingly, that Agreement shall apply in full, subject to the Agreement on Agriculture and to the following more specific and additional obligations.
2. As regards the matters referred to in paragraph 4(a) of Article 1 of that Agreement, as these agricultural tariff quotas are negotiated and scheduled commitments, publication of the relevant information shall be effected no later than 90 days prior to the opening date of the tariff quota concerned. Where applications are involved, this shall also be the minimum advance date for the opening of applications.
3. As regards paragraph 6 of Article 1 of that Agreement, applicants for scheduled tariff quotas shall apply to one administrative body only.

1 Paragraph 13 of the Doha Ministerial Declaration (Document WT/MIN(01)/DEC/1).

4. As regards the matters referred to in paragraph 5(f) of Article 3 of that Agreement, the period for processing applications shall be, unqualifiedly, no longer than 30 days for “as and when received” cases and no longer than 60 days for “simultaneous” consideration cases. The issuance of licences shall, therefore, take place no later than the effective opening date of the tariff quota concerned, except where, for the latter category, there has been an extension for applications allowed for under Article 1.6 of that Agreement.
5. As regards Article 3.5(i), licences for scheduled tariff quotas shall be issued in economic quantities.
6. Tariff quota “II rates” shall be notified.
7. In order to ensure that their administrative procedures are consistent with Article 3.2 of that Agreement, “no more administratively burdensome than absolutely necessary to administer the measure”, importing Members shall ensure that unfilled tariff quota access is not attributable to administrative procedures that are more constraining than an “absolute necessity” test would demand.
8. Where licences held by private operators exhibit a pattern of being less than fully utilized for reasons other than those that would be expected to be followed by a normal commercial operator in the circumstances, the Member allocating the licences shall give this due weight when examining the reasons for under utilization and considering the allocation of new licences as provided for under Article 3.5 (j).
9. Where it is manifest that a tariff quota is unfilled but there would appear to be no reasonable commercial reason for this to be the case, an importing Member shall request those private operators holding unused entitlements whether they would be prepared to make them available to other potential users. Where the tariff quota is held by a private operator in a third country, e.g. as a result of country-specific allocation arrangements, the importing Member shall transmit the request to the holder of the allocation concerned.
10. As regards Article 3.5(a)(ii) of that Agreement, Members shall make available the contact details of those importers holding licences for access to scheduled agricultural tariff quotas, where, subject to the terms of Article 1.11, this is possible and/or with their consent.
11. The Committee on Agriculture shall review and monitor the implementation of Members’ obligations established under this Understanding.
12. Members shall provide for an effective re-allocation mechanism in accordance with the procedures outlined in the Annex A.
13. A review of the operation of the Decision shall commence no later than four years following the adoption of the Decision, taking into account experience gained up



4. The importing Member shall then promptly provide unencumbered access via one of the following tariff quota administration methods: a first-come, first-served only basis (at the border); or an automatic, unconditional license on demand system within the tariff quota. In taking a decision on which of these two options to implement, the importing Member will consult with interested exporting Members. The method selected shall be maintained by the importing Member for a minimum of two years, after which time – provided that timely notifications for the two years have been submitted – it will be noted on the Secretariat's tracking register and the concern marked "closed". Developing country Members may choose an alternative tariff quota administration method or maintain the current method in place. This choice of an alternative tariff quota administration method shall be notified to the Committee on Agriculture under the provisions of this mechanism. The method selected shall be maintained by the importing Member for a minimum of two years, after which time, if the tariff rate has increased by two-thirds of the annual increments described

Export Competition (Ministerial Declaration WT/MIN(13)/40)

MINISTERIAL DECLARATION OF 7 DECEMBER 2013

1. We r

8. With the objective on export competition set out in the 2005 Hong Kong Ministerial Declaration in mind and with a view to maintaining the positive trend noted previously, we shall exercise utmost restraint with regard to any recourse to all forms of export subsidies and all export measures with equivalent effect. To this end, we undertake to ensure to the maximum extent possible that:
- The progress towards the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect will be maintained;
 - The level of export subsidies will remain significantly below the Members' export subsidy commitments ;
 - A similar level of discipline will be maintained on the use of all export measures with equivalent effect.
9. We agree that fulfilling the objective set out in the 2005 Hong Kong Ministerial Declaration on export competition remains a priority issue for the post Bali work programme. We agree to continue to work actively for further concrete progress in this area as early as feasible.
10. Accordingly, we commit to enhance transparency and to improve monitoring in relation to all forms of export subsidies and all export measures with equivalent effect, in order to support the reform process.
11. We therefore agree to hold dedicated discussions on an annual basis in the Committee on Agriculture to examine developments in the field of export competition. This examination process shall provide an opportunity for Members to raise any matter relevant to the export competition pillar, in furtherance of the national objective set out in the 2005 Hong Kong Ministerial Declaration.
12. This examination process shall be undertaken on the basis of timely notifications under the relevant provisions of the Agreement on Agriculture and related decisions, complemented by information compiled by the WTO Secretariat, consistent with the practice followed in 2013, on the basis of Members' responses to a questionnaire, as illustrated in the Annex.
13. We agree to review the situation regarding export competition at the 10th Ministerial Conference. We also agree that the terms of this declaration do not affect the rights and obligations of Members under the covered agreements nor shall they be used to interpret those rights and obligations.

1 TN/AG/S/27 and TN/AG/S/27/Rev.1.

ANNEX

Elements for Enhanced Transparency on Export Competition

This Annex is intended to illustrate the types of information that would be requested by the Secretariat in the questionnaire mentioned in paragraph 12. It is understood that this questionnaire, which does not change Members' notification obligations, may be revised in the light of experience and of Members' further views.

Export Subsidies

1. Provide information on operational changes in measures

Export Credit, Export Credit Guarantees or Insurance Programs (Export financing)

1. Description of the program (classification within the following categories: direct financing support, risk cover, government to government credit agreements or any other form of governmental export credit support) and relevant legislation
2. Description of Export Financing Entity
3. Total value of export of agricultural products covered by export credits, export credit guarantees or insurance programs and use per program
4. An

3. Description of whether food aid is provided on in-kind, untied cash-based basis and whether monetisation was permitted
4. Description of whether in fully grant form or concessional terms
5. Description of relevant needs assessment (and by whom) and whether food aid is responding to a declaration of emergency or an emergency appeal (and by whom)
6. Description of whether re-export of food aid is an option under the terms of the provision of food aid

Agriculture Exporting State Trading Enterprises

1. Enumeration of State Trading Enterprises

- Identification of state trading enterprises
- Description of products affected (Including tariff item number(s) encompassed in product description)

2. Reason and purpose

- Reason or purpose for establishing and/or maintaining state trading enterprise
- Summary of legal basis for granting the relevant exclusive or special rights or privileges, including legal provisions and summary of statutory or constitutional powers

3. Description of the functioning of the State Trading Enterprise

- Summary statement providing overview of operations of the state trading enterprise
- Sp

7. The dedicated discussions shall in particular consider all forms of export subsidies for cotton and all export measures with equivalent effect, domestic support for cotton and tariff measures and non-tariff measures applied to cotton exports from LDCs in markets of interest to them.
8. We reaffirm the importance of the development assistance aspects of cotton and in particular highlight the work of the Director-General's Consultative Framework Mechanism on Cotton in reviewing and tracking of cotton-specific assistance as well as infrastructure support programmes or other assistance related to the cotton sector. We commit to continued engagement in the Director-General's Consultative Framework Mechanism on Cotton to strengthen the cotton sector in the LDCs.
9. We welcome the positive trend in growth and improved performance in the cotton sector, particularly in Africa.
10. In this context, we note that the Director-General's Consultative Framework Mechanism on Cotton (Cotton CFM) was established in 2011 and has since then been a key element of the WTO's development assistance efforts in the cotton sector. The CFM has been instrumental in identifying and addressing the cotton sector's development needs in the LDCs. We welcome the continued engagement of the Director-General's Consultative Framework Mechanism on Cotton in the cotton sector in the LDCs.

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