

Structure for discussion

Introduction

1. The Agreed Framework states that a Special Safeguard Mechanism (SSM) will be introduced for developing countries. The Hong Kong Ministerial Declaration makes it clear that this SSM will be activated if either the price or quantity trigger is passed.

2. The SSM has been the subject of intensive discussion in various formats. The G-33 has made a number of proposals, the most recent (JOB(06)/64) is attached, which have used Article 5 as the basis for a suggested text. In practice, this approach has been used by many delegations in consultations although it could be noted that alternative approaches might be considered. For the time

8. We also need to have some kind of general orientation of what the basic nature of this mechanism is. I have had the sense that delegations share the view that this is to be interpreted in the literal sense of "special" i.e. a mechanism that is not the "normal" way in which imports would be treated. I don't think we can, or should, attempt to define this in precise numerical terms. But it is central to bear this perspective in mind. If this is, indeed, something that is "special" rather than "usual", the instrument's detailed operational functioning should be likely to function in the real world in that sort of way. In other words, it should be able to genuinely deal with a special situation. But, viewed from the other end of the telescope, neither would it be an instrument that was of such a nature

12. Others have pointed out that there can be significant fluctuations in monthly prices and import levels vary as a result. A simple average of mont

Additional conditions

20. It would seem to be generally accepted that products en route after the quantity-based SSM has been triggered would be exempt from additional duties. The quantity in the shipment and its price would be used, however, for estimating triggers.

21. For perishable and seasonal products, the current provisions of Article 5.6 have been adapted to match their proposal by the G-33. However, no other detailed suggestions have been made.

Concurrent use of safeguard actions under the WTO

22. Most participants seem to support the view that this mechanism should not be employed concurrently with certain other WTO measures, at least with respect to the provisions of paragraphs 1(a) and 3 of Article XIX of GATT 1994 or paragraph 2 of Article 8 of the Agreement on Safeguards. However, the list of WTO-consistent measures which should not apply concurrently varies.

Exchange rate fluctuations

23. This aspect has only been taken up by the G-33 in their proposal. There has been no reaction so far.

Transparency provisions

24. There seems to be no dissent from the view that operation of the SSM should be carried out in a transparent manner and appropriate provisions should be developed to that effect.

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*Without prejudice***G-33 PROPOSAL ON****ARTICLE 5 [...]****SPECIAL SAFEGUARD PROVISIONS MECHANISM FOR DEVELOPING COUNTRIES**

1. Notwithstanding the provisions of paragraph 1(b) of Article II and of Article XI of GATT 1994 or of Article 4 of this Agreement, any developing country Member may take recourse to the imposition of an additional duty in accordance with the provisions of paragraphs 4 and 5 below in connection with the importation of ~~an~~ any agricultural product listed in Annex 1 to this Agreement, ~~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

exceed 100 per cent of the bound tariff or 60 percentage points, whichever is higher.

~~———— In all cases the additional duty may be imposed in any year where the absolute volume of imports of the product concerned entering the customs territory of the Member granting the concession exceeds the sum of (x) the base trigger level set out above mul~~

7. The operation of the special safeguard shall be carried out in a transparent manner. Any developing country Member taking action under subparagraph 1(a) above shall give notice in writing, indicating the tariff lines affected by the measure and including relevant data to the extent available, to the Committee on Agriculture as far in advance as may be practicable and in any event within ~~10~~ 30 days of the implementation of such action. ~~In cases where changes in consumption volumes must be allocated to individual tariff lines subject to action under paragraph 4,~~ relevant data shall include the information and methods used