

**Committee on Agriculture
Special Session**

NEGOTIATIONS ON AGRICULTURE

OVERVIEW

I. INTRODUCTION

1. Under the programme adopted by the Special Session of the Committee on Agriculture on 26 March 2002, the Chairman is required to prepare an overview paper on the negotiations on agriculture as a basis for a comprehensive and substantive review of possible modalities, including rules-related elements, to be conducted at a Special Session to be held on 22-24 January 2003 (TN/AG/1 refers). In accordance with this mandate, the Chairman submits herewith this overview on his own responsibility.

2. The paper is based on the work carried out during the series of formal and informal Special Sessions of the Committee on Agriculture and related inter-sessional consultations conducted in conformity with the mandate provided by Ministers at Doha and the programme thereunder as adopted by the Special Session of the Committee on Agriculture on 26 March 2002. Paragraphs 13 and 14 of the Ministerial Declaration adopted on 14 November 2001 provide:

"13. We recognize the work already undertaken in the negotiations initiated in early 2000 under Article 20 of the Agreement on Agriculture, including the large number of negotiating proposals submitted on behalf of a total of 121 Members. We recall the long-term objective referred to in the Agreement to establish a fair and market-oriented trading system through a programme of fundamental reform encompassing strengthened rules and specific commitments on support and protection in order to correct and prevent restrictions and distortions in world agricultural markets. We reconfirm our commitment to this programme. Building on the work carried out to date and without prejudging the outcome of the negotiations we commit ourselves to comprehensive negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support. We agree that special and differential treatment for developing countries shall be an integral part of all elements of the negotiations and shall be embodied in the Schedules of concessions and commitments and as appropriate in the rules and disciplines to be negotiated, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development. We take note of the non-trade concerns reflected in the negotiating proposals submitted by Members and confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture.

"14. Modalities for the further commitments, including provisions for special and differential treatment, shall be established no later than 31 March 2003. Participants shall submit their comprehensive draft Schedules based on these modalities no later than the date of the Fifth Session of the Ministerial Conference. The negotiations,

including with respect to rules and disciplines and related legal texts, shall be concluded as part and at the date of conclusion of the negotiating agenda as a whole."

3. Keeping this mandate in mind, the purpose of the paper is to summarize the main features and results of the work that has been carried out to date with a view to providing a basis for working towards the establishment of modalities for the further commitments, including provisions for special and differential treatment, by no later than 31 March 2003 as mandated by Ministers.

4. The main body of the paper contains a general assessment of the state of play in the negotiations and identifies key issues which require immediate attention and work as there is an urgent need for convergence. This part of the paper has been prepared with the intention to help focus further work. It is not intended to limit the negotiations in any way, nor to remove from the table proposals and inputs which are not referred to. The tables in the Annex to this paper provide a fuller picture of possible modalities as proposed by participants in the negotiations. Both the main body of the paper and the Annex include, as an integral part of all elements of the negotiations, options and proposals for special and differential treatment for developing countries. Proposals related to non-trade concerns and how to take them into account are also reflected, either explicitly or implicitly as part of certain modalities for further reform.

5. The tables in the Annex present, issue by issue, relevant modality parameters in Column 1. In Column 2, preliminary working hypotheses are identified for a number of parameters based on the Chair's assessment that there is already broad support, although not necessarily consensus, for a particular modality. As is evident from the tables, in many cases this column has been left blank. In Column 3, variations of, or additions to, the working hypotheses are presented, reflecting specific modalities proposed by participants. In cases where no working hypotheses are identified, the modalities listed in Column 3 are presented as a basis for establishing modalities for the further commitments within the mandated time-frame.

6. It should be noted that this paper aims at providing an overview rather than a compendium of every input made by participants. It does not claim to be exhaustive. The paper is without prejudice to the position of participants or to their interpretation of WTO agreements, particularly the Agreement on Agriculture, and is not intended to prejudge, in one way or another, the scope and substance of the negotiations or their results.

II. GENERAL OBSERVATIONS

7. In the course of the informal and formal Special Sessions as well as consultations conducted in conformity with the work programme adopted by the Committee on Agriculture on 26 March 2002, participants have had the opportunity to propose and discuss in a comprehensive and substantive manner possible modalities for further commitments, including rules-related elements. They have generally used this opportunity in an engaged and constructive way.

8. Today, just over three months before these modalities are to be established, many proposals are on the table, much technical work has been carried out and, in a general sense, the positions of the various participants at this stage have emerged. The work conducted in the Special Sessions and in complementary technical consultations has produced substantial progress regarding some issues, such as tariff quota administration and export credits. With respect to some other issues, a trend towards an emerging consensus has already become evident for some parameters (see Column 2 of the Annex).

9. Despite this progress, a substantial number of important issues remain outstanding. Key points include:

- There are still wide gaps in the positions among participants regarding fundamental aspects of the further reform programme. Thus, while participants have stressed their commitment to

the Doha mandate, including its timetable, there are still significant differences in the interpretation of the level of ambition that is implied in the wording of paragraph 13 of the Ministerial Declaration.

- While a number of participants have submitted fully-fledged possible modalities for further commitments in the areas of market access, export competition and domestic support, opponents of these proposals have not yet specified their counter-proposals at a corresponding level of quantitative detail. This has made it difficult to move the process forward.
- There are still differences in views, including views among developing countries, with regard to appropriate provisions for special and differential treatment, although there is already significant support for exempting least-developed countries from reduction commitments.
- Small island developing states and other vulnerable developing countries have proposed modalities to address their specific problems. Net food-importing developing countries have called for the implementation of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries. A group of transition economies is proposing special flexibility in their favour in some areas, albeit for the most part flexibility of a transitory nature. Likewise, newly-acceded countries have made similar proposals, referring, *inter alia*, to paragraph 9 of the Doha Ministerial Declaration. Some of these participants are also making the point that their per capita income is lower than that of certain developing countries and they suggest that the question of eligibility to future S&D provisions should be made subject to objective economic criteria.
- There are also still different views regarding the extent and the ways to take into account non-trade concerns that have been raised in the negotiations, such as food security, livelihood and poverty alleviation, rural development, protection of the environment, food safety, and animal welfare. In the context of the discussions on these matters, several developing countries have made the point that their non-trade concerns are of a fundamentally different dimension than those of developed countries.
- Finally, some participants have established a link between their willingness to move on agriculture and the accommodation of their ambitions in other areas of the negotiations.

10. The efforts in this crucial phase benefit from the fact that much of the technical groundwork has already been achieved. What is now required is to concentrate on the key aspects, keeping in mind that the negotiations on agriculture do not end at the end of March 2003 and that there will be time thereafter to address matters not directly required for the purpose of establishing draft Schedules of further commitments. Specific issues and questions which require immediate attention and work include those which are highlighted in subsequent sections of this paper.

11. Participants are reminded that the time remaining for the establishment of modalities is severely limited. In view of the wide gaps in positions, this paper should signal the start of a new phase in our operations. In this phase, participants need to move beyond the restatement of well-known national positions. Therefore, in considering the following paragraphs, participants are urged not simply to identify the option which corresponds to their position but to think creatively about avenues for convergence.

III. MARKET ACCESS

12. In the area of market access, the negotiations have covered five issues: tariffs, tariff quotas, tariff quota administration, special safeguard measures, importing state trading enterprises, and other market access issues.

Tariffs

13. The main outstanding issue in this area is the formula and quantitative targets for the further tariff reductions that are to be applied. A variety of proposals have been made in this regard. The two approaches commanding the widest support are (i) a harmonization formula for tariff reductions, and (ii) the Uruguay Round formula. As for the first approach, a Swiss formula with a coefficient of 25 has been proposed to be implemented over 5 years, subject to special and differential treatment for developing countries (one version includes also a 50 per cent down-payment in the first year of implementation; another version includes, as a second step, the elimination of all tariffs by a date to be agreed). Proponents of the Uruguay Round formula have not yet submitted figures for the average and minimum rates of reductions that they would like to see applied for developed and developing countries, respectively, nor for the length of the implementation period.

14. With a view to moving the negotiations on this matter forward, participants should consider, *inter alia*, the following questions:

- (a) What scope is there to modify the specific proposals regarding the Swiss formula so as to accommodate the need for flexibility, including flexibility to address non-trade concerns, that has been stressed by other participants?
- (b) What reduction rates and implementation period have proponents of the Uruguay formula in mind? What scope is there to modify the Uruguay Round formula so as to accommodate the aspiration by other participants to harmonize tariff structures and to address tariff peaks and tariff escalation?
- (c) More generally, failing a consensus on either of these two approaches in the proposed or a modified form, is there any other modality, whether in terms of some combination of the two formulae or a different, third formula, that could be acceptable as a compromise? What would be the details, including the reduction rates and implementation period?

15. In considering these questions, the modalities for special and differential treatment provisions have also to be addressed, drawing on the wide range of proposals on the table. One issue is the proposal to provide for a greater improvement of opportunities and terms of access for agricultural products of particular interest to developing country participants. Another issue is whether the formula to be applied for developing countries would be the same or some modified version of the formula to be applied by other participants (or another formula). Third, whatever the formula, there is already wide support for special and differential treatment in the form of a longer implementation period and lower cuts, but the details remain to be determined. Other issues include whether, as proposed by some developing country participants under the concept and as part of a Development Box, special and differential treatment should be extended to include (i) exemption from reduction commitments for certain agricultural products which are of strategic importance in pursuing food security, product diversification, rural development and employment, and poverty alleviation, and (ii) flexibility to adjust, without compensation, low tariff bindings.

16. Finally, there is the question whether tariff forms should be simplified by allowing *ad valorem* tariffs, or *ad valorem* and specific tariffs, only.

Tariff Quotas

Volume

17. Many, though not all participants consider the expansion of import volumes under existing tariff quotas to be an essential element of the further market access commitments and several of them have proposed specific modalities to this effect. This issue cannot be seen in isolation from the size of the tariff reductions that are to be negotiated. Key outstanding questions include:

- (a) Whether the final bound tariff quota volumes as specified in Members' Schedules shall be expanded by [x] per cent and, if so, what value for x would be appropriate? *or*
- (b) Whether import volumes under tariff quotas shall be expanded by an amount equal to [y] per cent of domestic consumption in a recent representative period for the respective product concerned and, if so, what value for y would be appropriate? *or*
- (c) Whether import volumes under tariff quotas shall be expanded to [z] per cent of domestic consumption in a recent representative period for the respective product concerned and, if so, what value for z would be appropriate?

Concrete proposals for the values of x, y, z as well as the implementation period are on the table.

18. There is also a proposal to update the base for minimum access tariff quotas by using the latest domestic consumption data and to abolish additional access volumes due to delayed tariffication.

19. Issues under special and differential treatment include (i) whether a lower rate of expansion and a longer time-frame can be agreed, and (ii) whether a fixed share of the annual tariff quota volume shall be reserved for small-scale or limited commodity exporters.

In-quota tariffs

20. The main issue is whether in-quota tariffs should be reduced to zero, as a number of participants have proposed, or whether another formula should be applied, for example the same formula as the one to be used for the reduction of out-of-quota tariffs. Some participants consider that in-quota tariffs should not be reduced at all, or, in the case of developing countries, should be maintained at levels according to their development, trade, food security and financial needs.

Tariff Quota Administration

21. Improvement of tariff quota administration is a widely shared objective. Further technical work is required to build on the progress made in this area, including with regard to special and differential treatment.

Special Safeguard Measures

22. Participants have to decide whether the special safeguard provisions of Article 5 of the Agreement on Agriculture should be eliminated and, if so, (i) whether with immediate effect upon entry into force of the further market access commitments or by some future date, and (ii) whether for all countries or only for developed countries.

23. Other or alternative questions are:

- (a) In case Article 5 is to be maintained beyond the date of the entry into force of the further market access commitments, whether the existing product coverage should be maintained or modified and, if modified, for all countries or only for developing countries?
- (b) Whether, in the framework of special and differential treatment, a new safeguard mechanism and/or countervailing measure for developing countries should be established and, if so, for all agricultural products or for a limited number of products such as strategic/food security/livelihood products? Detailed possible modalities for such provisions have been submitted.
- (c) Whether a proposed Food Security Mechanism should be established?
- (d) Whether a new safeguard mechanism for seasonal and perishable products should be established, as proposed by some participants?

Importing STEs

24. Further technical work is required in this area, particularly regarding (i) strengthened transparency and notification requirements, and (ii) possible other disciplines over and above and/or supplementing existing WTO provisions, e.g. in respect of trading rights. Some participants are not convinced that there is a need to add to existing disciplines.

25. In the context of special and differential treatment, a key issue is whether and, if so, to what extent or under what conditions developing countries would be exempted from any new disciplines.

Other Market Access Issues

Preferential schemes

26. Several participants have stressed the need for preferential schemes to remain predictable, meaningful and secure and have proposed specific modalities to this effect. Issues to be decided include whether participants agree (i) to provide legal security for existing non-reciprocal preferential trading arrangements, for example in the form of grandfathering, (ii) to maintain or improve the margins of preference, for example by reducing developed countries' tariffs for products of export interest to, and originating in, vulnerable countries by a maximum 15 per cent and by phasing out in-quota tariffs, (iii) to provide longer implementation timeframes for tariff reductions affecting traditional preferences in respect of products which are of vital export importance for developing country beneficiaries of such preferences, (iv) to make preferential schemes binding commitments and, if so, which of these schemes, and/or (v) to extend to small island developing states the facility currently available for LDCs that enables special WTO compatible market access arrangements with developed countries on terms that do not require extension of reciprocal preferences. There is also the proposal to extend the scope of duty and quota free access for agricultural products in terms of importing countries granting such access and/or beneficiaries.

27. In the discussions of proposals designed to address the specific situations or problems of some developing country groupings, some other developing countries have raised the concern that such differentiation results in further discrimination among developing countries.

Other issues

28. Specific proposals have also been submitted concerning:

- (a) *Geographical indications.* While some participants consider that their specific proposals regarding geographical indications (protection of the right to use geographical indications or designations of origin for agricultural products; effective protection against usurpation of names for agricultural products and foodstuffs; consumer protection and fair competition) should be dealt with in the framework of the negotiations on agriculture, other participants insist that the TRIPS Council is the appropriate forum for pursuing this matter.
- (b) *Food safety.* While some participants consider that their specific proposals regarding the clarification of issues linked to the precautionary principle/related to Article 5.7 of the SPS Agreement should be dealt with in the framework of the negotiations on agriculture, other participants insist that the SPS Committee is the appropriate forum to address food safety issues.
- (c) *Labelling.* While some participants consider that their specific proposals regarding improved consumer information and criteria and guidelines for the implementation of mandatory labelling for food and agricultural products should be dealt with in the framework of the negotiations on agriculture, other participants insist that the TBT Committee is the appropriate forum to address labelling issues.
- (d) A group of developing countries has made the proposal for a commitment by developed countries to earmark their technical and financial assistance, either in their Schedules or by pooling resources, for the improvement of developing countries' capacity in the areas of SPS, TBT and Rules of Origin in cooperation with the relevant standard-setting organizations and other agencies involved in trade-related capacity building.

29. Further, there is the question whether the specific flexibility proposals in the area of market access put forward, respectively, by transition economies and by newly-acceded countries are acceptable, either in the proposed or some amended form.

30. Finally, it should be noted that several participants have indicated their interest in negotiating sectoral initiatives as a supplement to the improvements in market access resulting from the generally applicable modalities to be established.

IV. EXPORT COMPETITION

31. In this area, the negotiations have covered export subsidies, export credits, food aid and exporting state trading enterprises. In addition, proposals to strengthen the existing provisions on export restrictions, particularly with a view to taking account of food security concerns, have also been addressed.

Export Subsidies

32. The main outstanding issues are to determine:

- (a) *The depth of the further reform in this area.* Several specific modalities have been submitted that would result in a phasing out of budgetary outlays and quantity commitments from the final bound levels as specified in Members' Schedules, including, in one version, a down-payment of 50 per cent on the first day of the

implementation period. There are also proposals to use again the Uruguay Round formula, with proponents of this approach, however, not yet having proposed specific reduction targets, except to indicate that relatively deeper cuts in budgetary outlays could be a feature of further commitments.

- (b) *The implementation period for the further commitments.* Concrete proposals are on the table as part of the phase-out modalities referred to above.
- (c) *Special and differential treatment.* What extra time for implementing the further commitments would be accorded developing countries? Can it be agreed that the special and differential treatment provision of Article 9.4 of the Agreement on Agriculture should be maintained until such time as the further commitments on export subsidies are fully implemented? What about proposals to modify/clarify the scope of Article 9.4? There is also a proposal to extend the flexibilities for developing countries under Article 27 of the SCM Agreement to agricultural products.

Export Credits

33. The establishment of strengthened disciplines for officially supported export credits, export credit guarantees and insurance programmes is a widely shared objective. Further technical work is required to build on the progress made in this area with regard to a rules-based approach, including special and differential treatment provisions, taking particularly into account paragraph 4 of the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme for Least-Developing and Net Food-Importing Developing Countries and drawing on the specific inputs that have been submitted.

34. There is also the proposal to make the subsidy component of any officially supported export credits, export credit guarantee and insurance programmes subject to reduction in line with the reduction of export subsidies.

Food Aid

35. Participants generally agree (i) that nothing in the WTO should hinder the delivery of food aid in cases of real need ("genuine food aid"), and (ii) that the objective of WTO disciplines in this area is to prevent food aid being used as an instrument of surplus disposal and circumvention of export subsidy commitments. Key questions include:

- (a) Whether participants can agree on criteria for types of food aid which would be deemed to be genuine food aid?
- (b) Whether, as a wide range of participants propose, food aid should be given in fully grant form only and, if so, whether this strengthened discipline should apply as from the entry into force of the further commitments in agriculture or should be phased in over a transitory period (a specific modality to this effect has been proposed)?
- (c) Whether there should be a commitment not to reduce food aid volumes when prices are high?
- (d) Whether there should be a prohibition for recipient countries to re-export food aid?

- (e) Whether a proposed international food stockholding system should be established as a tool to deal with serious temporary food crises in developing countries, particularly least-developed countries and net food-importing developing countries?
- (f) What additional transparency requirements should be established in this area?

36. There are also proposals that food aid not in conformity with the new disciplines (i) should be subject to the new export subsidy commitments (food aid involving concessional prices) or the new export credit disciplines (food aid involving concessional loans), or (ii) should be prohibited. The importance of technical assistance to reduce long-term dependence on food aid has also been noted.

Exporting State Trading Enterprises

37. Further technical work is required in this area, particularly regarding (i) strengthened transparency and notification requirements, and (ii) possible other disciplines over and above and/or supplementing existing WTO provisions, e.g. with respect to matters such as trading rights, price-pooling and cross-subsidization. Some participants consider that there is no need to add to the existing disciplines.

38. In the context of special and differential treatment, a key issue is whether and, if so, to what extent or under what conditions developing countries would be exempted from any new disciplines.

Export Restrictions

39. Some participants consider that export restrictions and, in particular, export taxes are not part of the negotiations on agriculture. In their view, these instruments serve as counter-measures for tariff escalation in their export markets and, in case of export taxes, also as an important source of government revenue. While not necessarily contesting the latter points, other participants have submitted specific proposals to strengthen the existing disciplines under Article 12 of the Agreement on Agriculture. Outstanding issues include:

- (a) Whether export restrictions shall be prohibited and, if so, (i) for all Members, or (ii) for all Members except developing countries?
- (b) Alternatively, whether export restrictions should be converted into export taxes and subsequently bound in Members' Schedules and subjected to reduction commitments?
- (c) Whether export taxes shall be prohibited and, if so, (i) for all Members except developing countries, or (ii) for all Members except developing countries unless they are net exporters of the foodstuffs concerned (an alternative special and differential treatment proposal that has been submitted would allow developing countries to apply an export tax subject to strict conditions)?

V. DOMESTIC SUPPORT

40. In domestic support, the negotiations have covered the Green Box, Article 6.2 of the Agreement on Agriculture, the Blue Box and the Amber Box.

41. While some participants consider that the structure of the domestic support chapter of the Agreement on Agriculture should remain as is, changes to the existing structure have also been suggested, particularly proposals (i) to establish just one General Subsidies Box, (ii) to reduce the number of Boxes to two, one for trade-distorting domestic support and another one for minimally or non-trade-distorting support, and (iii) to differentiate reduction commitments under the Amber Box depending on the export or domestic market orientation of the domestic production that is being

supported. There is also a proposal to establish an overall ceiling for all domestic support measures other than those in conformity with the provisions of paragraphs 2, 3 and 4 of Annex 2 of the Agreement on Agriculture.

Green Box

42. There are three categories of proposals so far as possible changes in the provisions of Annex 2 of the Agreement on Agriculture ("Green Box") are concerned: (i) proposals to tighten the Green Box provisions, including proposals to remove certain direct payments from the Green Box or to subject such payments to reduction commitments, (ii) proposals to enhance existing Green Box provisions or to add new types of programmes or payments under the Green Box, and (iii) proposals to clarify certain provisions of Annex 2. Key questions include:

- (a) Whether, as proposed by some participants, a ceiling on either total or a group of selected Green Box expenditures should be established and, if so, for all countries or for developed countries only and at what level(s)?
- (b) Whether, as proposed by some participants, certain direct payments should become subject of reduction commitments and, if so, which of the direct payments proposed to this effect should be subject to such discipline and what should be the reduction rate and implementation period?
- (c) Which of the proposed amendments or additions to the provisions of Annex 2 of the Agreement on Agriculture should be included so as to better address the needs and cover the programmes of developing countries?
- (d) Whether other proposed amendments or additions to the provisions of Annex 2 of the Agreement on Agriculture should be included, such as compensatory payments for higher animal welfare or other production standards or payments to address other non-trade concerns?

Article 6.2 of the Agreement on Agriculture

43. There is wide support among participants to maintain and enhance the provisions of Article 6.2 of the Agreement on Agriculture. A variety of specific proposals have been submitted with a view to broadening the scope of Article 6.2 (see relevant part of the Annex of this paper).

- Which of the proposed additions to Article 6.2 should be included?

Blue Box

44. There are essentially three fundamental questions so far as the Blue Box is concerned:

- (a) Should Article 6.5 of the Agreement on Agriculture be retained as is? *or*
- (b) Should Article 6.5 be eliminated and, if so, with immediate effect upon entry into force of the further commitments or by what other date? *or*
- (c) Should payments in conformity with the provisions of Article 6.5 be capped and/or become subject to reduction commitments and, if so, what should be the reduction rate and implementation period?

Amber Box

45. The key outstanding issue is to decide on the reduction method and target for further AMS commitments. There are essentially four types of specific proposals in this regard. An example of the first type is a formula to reduce the scheduled final bound AMS commitment to zero within 5 years, subject to a 50 per cent down payment in the first year of implementation (developed countries). In one variant of this formula, the reduction commitments would be on a product-specific basis and *de minimis* support would be also reduced with a view towards its elimination within an agreed period of time. An example of the second type is a formula to reduce non-exempt domestic support (including domestic support defined by the AMS and production-limiting support as defined by Article 6.5 of the Agreement on Agriculture) to 5 per cent of the Member's average value of total agricultural production in the base period 1996-98 within five years. The formula also includes a provision to eliminate all non-exempt domestic support by a date to be established in the negotiations. Under this formula, *de minimis* domestic support would not be included in the calculation of non-exempt domestic support. As for the third type, the use of the Uruguay Round formula has been proposed. Under the fourth type, the Amber Box would be split, as noted above, into two parts with separate reduction commitments. Special and differential treatment is an integral feature of most formulae proposed.

46. With respect to the Amber Box, there are three key questions:

- (a) Which of the above approaches should be retained and under what conditions in terms of reduction rates, implementation period and the *de minimis* provisions?
- (b) Whether or not the further reduction commitments should be made on a product-specific basis?
- (c) What specific flexibility provisions should be integrated in the form of special and differential treatment for developing countries? There is already wide support for special and differential treatment in the form of a longer implementation period and lower cuts, but the details remain to be determined. Other issues include whether developing countries should have the flexibility to aggregate product-specific domestic support within *de minimis* levels?

47. Other issues raised in the Amber Box context include possible modalities (i) to improve the AMS/EMS methodology (anti-circumvention provision; AMS calculation on the basis of a stable currency/basket of currencies), and (ii) to strengthen the transparency and notification requirements for Amber Box measures. The issue of adjustment for inflation has also been raised by some participants, while other participants consider the existing provisions of Article 18.4 of the Agreement on Agriculture to be sufficient.

48. Finally, there is the question whether the specific flexibility proposals in the area of domestic support put forward, respectively, by a group of transition economies and a group of newly-acceded countries are acceptable, either in the proposed or some amended form.

VI. LEAST-DEVELOPED COUNTRIES

49. The key issue is whether it can be agreed that in accordance with the provisions of the second sentence of Article 15.2 of the Agreement on Agriculture, least-developed countries should not be required to undertake reduction commitments in the areas of market access, export competition and domestic support. As noted in paragraph 9 above, there is significant support for such a modality.

VII. FINAL OBSERVATIONS

50. It is evident from this overview that, as matters stand, a major negotiating effort and flexibility on all sides will be of the essence in order to be able to establish modalities within the mandated time-frame. Participants will recall that under the agreed work programme a first draft of the modalities for further commitments is to be considered at the Special Session to be held on 24-28 February 2003. This first draft and the subsequently established modalities must, of course, faithfully reflect the mandate from Doha quoted in paragraph 2 above. Efficient use of the limited time available is essential.

51. The time has therefore come to take the political and operational decisions required which will enable participants collectively to put together a modalities package in accordance with the mandate given by Ministers. In working towards this end, the ground rule will continue to be that nothing is agreed until everything is agreed, not least in view of the fact that there are linkages between the areas of market access, export competition and domestic support and, indeed, with the negotiations under the Doha Development Agenda as a whole.

[Annex follows ...]