

RESTRICTED
MTN.GNG/MA/W/24
20 December 1993
Distribution Special

(UR-93-0250)

Original: English

Negotiating Group on Market Access

MODALITIES FOR THE ESTABLISHMENT

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

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

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

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

Specific Modalities: Export Competition

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

12. Commitments shall include undertakings not to introduce or re-introduce subsidies on the export

Accordingly, policy measures specified below which may fall under the reduction commitment in paragraph 8 above shall be exempt from reduction where implemented as part of agricultural and rural development programmes in developing countries:

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

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

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

ANNEX 1

PRODUCT COVERAGE

1. The products in respect of which commitments are to be established are as follows:

- (i) HS Chapters 1 to 24 less fish and fish products, plus
- (ii)

HS Code	29.05.43	(mannitol)
HS Code	29.05.44	(sorbitol)
HS Heading	33.01	(essential oils)
HS Headings	35.01 to 35.05	(albuminoidal substances, modified starches, glues)
HS Code	38.09.10	(finishing agents)
HS Code	38.23.60	(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 Sanitary and Phytosanitary Measures.

ANNEX 2

LISTS OF SPECIFIC COMMITMENTS

1. Participants shall submit lists of commitments and supporting material established in line with the reduction commitments and the modalities established in relation to each area of the negotiation. The supporting material shall, where specified, form an

Attachment to Annex 2

Table 4 (Revised)

AGRICULTURAL NEGOTIATIONS: LIST OF COMMITMENTS

DOMESTIC SUPPORT: Name of Country

Total Aggregate Measurement of Support

Base Total AMS (Supporting Tables 4 to 10)	Calendar/marketing year applied	Annual commitment levels			
1	2	3	4	5	6...

ANNEX 3

MARKET ACCESS: AGRICULTURAL PRODUCTS SUBJECT TO BORDER MEASURES OTHER THAN ORDINARY CUSTOMS DUTIES

Section A: The calculation of tariff equivalents and related provisions

1. The policy coverage of tariffication shall include all border measures other than ordinary customs duties¹ such as: quantitative import restrictions, variable import levies, minimum import prices, discretionary import licensing, non-tariff measures

8. 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.

9. Where an adjustment is made to the level of a tariff equivalent which would have resulted from the guidelines provided above, participants shall afford, on request, full opportunities for consultation with a view to negotiating appropriate solutions.

10. The level of tariff equivalent resulting from tariffication shall constitute the base level for the implementation of reduction commitments on market access.

Section B: Requirements concerning current access opportunities

11. Current access opportunities on terms at least equivalent to those existing shall be maintained as part of the tariffication process. Current access opportunities shall be no less than average annual import quantities for the years 1986 to 1988. Where these opportunities are expanded, the expansion shall be in line with the provisions of paragraph 6 of these Modalities. Any such expansion in access opportunities shall be provided on an m.f.n. basis.

12. For existing global or country specific quantitative restrictions, voluntary restraint agreements, voluntary export restraints, specific arrangements providing for imports with reduced import levies and like measures, current access opportunities shall be defined as the quantity of product permitted to be imported under those measures, whether or not that quantity was imported, in the base period. Where imports exceeded the quantity of product permitted to be imported under those measures in the base period, the actual imported quantity shall be considered to be the current access opportunity.

13. For existing non-automatic import licensing, non-tariff measures maintained through state trading enterprises and like measures, current access opportunities shall be defined as the quantity of product imported during the base period.

Section C: Requirements concerning minimum access opportunities

14. Minimum access opportunities shall be implemented on the basis of a tariff quota at a low or minimal rate and shall be provided on an m.f.n. basis.

15. Access opportunities under this commitment shall in general be provided at the 4-digit level of the HS, or wherever appropriate at a more detailed level, and allocated to the tariff lines of internationally traded products. If another level of aggregation is used to implement the commitment the provisions of paragraph 5 of these Modalities and paragraph 14 above shall still apply insofar as practicable. Participants may request consultations on any matter affecting this commitment with a view to negotiating appropriate solutions.

Section D - Special Treatment

(refer to Annex 5, Uruguay Round Agreement on Agriculture)

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 purposes²

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

6. Decoupled income support

(i) Eligibility for such payments shall be determined by clearly-defined criteria such as income, status as a producer or landowner, factor use or production level in a defined and fixed base period.

(ii) 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.

(iii) 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.

(iv) The amount of such payments in any given year shall not be related to, or based on, the factors of production employed in any year after the base period.

(v) No production shall be required in order to receive such payments.

7. Government financial participation in income insurance and income safety-net programmes

(i) Eligibility for such payments shall be determined by an income loss, taking into account only income derived from agriculture, which exceeds 30 per cent of average gross income or the equivalent in net income terms (excluding any payments from the same or similar schemes) in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry. Any producer meeting this condition shall be eligible for such payments.

(iv)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.

ANNEX 5

DOMESTIC SUPPORT: CALCULATION OF AGGREGATE MEASUREMENT OF SUPPORT

1. An Aggregate Measurement of Support (AMS) shall be calculated on a product-specific basis for each basic product (defined as the product as close as practicable to the point of first sale) receiving

representative market price for a similar good or service multiplied by the quantity of the good or service.

ANNEX 6

DOMESTIC SUPPORT: CALCULATION OF EQUIVALENT MEASUREMENT OF SUPPORT

1. Equivalent measurements of support shall be calculated in respect of all products where market price support as defined in Annex 5 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 products as close as practicable to the point of first sale ("basic products") receiving market price support and for which the calculation of the market price support component of the AMS is not practicable. For those basic 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 products falling under paragraph 1 above 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 to 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 product concerned. Policies directed at agricultural processors shall be included to the extent that such policies benefit the producers of the basic products. Specific agricultural levies or fees paid by producers shall reduce the equivalent measurements of support by a corresponding amount.

ANNEX 7

ANNEX 8

MODALITIES OF EXPORT COMPETITION COMMITMENTS

1. Commitments to reduce budgetary outlays in respect of the export subsidies listed in Annex 7 and to reduce the quantity of exports of an agricultural product on which such subsidies may be provided shall be established in accordance with this Annex.

2. The expressions "outlays" or "expenditure" shall, unless the context otherwise requires, be taken to include "revenue foregone".

Reduction Commitments

3. The annual average for the base period of:

(a) budgetary outlays in respect of the export subsidies listed in Annex 7; and

(b) quantities in respect of which the export subsidies listed in Annex 7 have been provided. shall constitute, respectively, base outlay and quantity levels for the purposes of reduction commitments in respect of the agricultural products or groups of agricultural products referred to in paragraphs 7 through 9 below.

4. Base levels reduced in each year of the implementation period in accordance with paragraph 5 below shall constitute the annual quantity and outlay commitment levels (see: relevant provisions of paragraphs 14 to 20 of these Modalities regarding Special and Differential Treatment; and paragraph 2(b) of Article 9 of the Agreement on Agriculture regarding flexibility in the implementation of reduction commitments).

5. (a) By the conclusion of the implementation period, each participant shall reduce:

(i) the quantities of each agricultural product or group of products specified in this Annex benefiting from export subsidies by 21 percent from the base period level; and

(ii) its budgetary outlays for export subsidies for each agricultural product or group of products specified in this Annex by 36 percent from the base period level.

(b) (i) the reductions specified in subparagraph (a)(i) with respect to the quantities benefitting from export subsidies shall, in the first year of the

to utilize one of such provisions for purposes of reducing the quantities benefitting from export subsidies for the product or group of products in question, a participant may elect to schedule reductions of budget outlays for such product or group of products according to subparagraph (c) or (d), as applicable.

(c) Reduction to the relevant level specified in subparagraph (a) may be made beginning at levels determined by averaging the corresponding 1991 and 1992 levels if:

(i) the average of the 1991 and 1992 quantities of such agricultural product or group of products benefitting from a participant's export subsidies exceeds the corresponding base period average; and

(ii) the criteria set forth in subparagraphs (d)(i) and (d)(ii) are not satisfied with respect to such agricultural product or group of products; and

(iii) reductions are made in equal annual instalments.

(d) Reduction to the relevant level specified in subparagraph (a) may be made beginning at levels determined by averaging the corresponding average of the 1991 and 1992 levels and the corresponding base period levels if:

(i) the average of the 1991 and 1992 quantities of such agricultural product or group of products benefitting from a participant's export subsidies exceeds the corresponding base period average by 25 percent or more; and

(ii) 40 per cent or more of the quantity in 1992 of such product or group of products benefitting from a participant's export subsidies was exported from publicly-held or intervention stocks; and

(iii) reductions are made in equal annual instalments.

6. Base levels, as well as commitment levels for each year of the implementation period, shall be specified in Schedules.

Product Specificity of Commitments

7. Outlay and quantity commitment levels shall be established for all products or groups of products in any case where exports of such products are subsidized through practices listed in Annex 7 paragraphs (1)(a) through (1)(e), including, in particular:

- | | |
|------------------------------|--------------------|
| (i) Wheat and wheat flour | (xii) Bovine Meat |
| (ii) Coarse grains | (xiii) Pigmeat |
| (iii) Rice | (xiv) Poultry meat |
| (iv) Oilseeds | (xv) Sheepmeat |
| (v) Vegetable oils | (xvi) Live animals |
| (vi) Oilcakes | (xvii) Eggs |
| (vii) Sugar | (xviii) Wine |
| (viii) Butter and butter oil | (xix) Fruit |
| (ix) Skim milk powder | (xx) Vegetables |
| (x) Cheese | (xxi) Tobacco |
| (xi) Other milk products | (xxii) Cotton |

8. This listing shall not preclude the scope for negotiating commitments on particular products within groups of products.

Incorporated Products

9. Base and annual commitment levels shall be