

# **WORLD TRADE ORGANIZATION**

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**Committee on Agriculture  
Special Session**

## **NEGOTIATIONS ON AGRICULTURE**

### **OVERVIEW**

[...]

### **ANNEX**

## Tariffs

Working Hypotheses		Variations/Additions
<b>Product coverage</b>	As specified in Annex 1 of the Agreement on Agriculture.	(i) Product coverage to be comprehensive with no <i>a priori</i> exclusions.
<b>Base rates</b>	All agricultural tariff lines to be reduced from the final bound rates specified in Section I of Members' Schedules of concessions.	(i) Tariffs shall be reduced from the applied rates on 1 January 2000, or from the final bound rates specified in Members' Schedules, whichever is lower. (ii) Reduction commitments shall be defined on a non-aggregated, product-specific, basis in accordance with the harmonized system nomenclature of 2002.
<b>Formula/targets for further commitments, implementation period, staging</b>  <i>Harmonisation formula</i>		(i) All developed countries' agricultural tariffs shall be reduced from their final bound levels in 5 years by means of a Swiss formula with a coefficient of 25. A down-payment shall be made in the first year equivalent to 50 per cent of the total cut. The remainder will be phased-in in equal annual instalments over the remaining 4 years. Where an importing country imposes additional levies, import charges, taxes or mark-ups, these are to be added to the initial tariff and subject to the same reduction commitments. (ii) All agricultural tariffs except in-quota tariffs shall be reduced from applied rates on 1 January 2000 or final bound levels, whichever is lower, in 5 years, by means of a Swiss formula with a coefficient of 25. Reductions shall be made in equal annual instalments. Members shall agree to eliminate all agricultural tariffs by a date to be established in these negotiations. (iii) Developed countries' agricultural tariffs shall be reduced in equal annual instalments from their bound levels in a 6-year period commencing in 2005. A ceiling of 50 per cent <i>ad valorem</i> shall be defined. All tariff lines exceeding 50 per cent shall first be reduced from their bound levels to that ceiling over 3 years. Further reductions will be then applied from Uruguay Round final bound tariffs, or from the ceiling, whichever is lower, on the basis of a 50 per cent simple average rate of reduction, with a minimum rate of reduction of 20 per cent per each tariff line. (iv) A two-stage reduction process to apply to all agricultural tariff lines over a 5-year implementation period. Tariffs above a specific level (e.g. 30 per cent) shall be reduced to that level. A harmonising formula shall then be applied on the resulting tariffs. A Swiss formula with a coefficient of 25 can be applied in both stages.

## Tariffs

Working Hypotheses		Variations/Additions
<i>Harmonisation formula (cont'd)</i>		<p>(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:</p> <ul style="list-style-type: none"> <li>(a) tariff escalation between primary and processed forms of the same product shall be eliminated;</li> <li>(b) any single stage tariff for which the final bound duty would be above a certain threshold should be converted into a two-stage tariff, with a specified quantity of duty free in-quota access to be provided;</li> <li>(c) a formula approach to reduce single stage tariffs in equal annual instalments could be supplemented by additional provisions to ensure that the final outcome provides real market access improvements. Options for such additional provisions include: <ul style="list-style-type: none"> <li>- establishing a maximum tariff binding for each single stage tariff line at the end of the implementation period;</li> <li>- establishing a minimum total reduction for each tariff line from the original Uruguay Round base tariff, the total reduction being the sum of Uruguay Round cuts plus those undertaken in these negotiations.</li> </ul> </li> </ul>
<i>Uruguay Round formula</i>		<ul style="list-style-type: none"> <li>(i) All agricultural tariffs shall be reduced by means of the Uruguay Round formula, with a minimum average reduction per tariff line and an average reduction across all agricultural tariff lines [in equal annual instalments].</li> <li>(ii) A Uruguay Round type of formula shall be used with specific flexibility provisions applying to Members with transition economies. Flexibility provisions would include, <i>inter alia</i>: <ul style="list-style-type: none"> <li>(a) the establishment of a minimum rate of reduction for each tariff line: such reduction shall only apply where the bound rate is below a peak level (to be defined);</li> <li>(b) the application of lower, or selective tariff reductions on sensitive items;</li> <li>(c) exemption from further reduction in the case of low tariff bindings as well as exemption from complying with an overall simple average reduction commitment.</li> </ul> </li> </ul>

## Tariffs

Working Hypotheses		Variations/Additions
<i>Request/offer</i>		(i) Taking into account the provisions of paragraph 9 of the Doha Ministerial declaration recognising the extensive market access commitments undertaken by Members in their accession process, recently-acceded Members shall reduce their agricultural tariffs on the basis of a request/offer approach, while, firstly, exempting from the reduction the low tariffs and, secondly, allowing the selective reduction of the others. The new commitments shall not affect the implementation periods of the commitments made during the accession negotiations, the level of tariff reductions shall be lower, the implementation periods longer, and the implementation of the new commitments extended or delayed. (i.e. some pause between the term of expiration of the transitional period for accession's commitments and the beginning of implementation periods for new reduction commitments)
<i>Other</i>		(i) Members shall adopt a request-and-offer procedure in order to reduce tariff peaks and tariff escalation to [a level to be negotiated]. The results of these bilateral negotiations shall apply on an MFN basis. Subsequently, the Uruguay Round formula shall be applied.
<i>Supplementary approaches</i>		<p>(i) The general tariff reduction modality may be supplemented by the conclusion of sectoral initiatives. Members shall participate in sectoral initiatives on a voluntary basis.</p> <p>(ii) Members may engage in sectoral initiatives provided that these complement, not substitute, the general tariff reduction formula. [The results of sectoral initiatives shall be implemented on an MFN basis.]</p> <p>(iii) The general tariff reduction modality may be supplemented by a request-and-offer procedure as a means to reach the average reduction on products of mutual interest to Members.</p> <p>(iv) The general tariff reduction modality shall not apply to [tariffied] [sensitive] products. In this case, the concerned Members shall improve market access opportunities in any of the following ways:</p> <ul style="list-style-type: none"> <li>(a) by applying a limited tariff reduction on the products in question;</li> <li>(b) by opening new [duty-free]/[low in-quota duty] tariff quotas.</li> <li>(c) by expanding existing tariff quotas [by] [to] a certain percentage of [final bound volumes]/[current domestic consumption].</li> <li>(d) by seeking to achieve gradual improvements of access through better administration of existing tariff quotas.</li> </ul>

## Tariffs

Working Hypotheses		Variations/Additions
<b>Simplification of tariff structures</b>		<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>
<b>Initial Negotiating Rights (INRs)</b>		<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>
<b>Geographical indications</b>		<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)		<p><u>Nature of protection</u>: Members to notify a list containing geographical names and products which are significant in terms of trade and which they would like to protect against usurpation. Names accepted by Members and contained in the final list shall benefit from an enlarged and effective multilateral protection against any kind of usurpation or unfair competition or confusion of the consumer.</p> <p><u>Publication</u>: A final list containing protected names shall be <u>published</u> to facilitate the effective protection to other Members. Names may be added to the initial list under the same procedure</p>
<b>S&amp;D</b> <i>Product coverage</i>		<ul style="list-style-type: none"> <li>(i) Developing countries shall designate the primary agricultural products that constitute the predominant staple in their traditional diet. These agricultural products shall not be subjected to the [market access modalities]/[reduction commitments.]</li> <li>(ii) Developing countries shall have the flexibility to exclude from the tariff reduction modalities any primary agricultural product in respect of which one or more of the following conditions apply: <ul style="list-style-type: none"> <li>(a) the product in question is a predominant staple in the traditional diet of the developing country [and is not exported];</li> <li>(b) the exclusion of the product in question reflects a food security, rural development, [product diversification] [poverty alleviation] concern;</li> <li>(c) substantial trade liberalization has already been undertaken for the product concerned, either as part of a structural adjustment programme sponsored by a multilateral agency, or as part of the WTO accession process.</li> </ul> </li> <li>(iii) The products in respect of which new tariff bindings have been negotiated under GATT XXVIII shall not be covered by these modalities.</li> <li>(iv) Developing countries shall define a list of agricultural products that will be subject to further reduction commitments.</li> </ul>
<i>Base rates</i>		<ul style="list-style-type: none"> <li>(i) Developing countries shall be allowed to renegotiate the tariff bindings that they consider to be low, taking into account food security concerns. [In such cases, [least-developed countries], [net food-importing developing countries], [small island developing states], [landlocked countries] [single commodity exporting countries] [small-scale agricultural exporters] shall not be required to provide compensation for the upward revision of bindings on sensitive products. The relevant footnotes shall be indicated in respective schedules.]</li> </ul>

## 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) <u>Uruguay Round formula</u>: Lower simple average cuts and lower minimum average cut per product shall apply in the case of developing countries, in equal annual instalments.   <u>Variant</u>: The rate of reduction shall not exceed 10 per cent for sensitive products which are essential for food security in vulnerable countries.<sup>1</sup> The rates of reduction to be applied to products other than sensitive and very sensitive (to be specified in a negative list) shall be equal to two-thirds of those applicable to developed countries. Back-loading shall be permitted in the case of sensitive products. The timeframe for implementation shall be [10 years] [25 years for small developing vulnerable agricultural exporters.<sup>2</sup>]</li> <li>(iv) <u>In relation to formula (iii) on page 14</u>: Developing countries shall reduce their tariffs over a 10-year implementation period commencing in the year 2008. The rates of reduction shall be lower than, but no less than 50 per cent of, the rate of reduction applied to developed countries' tariffs, i.e. 25 per cent simple average reduction with a minimum rate of reduction per tariff line of 10 per cent.</li> <li>(v) The implementation period to start counting once developed country Members have substantially reduced domestic support and eliminated export subsidies.</li> <li>(vi) Developing countries shall have the flexibility to select the most appropriate formula taking into account their development needs.</li> </ul>

<sup>1</sup> Defined by the proponents as: least-developed countries, net food-importing developing countries, small island developing states, landlocked countries and single commodity exporting countries.

<sup>2</sup> Defined by the proponents as developing countries which face specific geographical/structural/economic rigidities consequent on very small size and physical constraints.

## Tariffs

Working Hypotheses		Variations/Additions
<i>Simplification of tariff structures</i>		<p>(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.</p> <p>(ii) Developing countries shall not be required to convert their non-<i>ad valorem</i> duties into <i>ad valorem</i> equivalents.</p>
<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.	<p>(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:</p> <p><u>Variant 1</u>: a list of tropical products shall be established.</p> <p><u>Variant 2</u>: the list established by the Secretariat during the Uruguay Round shall be used, with no <i>a priori</i> exclusion.</p> <p>(ii) Where the tropical product involved is a sensitive item, vulnerable importing developing countries shall endeavour to achieve a maximum tariff rate of 15 per cent <i>ad valorem</i> within a 5-year period.</p>
<i>Illicit narcotic crops</i>	Developed country Members to take fully into account the particular needs and conditions of developing country Members by improving opportunities and terms of access for products of particular importance to the diversification of production from the growing of illicit narcotic crops.	<p>(i) Developed countries shall immediately extend duty-free and quota-free access to products originating in developing countries, and their neighbouring countries, in the framework of their diversification programmes aiming at eradicating the production of illicit narcotic crops. To this effect, a list of alternative products for diversification purposes shall be established.</p>
<i>Geographical indications</i>		<p>(i) Technical assistance to be provided to developing country Members to assist them in drawing up (a) a list of agricultural products in respect of which geographical indications are to be effectively protected, and (b) their own regulatory programmes for the protection of geographical indications.</p>



## 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 market access opportunities shall be based on: [consumption data in a defined recent period] [a percentage increase from final bound tariff quota volumes.]</li> <li>(iii) The final bound tariff quota volumes shall be expanded by adding an amount equal to 20 per cent of current domestic consumption of the product concerned over a 5-year implementation period. A down-payment equivalent to 50 per cent of the total volume expansion shall be made in the first year. The remainder shall be phased-in in equal annual instalments. Guidelines shall be established to ensure that domestic consumption is measured accurately and consistently.</li> <li>(iv) The final bound tariff quota volumes shall be expanded annually by 1 per cent of base period (1986-88) domestic consumption of the product concerned over a 6-year implementation period, in equal annual instalments.</li> <li>(v) The final bound tariff quota volumes shall be expanded to at least 5 per cent of current domestic consumption of the product concerned in the most recent period. Members wishing to retain or establish new tariff quotas shall be responsible for providing the data justifying the volume in relation to the domestic consumption for the product concerned.</li> <li>(vi) All tariff quota volumes shall be increased from final bound levels by a minimum of 4 per cent per year over a 5-year period.</li> </ul>

## Tariff quotas

Working Hypotheses		Variations/Additions
Tariff quota volume (cont'd)		<p>(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.</p> <p>(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.</p> <p>(ix) The tariff quota volumes which were established during the Uruguay Round in accordance with the current access modalities shall not be increased.</p> <p>(x) Minimum access opportunities shall be based on the total consumption of marketed agricultural products, i.e., total national consumption less on-farm consumption.</p> <p>(xi) Tariff quota access for staple foods shall not be increased.</p> <p>(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.</p> <p>(xiii) Minimum access opportunities shall be increased by 0.4 per cent annually for non-staple commodities.</p>
In-quota tariffs		<p>(i) Developed countries to phase-out all in-quota tariffs during a 5-year implementation period.</p> <p>(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.</p> <p>(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.</p> <p>(iv) In-quota tariffs [shall be maintained] [shall not be reduced for sensitive products.]</p> <p>(v) The recently-acceded Members shall benefit from the same flexibilities as specified under <i>Tariffs</i> section, <i>Request/offer</i>, item (i).</p>

## Tariff quotas

Working Hypotheses		Variations/Additions
Other matters		<p>(i) The approach for two-stage tariffs and tariff quotas shall address all of the related elements through binding rules. For example, in order to maintain the right to have tariff quotas, Members would be required to:</p> <ul style="list-style-type: none"> <li>- eliminate tariffs within quota;</li> <li>- expand the size of all tariff quotas to 5 per cent of current consumption in a recent period on a product basis;</li> <li>- provide access for products on the same product basis; and</li> <li>- make commitments on over quota tariffs which take into account the extent of liberalization provided through the tariff quota.</li> </ul> <p>(ii) Tariff-only regimes to apply at the end of the implementation period, with the exception of those tariff quotas that are maintained by mutual consent between developed and developing countries.</p> <p>(iii) A specific tariff quota commitment may be phased out if:</p> <ul style="list-style-type: none"> <li>- the rate of tariff quota utilisation (total imports expressed as a percentage of the final access commitment) exceeds 110 per cent in the most recent 3 years;</li> <li>- a further tariff commitment is undertaken.</li> </ul>
<b>S&amp;D</b>  <i>Tariff quota volume</i>		<p>(i) Developing countries shall expand tariff quota volumes from current bound levels in equal annual instalments by adding an amount equal to 14 per cent of current domestic consumption of the product concerned over a 9-year implementation period.</p> <p>(ii) Developing countries maintaining tariff quotas shall not be required to undertake further commitments.</p> <p><u>Variant:</u> The developing countries shall not be required to increase [minimum access] tariff quotas where these concern staple crops.</p> <p>(iii) The developing countries maintaining tariff quotas shall be exempted from improving market access for the agricultural products that are subsidized by developed countries.</p>
<i>In-quota tariffs</i>		<p>(i) Developing countries to phase-out or reduce in-quota duties over a 9-year implementation period.</p>

## Tariff quotas

Working Hypotheses		Variations/Additions
<i>In-quota tariffs (cont'd)</i>		<p>(ii) [Consistently with paragraph 3 of GATT Article XXVIII <i>bis</i>] developing countries shall have the flexibility to maintain their in-quota duty bindings at levels that are consistent with their development, trade, food security, and financial needs.</p> <p>(iii) Tariff quota access opened for products of export interest to [, or originating in,] [developing countries] [least-developed countries] shall be duty free.</p>
<i>Implementation period</i>		<p>(i) Implementation by developing countries shall start once developed countries have substantially reduced domestic support and eliminated export subsidies.</p> <p>(ii) Developing countries shall expand their tariff quota volumes over a 10-year implementation period.</p>

## 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 Licensing Agreement; (b) relevant WTO panel findings; and (c) the review process undertaken by the Committee on Agriculture since 1995.</li> <li>(iv) Government intervention shall be minimal and shall not constitute a barrier to trade.</li> </ul>
<b>Administration methods</b>		<ul style="list-style-type: none"> <li>(i) All methods of tariff quota administration to comply with GATT 1994, the Agreement on Import Licensing Procedures, and Article 4.2 of the Agreement on Agriculture. [There shall be no derogation from existing GATT/WTO rules and disciplines].</li> <li>(ii) Members have the right to administer their tariff quotas in the manner that they find most appropriate provided that it is not inconsistent with the disciplines to be established. There shall be no restriction on the choice of methods of tariff quota administration.</li> <li>(iii) Members shall develop an indicative [illustrative] [non-exhaustive] list of acceptable administration methods.</li> <li>(iv) The use of auctioning as a method of tariff quota administration [shall remain prohibited] [shall be explicitly permitted].</li> </ul>
<b>Terms and conditions of access - Supplying countries</b>	All increases in tariff quota volumes to be made available on an MFN basis.	<ul style="list-style-type: none"> <li>(i) The allocation of [new] tariff quotas shall not discriminate among supplying countries and shall be implemented on an MFN basis [according to GATT Article XIII].</li> <li>(ii) Existing country-specific allocations shall be phased-out in equal annual instalments and tariff quota opportunities made progressively available on an MFN basis. During the transition period, any unused country-specific allocation shall also be eliminated and made available on an MFN basis.</li> <li>(iii) All country-specific allocations shall be replaced by transparent licensing procedures based on historical trade flows [in a recent base period].</li> <li>(iv) Existing [scheduled] country-specific allocations shall be maintained.</li> </ul>

## Tariff quota administration

Working Hypotheses		Variations/Additions
Terms and conditions of access - Supplying countries (cont'd)		<p>(v) Imports under existing or future preferential trade arrangements [shall not] [shall] be counted against WTO [MFN] [minimum] market access opportunities.</p> <p>(vi) Country allocations made under regional or bilateral trade initiatives may be counted against Members' Uruguay Round minimum access commitments.</p> <p>(vii) Imports from non-WTO Members [shall be] [shall not be] credited against:  <u>Variant 1</u>: scheduled [MFN] [minimum access] tariff quotas.  <u>Variant 2</u>: the expanded MFN portion of existing tariff quotas.  <u>Variant 3</u>: new tariff quota commitments.</p> <p>(viii) [A certain percentage] [a 20 per cent] [a 5 per cent] share of each scheduled tariff quota shall be reserved for [new] [non-traditional] suppliers [during a 6-month period]. [Unused country allocations shall be redistributed thereafter].</p>
Terms and conditions of access - Importing countries		Note: Some or all of the proposals for modalities and/or rules-related elements below could apply under <i>Terms and conditions of access – Importing countries</i> :
<i>General</i>	Administrative conditions and formalities shall not operate in a manner which prevents the full utilisation of scheduled tariff quota opportunities.	
<i>Products</i>		<p>(i) Sub-allocations to specific tariff lines within a tariff quota shall be permitted in order to encourage the full utilisation of scheduled access opportunities.</p> <p>(ii) Sub-allocations to particular products where a tariff quota contains different tariff lines shall be prohibited.</p> <p>(iii) The products imported under tariff quota regimes must not be subsidised.</p> <p>(iv) Seasonal restrictions [may be] [shall not be] applied on any agricultural product.</p>
<i>Issuance and duration of tariff quota allocations/ import licences</i>		<p>(i) The tariff quota import licences must be issued to importers [sufficiently in advance] [not less than 3 months before] [2 months before] the commencement of the quota year and must be freely usable with effect from the beginning of that year.</p>

## Tariff quota administration

Working Hypotheses		Variations/Additions
<i>Issuance and duration of tariff quota allocations/ import licences (cont'd)</i>		<p>(ii) Tariff quota allocations to importers shall be valid for the entire quota year.</p> <p>(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.</p> <p>(iv) In specific situations, such as severe and time-limited shortages on domestic markets, the duration of import licences may be shorter.</p>
<i>Size of tariff quota allocations</i>		<p>(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.]</p> <p>(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.</p>
<i>Eligibility of importers</i>		<p>(i) Members shall not discriminate between importers.</p> <p>(ii) Domestic producer groups and government-affiliated or controlled importers shall not be eligible to receive tariff quota allocations.</p> <p>(iii) A formula-based approach shall be adopted to enhance private sector participation.</p> <p>(iv) Applicants shall not be required to demonstrate evidence of past trading performance to become eligible to tariff quota allocations.</p>
<i>Duties, fees, mark-ups</i>		<p>(i) Administrative fees and expenses associated with the implementation of tariff quotas shall be minimal.</p> <p>(ii) Members shall ensure that tariff quota administration mechanisms do not result in the importing governments receiving more than their scheduled entitlements, in terms of tariffs, [and] other duties and charges [and mark-ups] as specified in schedules.</p> <p>(iii) Mark-ups and duties shall not impede access to the importing market.</p>

## Tariff quota administration

Working Hypotheses		Variations/Additions
<i>Other terms</i>		<ul style="list-style-type: none"> <li>(i) Importers shall not be required to submit export certificates.</li> <li>(ii) Importation under tariff quotas shall not be contingent upon compliance with national content and domestic purchase requirements.</li> <li>(iii) Imports for re-export [shall not be] [may be] counted against tariff quota access commitments.</li> <li>(iv) Imports under tariff quota regimes shall not be contingent upon end-use specifications, or subject to unfavourable commercial terms, including product specifications, pricing and packaging.</li> <li>(v) Recourse to end-use specifications may be permitted in order to avoid speculative applications.</li> </ul>
<b>Under-fill</b>		<ul style="list-style-type: none"> <li>(i) The full realisation of tariff quota opportunities [shall] [shall not] be mandatory.</li> <li>(ii) Members shall ensure that tariff quotas are filled before imports may take place at the out-of-quota tariff.</li> </ul>
<i>Enhanced transparency</i>		<ul style="list-style-type: none"> <li>(i) Under-fill situations shall be exclusively managed through enhanced transparency and notification requirements.</li> </ul>
<i>Reallocation of unused tariff quota shares</i>	Members to ensure that unused tariff quota portions are re-allocated in a timely manner with a view to facilitating the realisation of scheduled market access opportunities.	<ul style="list-style-type: none"> <li>(i) Members shall ensure that after 8 months into the quota year, those portions of tariff quotas not contracted for delivery are reallocated to other importers by the end of the quota year. <u>Variant 1</u>: The reallocation shall be made [no later than 9 months into the tariff quota year] [within 8 months]. <u>Variant 2</u>: Any unused tariff quota shares shall be re-allocated to the following quota year.</li> <li>(ii) Re-allocated tariff quota shares must be used during the last quarter of the tariff quota year in question [and subject to a lower in-quota duty].</li> <li>(iii) Members shall develop a mechanism to address unused country-specific allocations.</li> <li>(iv) Unused country-specific allocations shall be reallocated after a 6-month period. The re-distribution process must be completed within 8 months into the tariff quota year.</li> </ul>



## Tariff quota administration

Working Hypotheses		Variations/Additions
<i>Reallocation of unused tariff quota shares (cont'd)</i>		<p>(v) Unfilled portions of tariff quotas shall be reserved in the next agreed period of time for products originating in least-developed countries, net food-importing developing countries and countries in transition. The in-quota duties shall be reduced by 50 per cent.</p> <p>(vi) Tariff quota licences [must be fully] [shall not be] transferable between importing firms.</p>
<i>Deposits, guarantees and penalties</i>		<p>(i) Importers [shall not] [may] be required to make security deposits as a guarantee for the use of an import licence. [Such guarantees shall be released upon proof of importation].</p> <p>(ii) Importers shall be free to return unused [quota allocations] [licences] without penalty, sufficiently in advance of the end of the quota year so that these can be reallocated and used. A penalty should apply to [quota] [licence] holders who fail to use or return allocations.</p> <p>(iii) Tariff quota allocations that are not fully used in any given quota year by quota holders may be reduced in the following quota year.</p>
<i>Other measures</i>		<p>(i) The following corrective measures shall be applied if simple average fill rates register less than 50 per cent during 3 consecutive years:</p> <ul style="list-style-type: none"> <li>- the corresponding tariff quota administration system shall be [temporarily] replaced by a tariff-only regime;</li> <li>- the applied out-of-quota duty shall be immediately lowered to the level of the applied in-quota duty.</li> <li>- any unused tariff quota quantities shall be transferred to the following quota year's allocation.</li> </ul> <p>(ii) Applications from importers shall be accepted on a continuous basis until the entire tariff quota quantity is exhausted.</p>
<b>Transparency requirements</b>  <i>Transparency</i>	Members to ensure that the relevant information is widely, publicly, and timely communicated with a view to increasing transparency and predictability in tariff quota administration.	<p>(i) Members shall designate a government agency acting as a contact/enquiry point responsible for all matters relating to tariff quota administration [and for responding promptly to any request for information].</p>

## Tariff quota administration

	Working Hypotheses	Variations/Additions
<p>Transparency (cont'd)</p>		<p><u>Variant</u>: The contact point shall be a government or private agency with no direct or indirect material interest in the production, sale, export or import of agricultural products being imported through tariff quota systems.</p> <p>(ii) All relevant information shall be published in a national official journal. In addition,</p> <p><u>Variant 1</u>: Members shall establish a dedicated, publicly-accessible, tariff quota administration Web site in order to disseminate all commercially relevant information and regulations, with respect to some or all of the following:</p> <p><u>Variant 2</u>: No Member shall maintain and administer a tariff quota unless a publicly-available Web site is first established, along with any other information that, if otherwise denied, might negatively affect tariff quota fill rates. The relevant information shall include some or all of the following:</p> <ul style="list-style-type: none"> <li>- procedural requirements for the obtention and allocation or re-allocation of quota licences (including regulations concerning notices of application, eligibility criteria and decision-making criteria, application processes, allocation methods, timing and deadlines, list of competent national authorities with phone numbers, E-mail addresses for each tariff quota programme);</li> <li>- current status of imports under individual tariff quotas to be published at regular intervals (including tariff quota imports and fill rates on a tariff line basis; tariff treatment; country allocations; quota allocation dates; validity period of licences);</li> <li>- details of persons, commercial enterprises or other bodies to whom right to import under individual tariff quotas has been attributed or re-allocated, including quota quantities per quota holder, mailing, fax and E-mail addresses.</li> <li>- advance notice regarding any changes relating to administration of tariff quotas; consultative process with stakeholders on prospective changes to rules and procedures; right of appeal process for administrative rulings.</li> </ul> <p>(iii) The establishment of a Web site shall not be a mandatory requirement.</p>

## Tariff quota administration

Working Hypotheses		Variations/Additions
<i>Notifications</i>	Members to submit annual notifications to the Committee on Agriculture.	<p>(i) Any changes in the administration of tariff quotas should be notified within 30 days and contain the following information: quota allocation dates, licence delivery dates, means of publicizing and assessing information, eligibility criteria, licence application processing periods, identity of licence holders, procedures for making changes to tariff quota regimes and for monitoring tariff quota utilisation. In addition, Members should reply within 30 days to any request for information by other Members.</p> <p>(ii) For the first-come, first-served method of tariff quota administration, there should be an advance notification indicating the forecasted date of closing of the tariff quota.</p>
<b>S&amp;D</b> <i>Principles</i>		<p>(i) The general and specific rules on tariff quota administration shall apply to all Members, whether they are developed or developing countries.</p>
<i>Administration methods</i>		<p>(i) Tariff quota administration to be on the basis of a first-come, first-served, basis provided that a specific percentage is allocated to net food-importing developing countries.</p>
<i>Terms and conditions of access - Supplying countries</i>		<p>(i) A preferential tariff quota allocation to be reserved to [least-developed countries][net food-importing developing countries][developing countries having less than US\$1,000 per capita income] in both developed and developing countries' markets. [The preferential allocation shall be subject to a preferential in-quota tariff duty.]</p> <p><u>Variant:</u> For each tariff line, a minimum of 5 per cent of the total bound annual volume to be reserved for imports from small-scale<sup>3</sup> and limited commodity exporters<sup>4</sup>. In addition, a list of products of export interest shall be prepared based on requests from Members eligible to "small scale" or "limited commodity exporter" status. Importing Members to open new tariff quota access representing 0.5 per cent of domestic consumption covering all the listed products.</p>

<sup>3</sup> Defined by the proponents as developing countries whose export share of the product concerned in the world market is less than 3.25 per cent.

<sup>4</sup> Defined by the proponents as developing countries where one or a few commodities account for the bulk of agricultural exports.

## Tariff quota administration

Working Hypotheses		Variations/Additions
<i>Terms and conditions of access - Supplying countries (cont'd)</i>		<p>(ii) When a tariff quota is established for a commodity on which [small island developing states and least-developed countries] [small vulnerable developing agricultural exporters<sup>5</sup>] are dependent and have traditionally enjoyed duty free preferences, they will be assigned duty-free tariff quota shares according to their historical share of the market.</p> <p>(iii) [A certain percentage] [all] of the volume expansion in [minimum access] tariff quotas shall be allocated to [developing] [vulnerable<sup>6</sup>] countries.</p> <p>(iv) No preferential allocation of an existing tariff quota, MFN or not, either in part or whole, shall be set aside for developing countries.</p> <p>(v) Longer transitional phase-out for the elimination of preferential country-specific allocations in favour of least-developed and other developing country suppliers.</p> <p>(vi) The country-specific allocations established during the Uruguay Round in favour of developing countries shall be maintained [during the on-going reform process.]</p> <p>(vii) Where country-specific allocations are made in favour of developing countries, these shall be in addition to, not subtracted from, existing MFN tariff quotas.</p> <p>(viii) All tariff quotas for small-scale or limited commodity exporters that are unused after 6 months into the quota year shall be made available to other exporters on an MFN basis.</p> <p>(ix) Where additional access, granted within the context of S&amp;D treatment, cannot be achieved, the importing Member could identify technical assistance that might facilitate the export potential of the developing country in question.</p>
<i>Terms and conditions of access - Importers</i>		<p>(i) To counter the adverse effects of import surges on low- or resource-poor farmers, developing country Members shall have the flexibility to apply seasonal restrictions temporarily on food security crops.</p> <p>(ii) Taking into account their particular trade, development and financial needs, developing country Members shall be allowed to apply domestic purchase, or local content, requirements when allocating tariff quotas.</p>

<sup>5</sup> Defined by the proponents as developing countries which face specific geographical/structural/economic rigidities consequent on very small size and physical constraints.

<sup>6</sup> Vulnerable countries are defined by the proponents as: least-developed countries, net food-importing developing countries, small island developing states, landlocked countries and single commodity exporting countries.

## Tariff quota administration

Working Hypotheses		Variations/Additions
<i>Terms and conditions of access – Importers (cont'd)</i>		(iii) Due account shall be taken of the inherent constraints of the [vulnerable <sup>7</sup> countries] [small supplying states] in respect of <i>inter alia</i> , shipment loads, remoteness [and land-locked situations] [and the need for adequate predictability].
<i>Transparency requirements</i>		<p>(i) Importing developing countries shall not be tied by costly and cumbersome administrative and reporting procedures as a result of enhanced transparency and notification requirements.</p> <p>(ii) Enhanced transparency and notification requirements shall apply indistinctly to all Members, in particular where tariff quotas are managed by import state trading enterprises.</p> <p>(iii) Members shall consider providing technical assistance to developing countries facing technical difficulties to maintain the infrastructure necessary to ensure transparency (e.g. Web site, enquiry point).</p>
<i>Underfill</i>		(i) Unfilled portions of tariff quotas shall be reserved in the next agreed period of time for products originating in least-developed countries, net food-importing developing countries and countries in transition. To this effect, in-quota duties shall be reduced by 50 per cent.

<sup>7</sup> Vulnerable countries are defined by the proponents as: least-developed countries, net food-importing developing countries, small island developing states, landlocked countries and single commodity exporting countries.

## Special safeguard measures

	Working Hypotheses	Variations/Additions
<p><b>Article 5 of the Agreement on Agriculture</b></p>		<p>(i) The provisions of Article 5 of the Agreement on Agriculture shall cease to apply for developed country Members. Coverage shall not be extended to other countries or products.</p> <p>(ii) The provisions of Article 5 of the Agreement on Agriculture shall be maintained for the duration of the reform process.</p> <p>(iii) Some or all of the following amendments to be introduced:</p> <p>(a) The reference period used for the determination of trigger prices shall be updated to reflect current market conditions. The reference period shall be the three most recent calendar years for which statistical data are available;</p> <p>(b) The calculation of the additional duty shall be simplified to enhance transparency, for example, through a uniform proportional additional charge;</p> <p>(c) Where products whose bound tariff rates are below a certain level (to be negotiated), a minimum additional duty (to be negotiated) shall be applied when the volume-based safeguard is triggered;</p> <p>(d) The notification requirements relating to trigger prices and trigger volumes shall be strengthened.</p> <p>(iv) The [right to invoke the provisions]/[product coverage] of Article 5 of the Agreement on Agriculture shall be extended to :</p> <p><u>Variant 1</u>: all [other countries] [transition economies] [newly-acceded Members];</p> <p><u>Variant 2</u>: all the products [which were tariffed during the Uruguay Round];</p> <p><u>Variant 3</u>: all the agricultural tariff lines in respect of which a specified percentage reduction commitment has been undertaken;</p> <p><u>Variant 4</u>: [fruit and vegetables, and other] perishable and seasonal products. [The safeguard shall apply in accordance with the specific production period of domestic seasonal or perishable produce].</p>

## Special safeguard measures

Working Hypotheses		Variations/Additions
Other measures		<p>(i) Members shall introduce a new safeguard measure for perishable and seasonal products based on price- or quantity-related triggers.</p> <p>(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 commodity in question becomes a net- exported product.</p>
<b>S&amp;D</b>  <i>Article 5, Agreement on Agriculture</i>		<p>(i) To be extended to [all developing] [least-developed] [vulnerable<sup>8</sup>] countries [and developing countries which undertake further reduction commitments] for [all products] [products which are essential to food security].</p> <p>(ii) To be extended to developing countries and least-developed countries to enable the WAEMU member States to bring the short-term import tax (TCI) into conformity with WTO rules. In addition, the trigger levels (quantities or prices) could be determined annually by the countries concerned, on the basis of their domestic consumption and production (quantities for the previous year) or their domestic production costs (prices).</p> <p>(iii) To be maintained for developing country Members with current SSG rights [until the imbalances in the use of domestic support and export subsidies are corrected.] [Developing countries that are net-exporters of agricultural commodities shall relinquish the right to invoke Article 5 of the Agreement on Agriculture for the products concerned].</p>
<i>Balancing mechanism addressing the linkages between the three pillars</i>		<p>(i) Developing and least-developed countries may impose an additional duty, to be defined, to protect their agricultural industries from the harm from trade-distorting export subsidies and/or trade-distorting domestic support measures.</p>

<sup>8</sup> Vulnerable countries are defined by the proponents as: least-developed countries, net food-importing developing countries, small island developing states, landlocked countries and single commodity exporting countries.

## Special safeguard measures

Working Hypotheses		Variations/Additions
<i>Balancing mechanism addressing the linkages between the three pillars (cont'd)</i>		(ii) A balancing mechanism linking the commitments in the three pillars shall be integrated into the tariff reduction modality based on a formula to convert trade-distorting support and export subsidies into their tariff equivalents. Developing countries may apply the resulting additional duties at any time throughout the implementation period on products from developed countries that are subsidised.
<i>Other measures</i>		<p>(i) Developing countries to have access to a new [simple] [and transparent] mechanism to protect their domestic markets against import surges [for products that are designated as "strategic products for development"] [for crops that are essential for food security].</p> <p><u>Variant 1:</u> The safeguard is invoked when the volume of imports during any year exceeds the volume trigger level in the previous 3 years by 5 per cent, or if the difference between the c.i.f. import price of a shipment and the trigger price is more than 5 per cent of the trigger level. Volume-based (respectively, price-based) trigger to be the average imports (c.i.f. price) of the 3 lowest years over the last 6 years. Action: quantitative restrictions (a quota which shall not be less than the trigger volume) or additional duties (not exceeding 100 per cent) may be imposed for a period not exceeding 1 year.</p> <p><u>Variant 2:</u> Any developing country may invoke the Special Safeguard Mechanism (SSM) if the volume of imports in a year represents a certain percentage of the average import level over the last three years; or but not concurrently, if the c.i.f. import price of a shipment falls below a trigger price equal to the average c.i.f. value of the product concerned over the last 3 years or the average domestic price in the year in which the measure is invoked. Additional duties or quantitative restrictions may be imposed for 1 year, subject to extension if similar conditions prevail. Imports from other developing countries shall not be affected unless certain import share criteria are met. All agricultural products shall be covered by the SSM if in conformity with the conditions laid out. Members availing themselves of this mechanism undertake not to have recourse to certain provisions contained in GATT Article XIX and the Agreement on Safeguards.</p>



## Special safeguard measures

	Working Hypotheses	Variations/Additions
<p><i>Other measures (cont'd)</i></p>		<p>(ii) A transitional Special and Differential Countervailing Measure (SDCM) shall be introduced as part of Article 15 of the Agreement on Agriculture. On the basis of a simplified procedure in the investigation, as contained in Part V of the Agreement on Subsidies and Countervailing Measures, importing developing country Members shall be entitled to apply countervailing duties on developed countries' exports when the existence of a subsidy has been established on the basis of schedules, notifications or lack thereof, or DSB findings. There shall be no requirement to prove injury or existence of a causal link between the subsidised imports and the alleged injury.</p> <p>(iii) Developing countries shall have access to an import relief mechanism to be used in response to fluctuations in world prices or significant import surges. The safeguard shall be confined to a limited range of products and circumstances.</p> <p><u>Variant 1:</u> The new safeguard shall be set in the context of substantial market access improvements and be part of a package of targeted and appropriate special and differential treatment measures. It shall only be available where imports are subsidised or benefit from domestic support and where there is domestic production of the product concerned. Protection shall take the form of an additional duty only, and limitations shall be placed on the duration of safeguard action.</p> <p><u>Variant 2:</u> Developing countries which have agricultural bindings below a specified level may invoke the new safeguard mechanism if the international price of the product concerned drops by a specified percentage below a trigger level, defined as the 3-year average import price. An additional duty shall be imposed for a maximum 1-year duration and only while the import price of the shipment concerned remains below the 3-year average trigger level. The related provisions shall be of a transitory nature and remain into force until all export subsidies and trade-distorting support are eliminated.</p> <p>(iv) A farmer income trigger mechanism shall be automatically triggered when a sudden import surge causes farmers' income to drop or the income growth rate falls below a certain threshold level.</p>

## Importing state trading enterprises

Working Hypotheses		Variations/Additions
<b>Scope of entities to which additional / improved disciplines would be applicable</b>	Strengthened disciplines to apply to state trading enterprises.	<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>
<b>Specific disciplines</b>		<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 out domestic regulatory functions, such as administration of tariff quotas, setting [and enforcement] of technical, sanitary/phytosanitary, or quality standards.</li> <li>(vi) Issue of single desk buyer or seller to be discussed when the negotiations on the Interaction between Trade and Competition Policy are completed in the relevant WTO forum.</li> </ul>
<b>Specific disciplines - Tariff quotas</b>		<ul style="list-style-type: none"> <li>(i) State trading entities having responsibility for managing [WTO] tariff quotas to be subject to the same general rules and disciplines governing tariff quota administration.</li> <li>(ii) The right to import which is in the first instance allocated to a state trading entity shall be transferred to private traders in case of under-utilisation of the tariff quota concerned over a certain period.</li> <li>(iii) Import rights shall be transferred to private entities if tariff quotas register fill rates below 50 per cent over a 3-year period. The applied out-of-quota duty shall be reduced to the in-quota level. Where out-of-quota imports are occurring but the tariff quota is not filled, any unused quantity shall be rolled-over to the following importing period.</li> </ul>

## Importing state trading enterprises

Working Hypotheses		Variations/Additions
Specific disciplines - Tariff quotas (cont'd)		<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> <p>(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</p> <p>(b) by 20 per cent from the levels in effect in implementation of this Agreement, in equal annual instalments over a 5-year period.</p>
Transparency / notification requirements	Transparency to be enhanced.	<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 imports, and contract specifications identified by end-users.</p> <p>(ii) Members undertake to notify, on an annual basis, the following information with respect to imports of agricultural products by state trading enterprises: the volume, price and origin of imports; the domestic sales price; the basic elements of the annual business plans made by state trading enterprises in connection with imports.</p> <p>(iii) Importing state trading enterprises shall not be required to provide transaction specific information on a mandatory basis.</p>
S&D		<p>(i) Importing state trading enterprises which fulfill rural development and food security objectives shall continue to play a positive role in developing countries.</p> <p>(ii) There should be no additional disciplines other than those specified in GATT Article XVII and the Understanding on the Interpretation of GATT Article XVII in respect of state trading enterprises of single commodity exporters.<sup>9</sup></p> <p>(iii) The disciplines shall be differentiated for developing countries which are net-food importers, importers of staple foods [and small island developing states].</p>

<sup>9</sup> Defined by the proponent as developing countries for which the bulk of agricultural exports comprises one or two commodities.

## Other market access issues

Working Hypotheses		Variations/Additions
<b>Preferential schemes</b>  <i>Preferential margins</i>		<p>(i) Where tariff rates under preferential trade regimes are lower than MFN rates for products of substantial export interest to, and originating in, vulnerable<sup>10</sup> countries, the rates of reduction applied by developed countries shall not exceed 15 per cent.</p> <p>(ii) Preference-giving Members shall maintain the preferential margins [in nominal terms].</p> <p>(iii) Agricultural producers in developing countries, shall be adequately compensated for the continuing erosion of preference margins.</p>
<i>Trade preferences</i>		<p>(i) Members to improve the transparency, stability, and predictability of existing [reciprocal] [non-reciprocal] [GSP schemes] [preferential trade arrangements]. These will become binding commitments in the framework of the Agreement on Agriculture.</p> <p><u>Variant 1:</u> Members shall elaborate the principles governing the imposition of conditions and granting of benefits under [GSP schemes] [reciprocal and non-reciprocal preferences]. Compliance with these principles will be examined in the framework of the Agreement on Agriculture.</p> <p><u>Variant 2:</u> The facility currently available to least-developed countries that enables special WTO compatible market access arrangements with developed countries, on terms that do not require the extension of reciprocal preferences, shall be extended to small vulnerable agricultural exporters.<sup>11</sup></p> <p>(ii) New or enhanced preferences to be made over and above the terms and conditions of existing preferential market access.</p>

<sup>10</sup> Defined by the proponents as: least-developed countries, net food-importing developing countries, small island developing states, landlocked countries and single commodity exporting countries.

<sup>11</sup> Defined by the proponents as developing countries which face specific geographical/structural/economic rigidities consequent on very small size and physical constraints.

## Other market access issues

Working Hypotheses		Variations/Additions
Trade preferences (cont'd)		<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 other textile crops, hides and skins, tobacco, oilseeds, coffee and products thereof, tea and products thereof, cocoa and products thereof, fresh and processed fruit and vegetables, and cassava.</p> <p>(iv) Preferential trade arrangements shall not have a negative impact on developing countries which are not a party to such arrangements.</p>
Food safety		<p>(i) Food safety issues to be addressed in other fora, including the SPS Committee.</p> <p>(ii) The application of precaution under Article 5.7 of the SPS Agreement shall be clarified in the following manner:</p> <ul style="list-style-type: none"> <li>- measures shall be proportionate and no more trade restrictive than is required to achieve the appropriate level of protection determined by Members;</li> <li>- measures shall not be discriminatory;</li> <li>- the goal should be to achieve consistency in the application of the level of protection that Members consider to be appropriate in similar situations;</li> </ul>

<sup>12</sup> See previous footnote.

<sup>13</sup> Defined by the proponents as: least-developed countries, net food-importing developing countries, small island developing states, landlocked countries and single commodity exporting countries.

## Other market access issues

Working Hypotheses		Variations/Additions
Food safety (cont'd)		<ul style="list-style-type: none"> <li>- there shall be a prior need to examine the constant benefits and costs of action and lack of action. This examination must consider whether another measure, less trade-restrictive, is reasonably available;</li> <li>- measures, although provisional, could be maintained on certain conditions, notably because scientific data remain incomplete, imprecise, or inconclusive. However, the maintenance of the measures should take account of the development of scientific knowledge. Hence, there should be re-evaluation of the data and the measures as new scientific information is obtained.</li> <li>- measures shall be based upon scientific evidence coming from qualified sources, but not necessarily that of the majority of the scientific community.</li> </ul> <p>(iii) Article 5.7 of the SPS Agreement shall be interpreted in line with the relevant Appellate Body Decisions<sup>14</sup></p>
S&D - Food safety		<p>(i) Members shall provide technical assistance to developing countries in the context of the SPS Agreement.</p> <p>(ii) Members shall promote access by developing countries to knowledge and technical infrastructures needed to ensure compliance with food safety standards in developed country markets.</p> <p>(iii) Clear provisions to address the difficulties encountered by developing countries in the context of the SPS Agreement, in particular in relation to non-tariff barriers taking the form of sanitary measures.</p>
Labelling		<p>(i) Mandatory labelling to be addressed in other fora, including the TBT Committee.</p> <p>(ii) Members shall develop a common understanding, interpretation or guidance, on the criteria and guidelines for the implementation of mandatory labelling requirements for food and agricultural products.</p>

<sup>14</sup> See relevant sections of *EC - Measures concerning meat and meat products* (Hormones), AB-1997-4, as well as the decision taken by the Appellate Body on *Japan - Measures affecting agricultural products*, AB-1998-8.

Other market access issues

Working Hypotheses		Variations/Additions
Geographical indications		<div><div>(i)</div>Geographical indications to be addressed in other fora, including the TRIPS Council.</div> <div><div>(ii)</div>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.</div>