

# **WORLD TRADE ORGANIZATION**

**TN/AG/6**  
18 December 2002

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**Committee on Agriculture  
Special Session**

## **NEGOTIATIONS ON AGRICULTURE**

### **OVERVIEW**

[...]

**ANNEX**



## Tariffs

	Working Hypotheses	Variations/Additions
<i>Harmonisation formula (cont'd)</i>		(v) All tariff lines where a single stage tariff exists to be subject to a formula reduction resulting in a substantial reduction in tariffs and a greater harmonization of tariff levels. In addition:

**Tariffs**

	<b>Working Hypotheses</b>	<b>Variations/Additions</b>
<i>Request/offer</i>		(i) Taking into account the provisions of paragraph 9 of the Doha Ministerial

## Tariffs

	Working Hypotheses	Variations/Additions
<p><b>Simplification of tariff structures</b></p>		<p>(i) All bound non-<i>ad valorem</i> duties shall be converted into <i>ad valorem</i> equivalents prior to the application of the tariff reduction modality.</p> <p>(ii) Members shall express their tariff bindings [and their applied tariffs] in the ways that they consider most appropriate</p> <p><u>Variant 1:</u> [...] provided that the level and the incidence of protection does not increase.</p> <p><u>Variant 2:</u> [...] However, for the purposes of these negotiations, and with a view to increasing transparency, draft offers shall reflect the real values of concessions.</p> <p>(iii) All non-<i>ad valorem</i> tariffs to be simplified to <i>ad valorem</i> equivalents. Guidelines will be agreed on a conversion methodology.</p> <p>(iv) Tariff bindings and applied tariffs to be denominated either on a specific or <i>ad valorem</i> basis. There shall be no compound, complex, or technical tariffs.</p> <p>(v) The share of non-<i>ad valorem</i> duties shall not exceed 3 per cent of the total number of agricultural tariff lines in Members' national tariff nomenclatures.</p>
<p><b>Initial Negotiating Rights (INRs)</b></p>		<p>(i) The INRs resulting from request-offer procedures between Members shall be registered in the Schedules on a tariff line basis, with a clear indication of the countries involved in the concession and the level of INR at bilateral level.</p> <p>(ii) A review clause shall apply to historical INRs as well as to INRs resulting from the present negotiations. This clause will allow Members to adapt the final bound rates on a periodical basis, with a view to preserving the economic value of the INRs in question.</p>
<p><b>Geographical indications</b></p>		<p>(i) Geographical indications to be addressed in other fora, including the TRIPS Council.</p> <p>(ii) A mechanism to be put in place (a) to guarantee effective protection against usurpation of names for agricultural products and foodstuffs; (b) to protect the right to use geographical indications or designations of origin; and (c) to guarantee consumer protection and fair competition according to the following lines:</p> <p><u>Coverage:</u> All agriculture and foodstuffs products that are designated by geographical names already protected on a national basis in the WTO Member countries as geographical indications. These products and names should be significant in terms of trade.</p>

## Tariffs

	Working Hypotheses	Variations/Additions
Geographical indications (cont'd)		<u>Nature of protection:</u> Members to notify a list containing geographical

## Tariffs

	Working Hypotheses	Variations/Additions
<i>Reduction formula</i>	<ul style="list-style-type: none"> <li>(i) Least-developed countries to be exempt from undertaking reduction commitments.</li> <li>(ii) Developing countries to undertake lower reduction commitments implemented over longer timeframes than developed countries.</li> </ul>	<ul style="list-style-type: none"> <li>(i) The [net food-importing developing countries] [countries with subsistence farming] shall be exempt from further reduction commitments [during a transitional period .]</li> <li>(ii) Tariff reductions for developing countries shall be implemented from final bound tariffs in equal annual instalments over a 9-year period according to the following schedule:               <ul style="list-style-type: none"> <li>(a) initial tariffs falling in the range of 0-50 per cent inclusive shall be reduced using the Swiss formula with a coefficient of 50;</li> <li>(b) initial tariffs falling in the range 50-250 per cent shall be reduced by 50 per cent;</li> <li>(c) initial tariffs that exceed 250 per cent shall be reduced to 125 per cent.</li> </ul> </li> <li>(iii) Uruguay Round formula: Lower simple average cuts and lower minimum average cut per product shall apply in the case of developing countries, in equal annual instalments.</li> </ul>

**Tariffs**

Working Hypotheses		Variations/Additions
<i>Simplification of tariff structures</i>		(i) Developing countries shall be encouraged to convert their non- <i>ad valorem</i> tariffs into <i>ad valorem</i> equivalents and shall be given an adequate timeframe for this purpose. (ii) Developing countries shall not be required to convert their non- <i>ad valorem</i> duties into <i>ad valorem</i> equivalents.
<i>Tropical products</i>	Developed country Members to take fully into account the particular needs and conditions of developing country Members by providing the fullest liberalisation of trade in tropical products.	(i) [Developed country] Members shall immediately grant duty-free and quota-free MFN access to tropical products [whether in raw or in processed form] originating in developing countries. To this effect: Variant 1: a list of tropical products shall be estabr63.1(09]4 013.i4rod)1323.1(s)-3.1(ta)13.1(



## Tariff quotas

Working Hypotheses		Variations/Additions
<b>Base for further commitments</b>	The base levels for further commitments, for both in-quota tariffs and tariff quota volumes, to be the final bound levels specified in Members' Schedules.	<ul style="list-style-type: none"> <li>(i) The tariff quota volumes shall be established on a disaggregated, product-specific, basis.</li> <li>(ii) [All] [new] tariff quota access opportunities shall be based on current consumption patterns and data over a defined base period.</li> <li>(iii) The base levels for in-quota duties shall be the rates applied on 1 January 2000 or the final bound levels, whichever is lower.</li> <li>(iv) The tariff quotas which were established during the Uruguay Round in accordance with the minimum access modalities shall be revised and set at a certain percentage of the actual domestic consumption of the product in question. The base level of consumption shall be updated.</li> </ul>
<b>Tariff quota volume</b>	Scheduled tariff quotas to be expanded.	<ul style="list-style-type: none"> <li>(i) No tariff quota volume shall be reduced as a result of these modalities. In particular, existing tariff quota volumes shall not be rolled back, even if the consumption period is re-based.</li> <li>(ii) The expansion of mark6p8ii)cs-3/rn3scpp ortunitiesholl beb asen n:n cntige (e er)1683omt</li> </ul>

## Tariff quotas

	Working Hypotheses	Variations/Additions
<p><b>Tariff quota volume (cont'd)</b></p>		<ul style="list-style-type: none"> <li>(vii) The tariff quota volumes for non-cereal crops shall be expanded to 8-10 per cent of domestic consumption. The tariff quota volumes for cereals shall remain unchanged.</li> <li>(viii) All tariff quota volumes in developed country markets shall be increased from their final bound levels by 20 per cent over a 5-year period.</li> <li>(ix) The tariff quota volumes which were established during the Uruguay Round in accordance with the current access modalities shall not be increased.</li> <li>(x) Minimum access opportunities shall be based on the total consumption of marketed agricultural products, i.e., total national consumption less on-farm consumption.</li> <li>(xi) Tariff quota access for staple foods shall not be increased.</li> <li>(xii) The access opportunities established for products under the special treatment provisions of Annex 5 of the Agreement on Agriculture shall be reset to the same level of access as those products which were tariffed in accordance with Article 4.2 of the Agreement on Agriculture.</li> <li>(xiii) Minimum access opportunities shall be increased by 0.4 per cent annually for non-staple commodities.</li> </ul>
<p><b>In-quota tariffs</b></p>		<ul style="list-style-type: none"> <li>(i) Developed countries to phase-out all in-quota tariffs during a 5-year implementation period.</li> <li>(ii) Members to phase-out all in-quota tariffs from applied rates as of 1 January 2000 or final bound levels, whichever is lower, in equal annual instalments, over a 5-year period.</li> <li>(iii) All in-quota tariffs shall be reduced to an agreed ceiling. The reduction will be phased over a 5-year implementation period in equal annual instalments. The in-quota tariffs that are below the agreed ceiling shall remain unchanged.</li> <li>(iv) In-quota tariffs [shall be maintained] [shall not be reduced for sensitive products.]</li> <li>(v) The recently-acceded Members shall benefit from the same flexibilities as specified under <i>Tariffs</i> section, <i>Request/offer</i>, item (i).</li> </ul>



**Tariff quotas**

<b>Working Hypotheses</b>	<b>Variations/Additions</b>
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## Tariff quota administration

Working Hypotheses		Variations/Additions
<b>Principles</b>	Methods of tariff quota allocation shall be simple, practicable, predictable, non-discriminatory and transparent.	<ul style="list-style-type: none"> <li>(i) Tariff quotas shall be administered in ways that [ensure] [encourage] [facilitate] the full [realisation] [utilisation] of market access opportunities.</li> <li>(ii) All methods of allocation shall enable business decisions to be based on commercial considerations and shall not operate to restrict market access. [The administrative decisions shall reflect as closely as possible those that would be made under a tariff-only regime.]</li> <li>(iii) The principles governing tariff quota administration shall be elaborated based on (a) other relevant WTO agreements such as the Import</li> </ul>

## Tariff quota administration

	Working Hypotheses	Variations/Additions
<b>Terms and conditions of access - Supplying countries (cont'd)</b>		(v) Imports under existing or future preferential trade arrangements [shall not] [shall] be counted against WTO [MFN] [minimum] market access opportunities.

## Tariff quota administration

	Working Hypotheses	Variations/Additions
<p><i>Issuance and duration of tariff quota allocations/ import licences (cont'd)</i></p>		<ul style="list-style-type: none"> <li>(ii) Tariff quota allocations to importers shall be valid for the entire quota year.</li> <li>(iii) The validity of import licences shall [be no less than 30 days] [generally be sufficiently long to allow overseas suppliers every opportunity to ship the product in question.] A mechanism shall be available to allow for reasonable extensions.</li> <li>(iv) In specific situations, such as severe and time-limited shortages on domestic markets, the duration of import licences may be shorter.</li> </ul>
<p><i>Size of tariff quota allocations</i></p>		<ul style="list-style-type: none"> <li>(i) The minimum size of the [tariff quota] [import licence] allocation assigned to any quota holder should be economically viable and consistent with [normal commercial practices] [international norms of commercial shipment loads] for the product concerned. [Importing Members with small domestic markets shall not be subject to this requirement.]</li> <li>(ii) Under the first-come, first-served method, the tariff quota volume [may be] [may not be] subdivided into tranches over the quota year [provided that the size of allocation is commercially viable] with a view to avoid the concentration of imports at the start of the tariff quota year.</li> </ul>
<p><i>Eligibility of importers</i></p>		<ul style="list-style-type: none"> <li>(i) Members shall not discriminate between importers.</li> <li>(ii) Domestic producer groups and government-affiliated or controlled importers shall not be eligible to receive tariff quota allocations.</li> <li>(iii) A formula-based approach shall be adopted to enhance private sector participation.</li> <li>(iv) Applicants shall not be required to demonstrate evidence of past trading performance to become eligible to tariff quota allocations.</li> </ul>
<p><i>Duties, fees, mark-ups</i></p>		





**Tariff quota administration**

	Working Hypotheses	Variations/Additions
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*Reallocation of  
unused tariff quota  
shares (cont'd)*

## Tariff quota administration

	Working Hypotheses	Variations/Additions
<i>Transparency (cont'd)</i>		<u>Variant:</u> The contact point shall be a government or private agency with

## Tariff quota administration

	Working Hypotheses	Variations/Additions
<i>Notifications</i>	Members to submit annual notifications to the Committee on Agriculture.	

## Tariff quota administration

Working Hypotheses	Variations/Additions
<i>Terms and conditions of access - Supplying countries (cont'd)</i>	(ii) When a tariff quota is established for a commodity on which [small island

## Tariff quota administration

	Working Hypotheses	Variations/Additions
<i>Terms and conditions of access – Importers (cont'd)</i>		

**Special safeguard measures**

	Working Hypotheses	Variations/Additions
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## Special safeguard measures

	Working Hypotheses	Variations/Additions
<b>Other measures</b>		<ul style="list-style-type: none"><li data-bbox="1167 236 2056 288">(i) Members shall introduce a new safeguard measure for perishable and seasonal products based on price- or quantity-related triggers.</li><li data-bbox="1167 304 2056 528">(ii) A Food Security Mechanism (FSM) shall be available to all WTO Members. It shall be applicable to (a) primary staple foods, on an automatic basis, and (b) other commodities, under certain clearly defined criteria. FSM products shall be eligible for the safeguard mechanism to be agreed; exempt from further tariff reduction or lesser reduction schemes; exempt from further tariff quota expansion; and no additional disciplines shall be imposed on state trading entities that only import FSM commodities. The FSM ceases to apply, and cannot be reverted to, if the</li></ul>





**Special safeguard measures**

<b>Working Hypotheses</b>	<b>Variations/Additions</b>
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## Importing state trading enterprises

Working Hypotheses		Variations/Additions
<p><b>Scope of entities to which additional / improved disciplines would be applicable</b></p>	<p>Strengthened disciplines to apply to state trading enterprises.</p>	<ul style="list-style-type: none"> <li>(i) As per paragraph 1 of the Understanding on the Interpretation of Article XVII and the related illustrative list (document G/STR/4).</li> <li>(ii) The applicable disciplines shall be different for importing and for exporting state trading enterprises.</li> </ul>
<p><b>Specific disciplines</b></p>		<ul style="list-style-type: none"> <li>(i) The modalities to be established shall be without prejudice to Members' rights and obligations under GATT Article XVII and the related Understanding.</li> <li>(ii) Special rights and [single desk] privileges of importing state trading enterprises shall be prohibited.</li> <li>(iii) Members shall not restrict the right of any interested entity to import, or to purchase for import, agricultural products.</li> <li>(iv) The legal status and the special rights and privileges of import monopolies shall not be affected by these modalities if their business activities are conducted in accordance with the requirements of GATT Article XVII.</li> <li>(v) The state trading enterprises which are engaged in commercial activities [whether importation or exportation] shall not be responsible for carrying</li> </ul>

## Importing state trading enterprises

	Working Hypotheses	Variations/Additions
<p><b>Specific disciplines - Tariff quotas (cont'd)</b></p>		<p>(iv) Members shall implement any of the following two proposals, depending upon which results in a greater share of direct imports. Members shall increase the share of direct imports under tariff quotas through entities other than import state trading enterprises:</p> <ul style="list-style-type: none"> <li>(a) to 30 per cent upon implementation of this Agreement, increasing to 50 per cent through phased commitments made in equal annual instalments over a 5-year period, or</li> <li>(b) by 20 per cent from the levels in effect in implementation of this Agreement, in equal annual instalments over a 5-year period.</li> </ul>
<p><b>Transparency / notification requirements</b></p>	<p>Transparency to be enhanced.</p>	<p>(i) Members maintaining an importing state trading enterprise shall respond within 30 days to requests by other Members for information regarding that state trading enterprise. Such requests may relate to specific information on a transaction basis, including inter alia, quantity, source of</p>



**Other market access issues**

	Working Hypotheses	Variations/Additions
<p><i>Trade preferences (cont'd)</i></p>		<p>(iii) Developed countries [and the more advanced among developing countries] shall enhance the market access opportunities in favour of [least-developed countries] [net food-importing countries] [land-locked countries] [small island developing states] [African countries] [small vulnerable agricultural exporters<sup>12</sup>] [vulnerable countries<sup>13</sup>], for example in terms of duty-free or low-duty tariff quota access to products originating in, or of export interest to, these countries.</p> <p><u>Variant 1</u>: To this effect, a list of agricultural products that are produced and exported on a commercial basis shall be elaborated.</p> <p><u>Variant 2</u>: A list of such products shall be bound in developed [developing] countries' Schedules.</p> <p><u>Variant 3</u> : The list of agricultural products of export interest to African countries shall comprise those products that are essential for product diversification; and/or “dynamic” products showing a high growth potential in world markets and would provisionally include: cotton, sisal, hemp and</p>

**Other market access issues**

**Working Hypotheses**

**Variations/Additions**

## Other market access issues

	Working Hypotheses	Variations/Additions
<b>Geographical indications</b>		<ul style="list-style-type: none"><li>(i) Geographical indications to be addressed in other fora, including the TRIPS Council.</li><li>(ii) The protection afforded by Article 23 of the TRIPS Agreement to the geographical indications of wines and spirits shall be extended to all agricultural products.</li></ul>

## Export subsidies

	Working Hypotheses	Variations/Additions
<p><b>Policy coverage of further commitments</b></p>	<p>The policy coverage of further commitments shall be the export subsidies specified in Article 9.1 of the Agreement on Agriculture.</p>	<ul style="list-style-type: none"> <li>(i) No new forms of export subsidies other than those listed in Article 9.1 of the Agreement on Agriculture shall be introduced.</li> <li>(ii) The policy coverage set out in Article 9.1 shall be maintained depending on the treatment of other types of export supports such as export credits, insurance and guarantee schemes and support which can be given by export state trading enterprises.</li> <li>(iii) The policy coverage set out in Article 9.1 shall be extended to cover domestic support measures for specific products which meet the following criteria:               <ul style="list-style-type: none"> <li>- measures classified as price-linked compensatory payments; and</li> </ul> </li> </ul>



**Export subsidies**

	Working Hypotheses	Variations/Additions
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## Export subsidies

	Working Hypotheses	Variations/Additions
S&D (cont'd)	<p>(iii) Least-developed countries shall not be required to make further commitments on export subsidies.</p>	<p>(iii) If general export subsidies are to be permitted in other Member countries, then equivalent provisions to those of Article 27 and Annex VII of the Agreement on Subsidies and Countervailing Measures, or some other flexibility, shall be incorporated to the Agreement on Agriculture for developing countries with GDP per capita of less than \$1,000.</p> <p>(iv) Until a developing country reaches a certain stage of export competitiveness (3.25% of world trade of the products concerned) the support provided by that developing country to subsistence products and certain other crops should not be subject to commitments (as set out in the SCM Agreement).</p> <p>(v) Developing country Members shall stage further reduction commitments from the final bound levels established as a result of the Uruguay Round, with the flexibility to implement commitments over a ten-year period commencing in the year 2008.</p> <p>(vi) Any new commitments through any instrument in market access, domestic support, and export subsidies for developing countries shall be no more than half of the commitments of developed countries.</p> <p>(vii) Reductions in export subsidies, with a view of phasing out, by developed countries for products of export interest to developing countries shall be completed between September 2003 and 1 January 2005.</p>

**Export subsidies**

**Working Hypotheses**

**Variations/Additions**

## Export Credits, Insurance and Guarantees

Working Hypotheses		Variations/Additions
<p><b>General approach</b></p>	<p>Disciplines shall be established for export credits, export credit insurance and guarantee programmes.</p>	<p>(i) Export credits that comply with the agreed disciplines shall be deemed to be in conformity with the provisions of the Agreement on Agriculture regarding export competition. Export credits that do not comply with these requirements shall be counted against each Member's export subsidies reduction commitments as indicated in its Schedule, or otherwise prohibited.</p> <p>(ii) The subsidy element implicit in export credits, insurance and guarantees schemes shall be determined and subject to reduction commitments comparable to those that will apply to export subsidies [X per cent in outlays/values and Y per cent in volumes].</p> <p>(iii) Export credit commitment levels for each year of the implementation period shall be specified in a Member's Schedule (based on a past reference period). This will be expressed as :</p> <ul style="list-style-type: none"> <li>- in the case of budgetary outlays, the maximum level of granted amounts for export credit that may be allocated or incurred in that year in respect of the agricultural product or group of products concerned; and</li> <li>- for export quantity reduction commitments, the maximum quantity of an agricultural product or group of products in respect of which export credits may be granted in that year.</li> </ul> <p>(iv) Members shall undertake the gradual reduction of the values and volumes of agricultural exports with the notification of the base period data for exports under government risk coverage, from which annual percentage reductions shall be made. For Members without baseline data, the basis of commitments could be the average values and volumes of exports of major agricultural products in a preceding, multi-year reference period. A low common cap shall be agreed upon, expressed as a percentage share of these reference value and volume figures, which will be the maximum permitted starting levels of exports with the governments' coverage of non-commercial risks. These limits would be reduced annually by the same percentages as applicable for export subsidy outlay and volume commitments.</p> <p>(v) Members shall consider maintaining the export credit provisions.</p>

## Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions

## Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
Providers of support to which disciplines would be applicable (cont'd)		- any governmental or non-governmental enterprises, including marketing boards, which have been granted exclusive or special

## Export Credits, Insurance and Guarantees

Working Hypotheses	Variations/Additions
<i>Repayment term</i>	(i) The repayment term shall be the period beginning at the starting-point of

## Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
<i>Validity period of credit</i>		<ul style="list-style-type: none"><li>(i) The terms and conditions of officially supported export credits made available to exporters or importers shall have a maximum validity period of {X} months.</li><li>(ii) Credit terms and conditions (e.g., interest rates for official financing</li></ul>



**Export Credits, Insurance and Guarantees**

<b>Working Hypotheses</b>	<b>Variations/Additions</b>
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## Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
<b>Transparency/ Notification requirements</b>	Export credits, insurance and guarantees shall be subject to notification requirements.	(i) Within ninety days of the entry into force of this agreement, a Member shall notify any program that it maintained before the entry into force of

## Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
<p><b>S&amp;D</b></p>	<p>Special and differential treatment shall be extended to developing countries, especially in favour of least-developed and net food-importing developing countries in accordance with paragraph 4 of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries.</p>	
<p><i>Maximum/ minimum terms/conditions that may be provided or supported</i></p>		<p>Maximum or minimum terms or conditions that could apply to export credits and/or related insin TD0.0lu TD0.de803 cmsn T.cmma4(rela)13.4(3(d a)13.7(elorte7( of TD0.0lhe fl</p>

## Export Credits, Insurance and Guarantees

## Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
<p><i>Other Issues relating to S&amp;D</i></p>		<ul style="list-style-type: none"> <li>(i) Developing country Members shall be entitled to delay the implementation of any rules and disciplines applicable to the provision of export credits, export credit guarantees or insurance programmes for [five] years. Member countries will examine whether the rules/disciplines shall be applicable to developing countries at a review of the implementation of the commitments at the end of the [fifth] year.</li> <li>(ii) Elements included in the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on LDCs and Net Food-Importing Developing Countries (NFIDCs), including an establishment of a revolving fund, shall be implemented before the rules/disciplines on export credits, export credit guarantees or insurance programmes enter into force.</li> <li>(iii) The type of instruments used, the volume of food covered shall be mutually agreed between importing LDCs and NFIDCs and exporting countries and shall be notified to the Committee on Agriculture.</li> <li>(iv) Members which rely on export credits with government risk coverage as a way of providing food aid, shall switch to aid practices in fully grant form, in conformity with the disciplines to be established during the negotiations.</li> <li>(v) The development needs of exporting developing countries shall be taken into account as regards flexibility, possibly similar to that given under</li> </ul>

**Food Aid**

	<b>Working Hypotheses</b>	<b>Variations/Additions</b>
<p><b>General approach / Types of food aid covered</b></p>	<p>The objective of WTO disciplines in this area shall be to prevent circumvention of export subsidy commitments by addressing only government to government aid (programme food aid), leaving the rules and commitments on emergency and project food aid to the responsibility of the relevant international organisations.</p>	<p>(i) The WTO rules shall address all types of food aid. (ii) Disciplines shall exclude bona fide food aid defined as food aid which is demand driven and where demand is established by the competent international organizations, given completely in grant form, and is not tied to commercial operations.</p>
<p><b>Concessionality</b></p>		

**Food Aid**

	Working Hypotheses	Variations/Additions
<p><b>Specific disciplines (cont'd)</b></p>		<ul style="list-style-type: none"> <li>(vi) For non-grant food aid or food aid which does not comply with the disciplines, future export subsidy and export credit disciplines shall apply.</li> <li>(vii) Food aid shall be allowed [in kind or in cash] [in kind only].</li> <li>(viii) Food aid that does not meet the criteria of bona fide food aid and that is in the form of concessional loans shall be treated under export credit disciplines. Food aid with concessional prices shall be treated as an export subsidy. Alternatively, food aid that does not meet the criteria can be prohibited.</li> <li>(ix) A substantial share of FAC aid shall be in financial terms. Reduction of food aid in kind shall be compensated by aid in financial terms. The reduction rate of aid in kind shall correspond to that applied to export subsidies or export credits.</li> </ul>





**Food Aid**

	Working Hypotheses	Variations/Additions
Transparency/		

## Export State Trading Enterprises

	Working Hypotheses	Variations/Additions
<b>Scope of entities to which disciplines would be applicable</b>		(i) The scope of entities to which disciplines will be applicable shall be as in GATT Article XVII, with the focus being on export state trading enterprises (STEs).

## Export State Trading Enterprises

	Working Hypotheses	Variations/Additions
<p><b>Transparency/ Notification requirements (cont'd)</b></p>		<p>(ii) Quarterly notification requirements shall be made an integral part of the Agreement for all export state trading enterprises. Notifications shall cover the volume and average price of exports to respective trade partners, average procurement prices and average domestic sales prices, and volume of domestic production. A notification table can include the name of the state trading enterprise, the name of the product and its HS code, the destination of exports, etc. State trading enterprises will also be required to notify elements in their annual plans relating to the volume and value of imports and/or exports, or, if applicable, that the annual plan does not contain such information.</p> <p>(iii) The existing notification requirements in Article XVII of GATT and the Agreement on Agriculture shall be deemed sufficient.</p> <p>(iv) Transparency requirements shall apply equally to STEs and to private sector enterprises.</p>
<p><b>S&amp;D</b></p>		<p>(i) STEs in developing countries exporting any product constituting less than a certain percentage (5 per cent) of world trade shall be exempt from disciplines.</p> <p>(ii) STEs in developing countries which contribute to food security shall be exempt from disciplines.</p>

## Export Restrictions

	Working Hypotheses	Variations/Additions
<p><b>Export restrictions: Specific disciplines</b></p>		<p>(i) Export restrictions shall be prohibited for all Members except developing countries.</p> <p>(ii) Export restrictions shall not be part of the negotiations.</p> <p>(iii) Following consultations with other Members, export restrictions and/or prohibitions shall be quantified and converted into export taxes, these taxes shall be bound in Members' Schedules and subject to reduction commitments.</p> <p>(iv) An exemption shall be made to a general prohibition on export restrictions in cases of agreed UN sanctions or under Article XX of GATT.</p> <p>(v) Members shall be informed before restrictions are introduced. Prior notification and consultation shall be mandatory when export restrictions are imposed on the products to be covered by these disciplines. Outside of this coverage, current disciplines in Article 12 of the Agreement on Agriculture shall be applied.</p> <p>(vi) When exporting countries face an emergency need to adjust export volume, a short-term export restriction shall be allowed until the completion of domestic procedure to impose export taxes, in order to ensure the food security of these countries:</p> <ul style="list-style-type: none"> <li>- Member who intends to take this measure shall consult with other Members who have a 10 percent share or more as an export destination during the preceding three years;</li> <li>- the period of the export restriction shall not exceed one month; and</li> <li>- {X} per cent of domestic production shall be exempt from this restriction during implementation.</li> </ul> <p>(vii) Article 12 of the Agreement on Agriculture shall be changed as follows (changes are in <b><i>bold/ italics</i></b>):</p> <p><u>Article 12.1 amended:</u></p> <p>12.1 Where any Member <b><i>maintains or</i></b> 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:</p> <p>(a) the Member <b><i>maintaining or</i></b> instituting the export prohibition or restriction shall give due consideration to the effects of such prohibition or restriction on importing Members' food security;</p>

## Export Restrictions

	Working Hypotheses	Variations/Additions
<p><b>Export restrictions: Specific disciplines (cont'd)</b></p>		<p>(b) <i>the Member maintaining any export prohibition or restriction shall so notify the Committee on Agriculture, supplying information on elements such as the nature and duration of the said measure, and shall hold consultations, upon request, with any Member having a substantial interest as an importer with respect to any matter relating to the measure in question.</i></p> <p><u>A new paragraph added:</u></p> <p><b><i>12.3. In no circumstances shall any Member impose or maintain embargoes on foodstuffs and/or items associated with agricultural production, particularly in respect of net food-importing developing countries.</i></b></p>
<p><b>Export taxes: Specific Disciplines</b></p>		<p>(i) Export taxes shall not be part of the negotiations. Export taxes are not export subsidies nor are they export restrictions or prohibitions as they are not mentioned in Part VI of the Agreement on Agriculture and this distinction is confirmed by Article XI of GATT.</p> <p>(ii) Export restrictions and taxes are linked to food security and distort international trade, and therefore shall be an integral part of the negotiations.</p> <p>(iii) Export taxes shall be prohibited for all Members except developing countries. Bound rates of export taxes for all agricultural products based on risks and other factors obtained from past experiences shall be established in Members' schedules and subject to a progressive reduction of 36 per cent + {X} per cent during the implementation period. Exports up to {X} per cent of the average volume of production during the preceeding 3 years shall be exempted from export taxes.</p> <p>(iv) Article XI of GATT refers to export taxes as a form of non-prohibited export restriction, hence compliance shall be ensured with the basic</p>

## Export Restrictions

	Working Hypotheses	Variations/Additions
S&D (cont'd)		<p>(ii) In some circumstances developing countries shall be allowed to use export restrictions and taxes to address food security concerns or other commercial and marketing policy objectives.</p> <p>(iii) Developing country Members shall only be allowed to apply an export tax in conformity with the following provisions:</p> <ul style="list-style-type: none"> <li>- the export tax shall apply to all agricultural products;</li> <li>- the export tax shall be applied at a uniform rate across all agricultural products;</li> <li>- the export tax shall be applied without modification for a period of at least one year; any subsequent modification shall apply for a period of at least one year from the date of such modification; and</li> <li>- any developing country Member applying, proposing or modifying an export tax shall supply such information to the Committee on Agriculture prior to its application or modification.</li> </ul> <p>(iv) Developing countries shall be afforded access to an equivalent of an export safeguard allowing them to introduce restrictions or taxes in certain emergency situations.</p> <p>(v) No commitments other than notification shall be expected under this heading from LDCs and, in justified cases, from other developing countries and vulnerable economies in transition. Article 12 of the Agreement on Agriculture shall be adjusted accordingly. Any Member falling in these categories and applying, proposing or modifying export restrictions or export taxes shall supply such information to the Committee</p>

**Green Box<sup>15</sup>**

<b>Working Hypotheses</b>		<b>Variations/Additions</b>
<b>General disciplines (paragraph 1)</b>	Maintain the basic criteria as per paragraph 1 of Annex 2.	(i) The basic criterion in paragraph 1(b) of Annex 2 to be modified to provide that the support in question shall not have the effect of providing production support or price support to producers.
<b>Measures exempted from reduction commitments</b>	03.cm/Im2 Doqli	603.cm/Im2 Doqli 650.cm/Im2 Doqli 651.cm/Im2 Doqli

**Green Box**



**Green Box**

**Green Box**

	Working Hypotheses	Variations/Additions
<p><i>Payments (made either directly or by way of government financial participation in crop insurance schemes) for relief from natural disasters (paragraph 8) (cont'd)</i></p>		<p>(v) The production loss measured in terms of three-year averages as per paragraph 8(a) of Annex 2 to be reviewed.</p> <p>(vi) Modify the existing subparagraph (a) as follows:</p> <p>(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 or is occurring; and shall be determined by a production loss which <b>exceeds the level to be clearly defined in national legislation</b> <del>30 per cent of the average of production 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.</del></p>
<p><i>Structural adjustment assistance provided through producer retirement programmes (paragraph 9)</i></p>		<p>(i) Maintain the existing criteria and conditions in paragraph 9.</p> <p>(ii) Modify the existing subparagraph (b) as follows:</p> <p>(b) Payments shall be conditional upon the total and permanent retirement of the recipients from marketable agricultural production <b>and shall be time limited.</b></p> <p>(iii) Modify the existing subparagraph (b) as follows:</p> <p>(b) Payments shall be conditional upon the total and permanent retirement of the recipients from marketable agricand shall be time limited.</p>

**Green Box**

	Working Hypotheses	Variations/Additions
<p><i>Structural adjustment assistance provided through investment aids (paragraph 11)</i></p>		<p>(i) Maintain the existing criteria and conditions in paragraph 11.</p> <p>(ii) Add at the end of the existing subparagraph (a), modify the existing subparagraph (b), and add new subparagraph (b <i>bis</i>) as follows:</p> <p>(a) <b>Such structural disadvantages must be clearly defined.</b></p> <p>(b) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production [<b>or inputs into the production</b>] (including livestock units) undertaken by the producer in any year after <b>a fixed and unchanging historical</b> the base period, other than as provided for under criterion (e) below.</p> <p><b>[(b bis) The amount of such payments in any given year shall not be related to, or based on, the use of factors of production in any given year after the base period.]</b></p>

**Green Box**

	Working Hypotheses	Variations/Additions
<p><i>Payments under regional assistance programmes (paragraph 13)</i></p>		<ul style="list-style-type: none"> <li>(i) Maintain the existing criteria and conditions in paragraph 13.</li> <li>(ii) Modify the existing subparagraph (b) as follows:                             <ul style="list-style-type: none"> <li>(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 <b>fixed and unchanging historical</b> base period, <b>which shall be notified</b>, other than to reduce that production.</li> </ul> </li> <li>(iii) A clear definition of "disadvantaged area" as referred to in paragraph 13(a) of Annex 2 to be established. The average poverty level of developing country Members set by the World Bank (i.e. daily per capita income less than US\$1) to be used as the criterion.</li> <li>(iv) Criteria to be established for defining a particular region as less favoured, marginal or disadvantaged. Flexibility to be given to provide support to such regions to maintain and improve their traditional production systems and the environment. The extent of such regions expressed as percentage of the national territory of a Member to be limited by a <i>de minimis</i> clause, varied by climatic zone with S&amp;D for developing countries.</li> </ul>
<p><b>Add new paragraphs</b></p>		<ul style="list-style-type: none"> <li>(i) New categories in the Green Box should not be added.</li> </ul>

*Exempt measures for*

**Green Box**

	Working Hypotheses	Variations/Additions
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*Payments to maintain domestic production capacity of staple crops for food security purposes*

(i) (a) Eligibility for such payments shall be determined by reference to



**Green Box**

	Working Hypotheses	Variations/Additions
<p><b>S&amp;D</b></p> <p><i>Payments (made either directly or by way of government financial participation in crop insurance schemes) for relief from natural disasters (paragraph 8)</i></p>		<p>(i) Modify the existing subparagraph (a) and add new paragraph 8 <i>bis</i> as follows:</p> <p>(a) Eligibility for such payments shall arise only following a formal</p>

**Green Box**

	Working Hypotheses	Variations/Additions
<p><i>Public stockholding for food security purposes (paragraph 3) (cont'd)</i></p>		<p>(ii) Modify the existing footnote 5 to paragraph 3 of Annex 2 as follows:</p> <p>For the purposes of paragraph 3 of this Annex, governmental stockholding programmes for food security purposes in developing countries whose operation is transparent and conducted in accordance with officially published objective criteria or <b>guidelines guidance</b> shall be considered to be in conformity with the provisions of this paragraph, including programmes under which stocks of foodstuffs for food security purposes are acquired and released at administered prices, <del>provided that the difference between the acquisition price and the external reference price is accounted for in the AMS.</del></p>

*Government financial participation in income insurance*



**Green Box**

	Working Hypotheses	Variations/Additions
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## Article 6.2

### Working Hypotheses

### Variations/Additions

#### Scope and criteria

Maintain [and broaden] the existing Article 6.2 exceptions for developing countries.

- (i) Modify the existing paragraph 2 of Article 6 as follows:  
In accordance with the Mid-Term Review Agreement ... to encourage diversification from growing illicit narcotic crops, **or those whose non-**



**Article 6.2**

	<b>Working Hypotheses</b>	<b>Variations/Additions</b>
<b>Scope and criteria (cont'd)</b>		(vii) The possible expansion of Article 6.2 provisions should target LDCs and

## Blue Box

	Working Hypotheses	Variations/Additions
<b>Concept/ Other disciplines</b>		<ul style="list-style-type: none"> <li>(i) The exemption contained in Article 6.5 to be eliminated.</li> <li>(ii) Blue Box payments to be reduced from the average level notified over 1995-2001 to zero over five years for developed countries. [Developed countries to commit to] a reduction of 50 per cent in the first year of implementation to be followed by equal cuts over the following years to reach zero.</li> <li>(iii) Blue Box support in developed countries shall be eliminated within three years with a 50 per cent reduction in the first year and 25 per cent annual reduction for the next two years.</li> <li>(iv) Maintain the concept of the Blue Box as per Article 6.5(a).</li> <li>(v) The Blue Box to be continued without any cap.</li> </ul>
<b>Criteria</b>		<ul style="list-style-type: none"> <li>(i) Maintain the criteria regarding "production limiting" and with respect to conditions as stipulated in subparagraphs (i) to (iii) of Article 6.5(a).</li> </ul>
<b>Transparency/ Notification requirements</b>		<ul style="list-style-type: none"> <li>(i) Notification requirements to be established which are similar to those currently in place for Amber Box measures.</li> </ul>
<b>S&amp;D</b>		<ul style="list-style-type: none"> <li>(i) Blue Box payments to be reduced from the average level notified over 1995-2001 to zero over nine years for developing countries. [Developed countries to commit to] a reduction of 50 per cent in the first year of implementation to be followed by equal cuts over the following years to reach zero.</li> </ul>

**Amber Box**

	Working Hypotheses	Variations/Additions
<p><b>Base levels</b></p>	<p>The base level for reductions shall be the final bound commitment levels as per Part IV Section I of Members' Schedules.</p>	<p>(i) The starting-point for new non-product-specific and product-specific commitments to be the final bound Total AMS level. Product commitments would be defined by the specificity in Members' Current AMS notifications. There would also be a non-product-specific category where that currently appears in Members' notifications.</p> <p>Base levels for product-specific reduction commitments would be linked to the (currently aggregated) final bound AMS commitment. Each subsidised product would be allocated a share of the total final bound AMS commitment level based on the actual product share in, for example, 2000-2001. Where a Member has Blue Box support, it shall be taken into account in the allocation of the share of the final bound AMS between products. Developing countries could be permitted to undertake reduction commitments on groups of products, or be allowed to allocate a share of the final bound AMS level that could be used for new products.</p> <p>(ii) The base level for the staging of further commitments shall be the average actual support level for the years 1995-2000 or the bound level for the year 2000, whichever is lower.</p> <p>(iii) An average of support levels over a representative three-year period to be used, provided that the period is not chosen to maximise support levels.</p>
<p><b>Calculation methodology of AMS/EMS</b></p> <p><i>Eligible production/applied administered price</i></p>		<p>(i) Maintain the calculation methodology of the AMS and EMS as per Annex 3 and 4, respectively.</p> <p>(ii) To prevent circumvention of domestic support reduction commitments, the AMS methodology should be improved in two specific ways:</p> <p>(a) The term "quantity of production eligible to receive" (paragraph 8 of Annex 3) to be clearly understood to include all marketable production that receives, directly or indirectly, supported price signals, including (but not limited to) through government intervention purchasing; and</p> <p>(b) where a WTO Member has abolished an "applied administered price" (paragraph 8 of Annex 3), yet similar levels of support continue to be provided to producers through any other measure; that is, no effective policy reform has actually occurred, then that Member be required to use a representative domestic market price in lieu of the applied administered price in the calculation of the market price support element of the AMS.</p> <p>The starting point for new reductions on domestic support should be rectified accordingly where adjustments of either of the above have been employed since the establishment of Uruguay Round commitment schedules.</p>

**Amber Box**

	Working Hypotheses	Variations/Additions
<p><i>Product-/non-product-specific support</i></p>		<ul style="list-style-type: none"> <li>(i) Non-product-specific support to be defined by requiring that crop specificity be established and that such measures in any given year not be related to or based on the type of volume of production, prices (domestic or international) and factors of production.</li> <li>(ii) Disciplines to be strengthened to avoid product-specific support from being improperly classified as non-product-specific support.</li> </ul>
<p><i>Inflation adjustment</i></p>		<ul style="list-style-type: none"> <li>(i) Maintain the provisions of Article 18.4 of the Agreement.</li> </ul>

**Amber Box**

	Working Hypotheses	Variations/Additions
<p><b>Specificity of further commitments/ reduction method/target for further commitments/ implementation period/staging (cont'd)</b></p>		<p>Non-exempt support shall be subject to annual reduction commitments specified in Members' schedules. The allowed level of non-exempt support shall be reduced from the Member's final bound AMS ceiling to 5 per cent of the Member's average value of total agricultural production in the base period of 1996-1998 through equal annual reduction commitments over a five-year period. Members whose final bound AMS is less than 5 per cent shall maintain their ceiling for non-exempt support at the final bound AMS level. In the calculation of non-exempt support, a Member shall not include domestic support that is consistent with the provisions of Article 6.4 of the Agreement on Agriculture.</p> <p>In addition to the reduction modality described above, Members shall agree to eliminate all non-exempt domestic support by a date to be established in these negotiations.</p> <p>(iv) The Total AMS of developed country Members shall be bound and further reduced. The ceiling of Total AMS of these countries shall be set in terms of their total value of agricultural production in the previous year. Amber Box and Blue Box support in developed countries shall be eliminated within three years, with a 50 per cent reduction in the first year and 25 per cent annual reduction for the next two years. Developed countries shall make reduction commitments on an aggregate and product-specific basis.</p> <p>(v) The Total AMS shall be reduced on a product-specific basis to zero over [four years] [a six-year period commencing in the year 2005], in equal annual instalments. Developed country Members shall commit to a 50 per cent down-payment of the total reduction target over the first year of the</p>



**Amber Box**

	Working Hypotheses	Variations/Additions
<p><b>Specificity of further commitments/ reduction method/target for further commitments/ implementation period/staging (cont'd)</b></p>		<p>(viii) Reductions of trade-distorting domestic support to be made on a disaggregated basis, including a substantial down-payment in the first year of implementation, with the remaining trade-distorting domestic support to be reduced on the basis of two different schedules. For products benefiting from trade-distorting domestic support that were exported (i.e., defined as products from countries whose share of the international market in those particular products is greater than 3 per cent) support to be phased out in three equal annual reductions leading to elimination. Reductions of trade-distorting domestic support on products not exported or whose share of international market is not greater than 3 per cent, to be subject to a longer implementation period.</p> <p>(ix) Disciplines concerning domestic support measures that are variable in relation to market prices, e.g. deficiency payments, should be strengthened. Such aids for products of which a substantial proportion is exported should be subject to the same reduction commitments as export</p>



**Amber Box**

<b>Working Hypotheses</b>		<b>Variations/Additions</b>
<p><b>S&amp;D</b></p> <p><i>Base levels</i></p>		<p>(i) The base level for the staging of further commitments shall be the average actual support level for the years 1995-2000 or the bound level for the year 2000, whichever is lower. Developing country Members shall stage further reduction commitments from the final bound levels established as a result of the Uruguay Round.</p>
<p><i>Specificity of further commitments/ reduction method/target for further commitments/ implementation period/staging</i></p>	<p>(i) Least-developed country Members should not be required to make further commitments.</p> <p>(ii) Developing country Members should be provided flexibility in terms of longer implementation periods and lower reduction rates.</p> <p>(iii) ...</p>	<p>(i) Developing countries should be allowed to make further commitments on an aggregated basis.</p> <p>(ii) The final bound AMS commitment currently in Members' Schedules to be reduced to zero [on a product-specific disaggregated basis] over five years for developed countries and nine years for developing countries. [Developed countries to commit to] a reduction of 50 per cent in the first year of implementation to be followed by equal cuts over the following years to reach zero.</p> <p>(iii) Developing countries to be exempt from making a down-payment in the first year of implementation.</p> <p>(iv) The Total AMS shall be reduced on a product-specific basis to zero over a six-year period commencing in the year 2005, in equal annual</p>

**Amber Box**

	<b>Working Hypotheses</b>	<b>Variations/Additions</b>
		<p>(vii) Lesser commitments shall apply to developing countries, economies in transition and recently acceded countries.</p> <p>(viii) [Greater reductions] [Substantial reduction of domestic support] to be made on products of export interest to [LDCs] [developing countries].</p>

**Other Domestic Support Issues**

	Working Hypotheses	Variations/Additions
Peace Clause		<ul style="list-style-type: none"> <li data-bbox="1167 236 2051 292">(i) The provisions of Article 13(a) and (b) shall cease to apply as per Article 1(f) of the Agreement on Agriculture.</li> <li data-bbox="1167 308 2051 443">(ii) The provisions of GATT 1994 and of other Multilateral Trade Agreements in Annex 1A to the WTO Agreement shall not apply to subsidies consistent with the provisions of the WTO Agreement on Agriculture and the commitments made as a result of the Reform Process of trade in agriculture.</li> </ul>

S&D