

WORLD TRADE ORGANIZATION

TN/AG/6
18 December 2002

(02-6943)

Committee on Agriculture
Special Session

NEGOTIATIONS ON AGRICULTURE

OVERVIEW

[...]

ANNEX

Export subsidies

Working Hypotheses		Variations/Additions
Policy coverage of further commitments	The policy coverage of further commitments shall be the export subsidies specified in Article 9.1 of the Agreement on Agriculture.	<p>(i) No new forms of export subsidies other than those listed in Article 9.1 of the Agreement on Agriculture shall be introduced.</p> <p>(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.</p> <p>(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:</p> <ul style="list-style-type: none"> - measures classified as price-linked compensatory payments; and - more than {Y} per cent of products benefiting from the measures above is exported. <p>(iv) Article 9.1(d) shall be clarified regarding some forms of export promotion permitted under this provision.</p>
Product specificity of commitments	The product specificity of commitments, for both quantity and budgetary outlays, shall be as specified in Members' Schedules with respect to final bound levels.	<p>(i) Commitments shall apply to all products or group of products, including processed products, where exports of such products are subsidised through practices in Article 9.1 of the Agreement on Agriculture.</p>
Base levels	The base levels for commitments, for both quantity and budgetary outlays, shall be the final bound levels as specified in Members' Schedules.	<p>(i) Base levels can be adjusted depending on the results of the negotiations on other forms of export support.</p> <p>(ii) More representative current base levels may need to be defined for some countries, particularly countries with economies in transition.</p> <p>(iii) The base level for the staging of further commitments in developed countries shall be the average actual subsidy level for the years 1995-2000 or the bound level for the year 2000, whichever is lower.</p>

Export subsidies

	Working Hypotheses	Variations/Additions
Formula/targets for further commitments, implementation period, staging (cont'd)		<ul style="list-style-type: none"><li data-bbox="1182 236 2033 288">(iii) Export subsidies shall be reduced using the Uruguay Round approach. There shall be no down payments.<li data-bbox="1182 308 2033 360">(iv) Reduction commitments (to zero) shall be implemented over a six-year period commencing in the year 2005, in equal annual instalments.<li data-bbox="1182 379 2033 406">(v) In addition to budgetary outlays and quantity commitments, reduction

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Export subsidies

Working Hypotheses	Variations/Additions
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Export subsidies

Working Hypotheses

Variations/Additions

Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
<p>General approach</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"> - 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 - 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. <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</p>

Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
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Export Credits, Insurance and Guarantees

Working Hypotheses		Variations/Additions
<p>Providers of support to which disciplines would be applicable (cont'd)</p>		<ul style="list-style-type: none"> - any governmental or non-governmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which or by virtue of which they influence through their purchases or sales the level or direction of exports; and - any bank or other private financial institution which acts on behalf of or at the direction of governments or their agencies. <p>(ii) All officially supported export credit transactions carried out by and/or extended to all actors with no exceptions, including, but not limited to, support granted by national and sub-national governments, their agencies totally or partially controlled by them or by bodies outside the government acting under a governmental mandate, fulfilling a government mandate, or due to delegation of governmental powers.</p>
<p>Maximum/ minimum terms/conditions that may be provided or supported</p>		<p>Note: Maximum or minimum terms or conditions that could apply to export credits and/or related instruments include some or all of the following:</p>
<p><i>General</i></p>	<p>Commercial terms shall be the principal bench mark for any maximum or minimum terms or conditions that will be applicable to export credits, export credit insurance and guarantee schemes.</p>	

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>Minimum interest rates (cont'd)</i>		- Any other payment by means of banking fees or commissions relating to the export credit other than a bank charge calculated

Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
Transparency/ Notification requirements	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

Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
S&D	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.	

*Maximum/
minimum
terms/conditions
that may be
provided or
supported*

Maximum or minimum terms or conditions that could apply to export credits

Export Credits, Insurance and Guarantees

Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
<i>Other Issues relating to S&D</i>		<ul style="list-style-type: none"><li data-bbox="1167 236 2056 400">(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 data-bbox="1167 416 2056 474">(ii) Elements included in the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on

Food Aid

	Working Hypotheses	Variations/Additions
<p>General approach / Types of food aid covered</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>	<ul style="list-style-type: none"> (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>Concessionality</p>		<ul style="list-style-type: none"> (i) Food aid shall be [generally] given in grant form only.

Food Aid

	Working Hypotheses	Variations/Additions
<p>Specific disciplines (cont'd)</p>		<ul style="list-style-type: none"> (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. (vii) Food aid shall be allowed [in kind or in cash] [in kind only]. (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. (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.

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Working Hypotheses

Variations/Additions

Food Aid

	Working Hypotheses	Variations/Additions
Transparency/		

Export State Trading Enterprises

	Working Hypotheses	Variations/Additions
Scope of entities to which disciplines would be applicable		<ul style="list-style-type: none">(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).(ii) The illustrative list of STEs developed by the Working Party on State Trading Enterprises shall be deemed relevant.(iii) The disciplines shall focus on STEs involved in export sale which have, directly or indirectly, a significant share of a respective Member's total exports of a particular product.

Export State Trading Enterprises

	Working Hypotheses	Variations/Additions
<p>Transparency/ Notification requirements (cont'd)</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>S&D</p>		<p>(i) STEs in developing countries exporting any product constituting less than a certain ain tha43450.24 Tw[(sec[l.6)12.8(3.3ex(ain)e136 Tc(an)ri)12.6(t)(ing)131(of ex)</p>

Export Restrictions

	Working Hypotheses	Variations/Additions
<p>Export restrictions: Specific disciplines</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"> - 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; - the period of the export restriction shall not exceed one month; and - {X} per cent of domestic production shall be exempt from this restriction during implementation. <p>(vii) Article 12 of the Agreement on Agriculture shall be changed as follows (changes are in bold/ italics):</p> <p><u>Article 12.1 amended:</u></p> <p>12.1 Where any Member <i>maintains or</i> 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 <i>maintaining or</i> 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>Export restrictions: Specific disciplines (cont'd)</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>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.</p>
<p>Export taxes: Specific Disciplines</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' sched(d in 3(d in M)23.5(e)12.9(b9t5.3(es)]TJ/TT8h)13.2)12hle</p>

