WTO NEGOTIATIONS IN AGRICULTURE

BALANCING PUBLIC POLICY AND TRADE LIBERALIZATION

A CANADIAN PERSPECTIVE

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Executive Summary

The framework on agriculture that is currently being negotiated must pursue new rules based on fairness and equity. Recognizing that agricultural markets respond differently to market signals than the markets for other goods or services, and that some government intervention in agriculture is often needed, the current negotiations must ensure a balance between greater liberalization and public policies regulating agriculture. Without lowering the ambition of the Doha mandate, WTO members should find ways of achieving substantial trade reform in agriculture, while allowing the necessary flexibility for countries to deal with their most sensitive sectors.

Market Access

Tariff Rate Quotas (TRQs) are legitimate trade policy tools that provide the means to deal with sensitive sectors, while at the same time provide a negotiated level of market access. TRQs are transparent and provide stable and predictable market access for exporting countries, without jeopardizing the domestic sectors they cover. By contrast, simple tariffs, which are a different policy tool, can be used to block all access to a market.

Unless WTO members agree to differentiate between TRQs and simple tariffs, the level of ambition contained in the Doha mandate and desired by many countries, will not materialize.

Tariff reductions across all sectors are not a guarantee that increased market access will be achieved. There are countries that permanently apply tariffs that are lower than their bound rates. For them, reductions of bound tariffs will not result in any additional market access. There are also countries that have implemented measures since the Uruguay Round to move away from direct price support mechanisms, thereby creating room for tariff reductions. Again – for these countries, reductions of bound tariffs will not result in increased market access. Very often, these same countries block discussions on the management of TRQs, preventing the attempts of others to clean up the inequities in market access resulting from the Uruguay Round of negotiations.

Due to the fact that in a number of cases the existing TRQs have not been utilized to their full potential, we believe the current TRQ regime supplemented with the following measures will result in a considerable expansion of market access:

- Countries should commit to a common level of minimum access of 5% of the domestic consumption in the most recent 3-year period for which data is available (re-basing)
- In-quota tariffs should be reduced to zero
- Country specific allocations should be eliminated and the TRQs should be made available for all countries
- Rules and disciplines related to TRQs need to be developed in order to give countries the incentive to address the inefficiencies of their TRQs, in particular if their TRQ fill rates are persistently low
- Under the umbrella of special and differential treatment, developing countries could be entitled to maintain low levels of in-quota tariffs and country specific allocations.

In addition, by differentiating TRQs from simple tariffs, and allowing countries to use TRQs to address market access issues for sensitive products, greater ambition can be achieved. Countries will be in a position to commit to much higher reductions in simple tariffs if over-quota tariffs are not subject to a formula reduction. If TRQs are to remain an efficient trade policy tool that provide market access and offer transparency and stability to exporters, over-quota tariffs must not be arbitrarily reduced or capped.

Domestic Support

Government intervention becomes problematic when these policies have detrimental effects on producers in other countries. The WTO negotiations on agriculture must be re-focused to address and reform practices that negatively affect the world marketplace and international trade. The fundamental rights of WTO member countries to choose the means and manner in which they organize their own domestic marketplace must be legitimized, and appropriate tools to achieve such goals must be recognized.

Given the high disparities in the levels of support that WTO members provide to their agricultural sectors, it makes little sense to base any reduction in support on these historical levels. This would only entrench into law even more pronounced inequities. Instead, we believe that a fair and equitable way to deal with domestic support, whether at an aggregate level or on a product specific basis, is to express it in terms of percentage of the value of agricultural production. This would create a level playing field for all WTO members.

In line with this concept, we believe that the three types of trade distorting domestic support measures: amber, blue and *de minimis,* should be grouped into one single category of trade distorting support. This new box should be reduced and capped at a certain percentage of the value of production. This comprehensive proposal would achieve both substantial reductions in trade distorting domestic support and a fair and equitable system for all countries.

In the case of minimally or non-trade distorting support, we believe that countries should continue to be allowed to maintain this kind of support. The Green Box programs should remain available to all countries and we understand that no cap is likely to be placed on these types of measures. However, the criteria need to be reviewed in order to ensure that measures that can distort trade do not find their place here. At the same time, the revised criteria should allow for other non-trade distorting measures to be included in the Green Box. For instance, measures which do not involve financial contributions from government and which are not trade distorting, should be permitted in the Green Box. Such types of non-government financed measures could also meet the needs of developing countries, which do not always have the budgets to compete with developed countries.

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Introduction

This paper examines how a balance between public policy and greater liberalization can be achieved in the areas of market access and domestic support. Recognizing that negotiations in agriculture at the WTO remain at an impasse, this document aims at providing ideas that would bridge the existing gaps among countries' positions.

A fine balance is required for the WTO members to agree on a framework that will create fairness and equity. Many inequities currently exist in agricultural trade rules, and therefore the reduction or elimination of these imbalances must be a priority in this Round. These inequities stem to an extent, from the results of the Uruguay Round negotiations. Pursuing further reform in agriculture on the model established in the Uruguay Round would add to these inequities.

It is a fact that those producing perishable goods cannot respond to market signals in the same manner as those producing manufactured goods. Therefore government intervention in agriculture in the form of regulations (aimed at protecting the public interest) is often required to help stabilize domestic markets. Too many participants in the public debate are promoting the complete elimination of all forms of support in agriculture as a means to eliminate the current inequities. They ignore the fact that this could further increase inequities as it goes against the interests of primary producers in most countries.

Government intervention only becomes problematic when its policies have detrimental effects on the primary producers in other countries. The WTO negotiations on agriculture must focus on addressing and reforming practices that negatively affect the world marketplace. The fundamental rights of WTO member countries to choose the means and manner in which they organize their own domestic marketplace currently fall outside the scope of the WTO and therefore appropriate tools to achieve these goals must be legitimized and recognized in international trade law.

The nature and character of agricultural markets require that a balance be struck between public policies regulating agriculture in domestic markets, and the move towards greater liberalization of agricultural markets. Policies that establish higher standards, whether it be in the area of labor, environment or market organization, must be accompanied by appropriate tools to protect the higher costs faced by primary producers.

The following sections of this document provide ideas and concepts to aid in the creation of a level playing field in the areas of market access and domestic support.

SECTION I: MARKET ACCESS
A TARIFF RATE QUOTA (TRQ) SYSTEM THAT WORKS

Tariffication, or the introduction of TRQs, was one of the main elements in the framework developed during the Uruguay Round. Prior to that, countries protected their more sensitive sectors by using a wide range of non-tariff barriers. Because many countries felt strongly about the need to protect their more sensitive markets, but at the same time provide transparent and predictable access, the multitude of non-tariff barriers were converted into TRQs.

TRQs and single stage tariffs are two different trade policy tools. TRQs are defined by three elements: 1) an import quota 2) an in-quota tariff and 3) an over-quota tariff. The import quota coupled with a zero or low in-quota tariff represents the level of market access that a country grants for a given product. The over-quota tariff is established at a level to ensure that the level of imports does not exceed the country's negotiated commitments.

By contrast, high single stage tariffs have the potential to block all access into a market. In addition, countries can apply a lower tariff rate and adjust this tariff level upwards or downwards until the desired amounts of imports are reached, after which the tariff is raised to a high enough level to block further imports. In fact, such countries try to use single stage tariffs as if they were TRQs, failing however, to honor the principles behind the TRQ system: transparency, predictability, stability and a committed level of access to its markets.

During the current agriculture negotiations, market access is the most difficult area mainly because countries need flexibility to address their various domestic situations, particularly in sensitive sectors. TRQs have the capacity to allow for that flexibility without diminishing the ambitions embodied in the Doha mandate.

Tariff reduction is now the focus of much of the debate on market access, and TRQs will continue to be an important tool in improving access into sensitive markets. It is therefore important that the TRQ system undergo some concrete reforms in order to fulfill its potential as a useful trade policy and development tool.

So far, the TRQ system which allows predictable access into more sensitive markets has not been used to its full potential. A TRQ system could be a fundamental tool for building and maintaining a strong domestic agricultural sector, and could be especially useful for developing countries. TRQs would allow developing countries to monitor the flow of imports according to their international obligations and their domestic requirements, permitting countries to develop a stable domestic industry. They could also prevent surges in imports which may have a detrimental impact on the development of a domestic industry.

At the same time, countries that have implemented TRQs would need to provide real market access representing a common minimum end point of 5% of their domestic consumption. All access provided under TRQs is also beneficial to exporting countries, who may benefit from predictable market that provides attractive prices for the suppliers.

The benefit of a TRQ system is that it is a transparent system that ensures predictability and increases stability, two of the main purposes of creating a multilateral trading system such as the WTO. TRQs are also fully compatible with the Doha mandate that seeks "substantial improvements in market access". For products not subject to a TRQ, countries do not have to provide any access and a simple tariff can be sufficiently high to prohibit any imports.

It should also be recognized that over-quota tariffs and simple tariffs are not the same and should not be treated in the same manner. Over-quota tariffs, as part of TRQs, guarantee minimum market access. Simple tariffs have the potential to block all access and do not confer any predictability to exporters. In order to fulfill the objectives of the Doha mandate, the focus must be on the reduction of simple tariffs and on improving market access through the proper use of TRQs. Any attempt to reduce over-quota tariffs will jeopardize the predictability and stability provided by TRQ's for both domestic and exporting industries alike.

1. Re-based 5% Market Access at 0% In-Quota Tariff Available to All Countries

a) Minimum Access is Far Less Than 5%

- ***Disparities in Minimum Access***

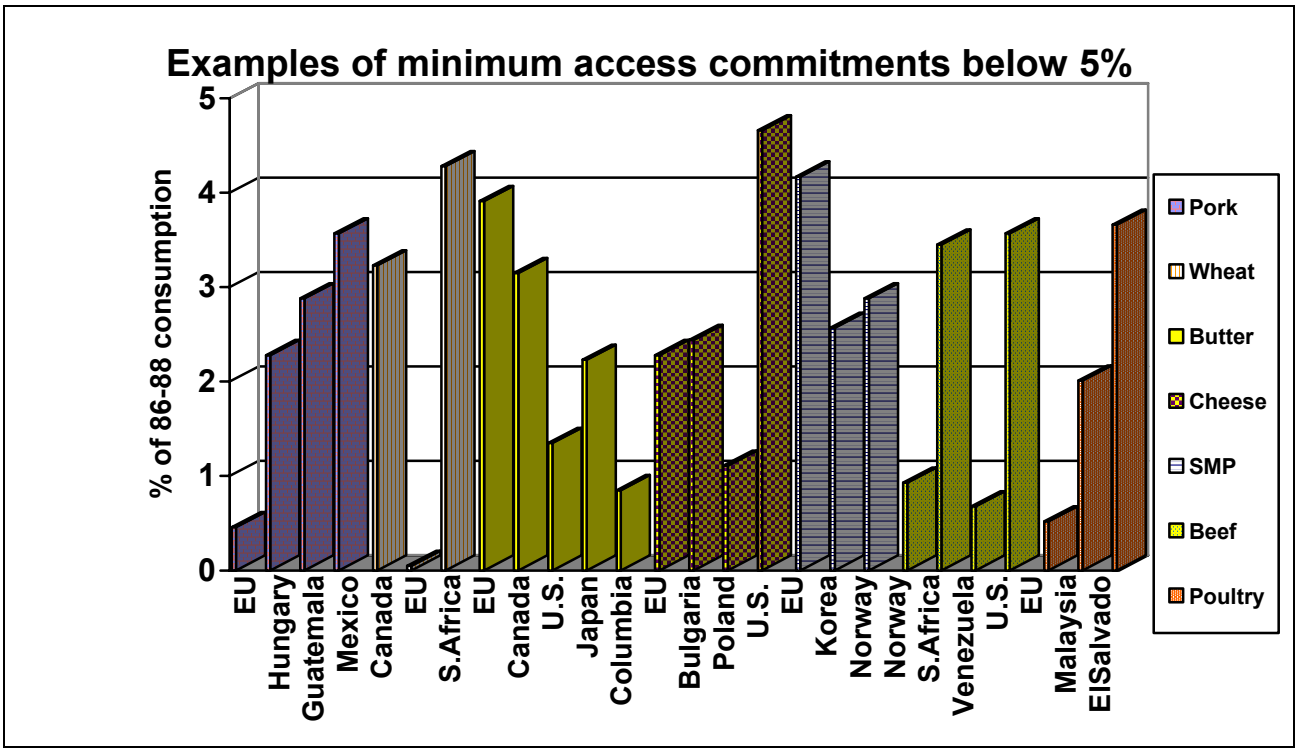


Figure 1- Source: AMAD Database

In the Uruguay Round, the "modalities" pertaining to market access commitments suggested that WTO member countries were not required, but only encouraged[1], to follow the modalities in preparing their final offers on market access. The end result is that many countries fell short of providing a minimum level of access equivalent to 5% of their domestic consumption in the base period 1986-1988. ***Figure 1*** provides a number of examples of countries that are not providing a minimum level of access equivalent to 5% of domestic consumption from that base period. The average access for all WTO TRQs is closer to 3.3% rather than 5%. When combined with an average TRQ fill rate of 55% (***Figure 2***), real access within TRQs is only 1.8%.

- ***Under-utilization of TRQs – Low Fill Rates***

From 1995, the average fill rate (% of TRQ actually imported) of tariff quotas decreased to 55% in 2001 as shown by the figure below. This indicates a problem related to the manner in which countries are managing their TRQs.

There is clear evidence that TRQs are persistently under-filled. If a 75% fill rate is assumed to indicate a well functioning TRQ, then the average fill rates of TRQs, as described in ***Figure 2***, are indicative of a failure to fully exploit the potential of the TRQ system.

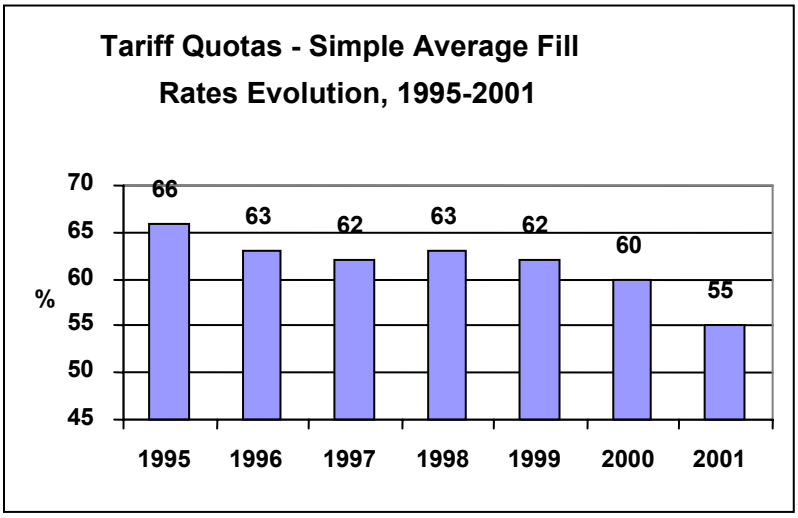


Figure 2: With average fill rates fluctuating between 66% and 55% since 1995, it is clear that the full potential of the TRQ system has not been actualized. Source: WTO notifications.

[1] The reference to a minimum level of access equal to 5% of domestic consumption is only found in the "Revised Modalities Paper" of 1993. The modalities make provision for countries to establish minimum access opportunities in cases where no significant imports exist and state that such access: "shall represent in the first year of the implementation period not less than 3% of corresponding domestic consumption in the base period and shall be expanded to reach 5% of that base figure by the end of the implementation period."

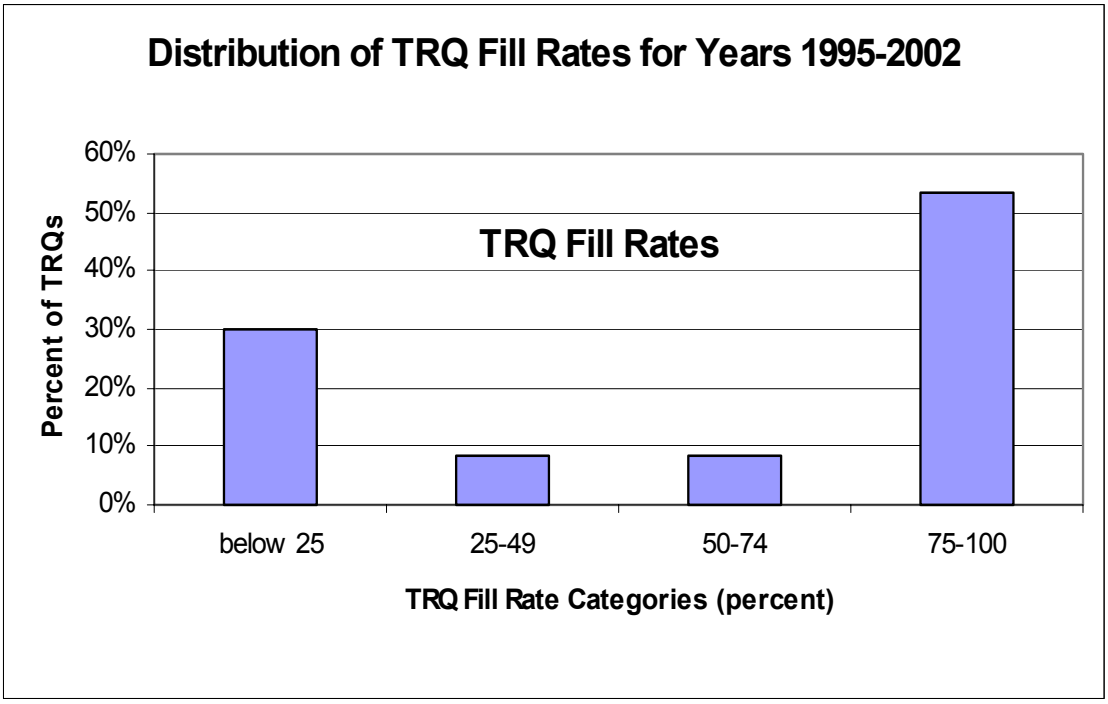
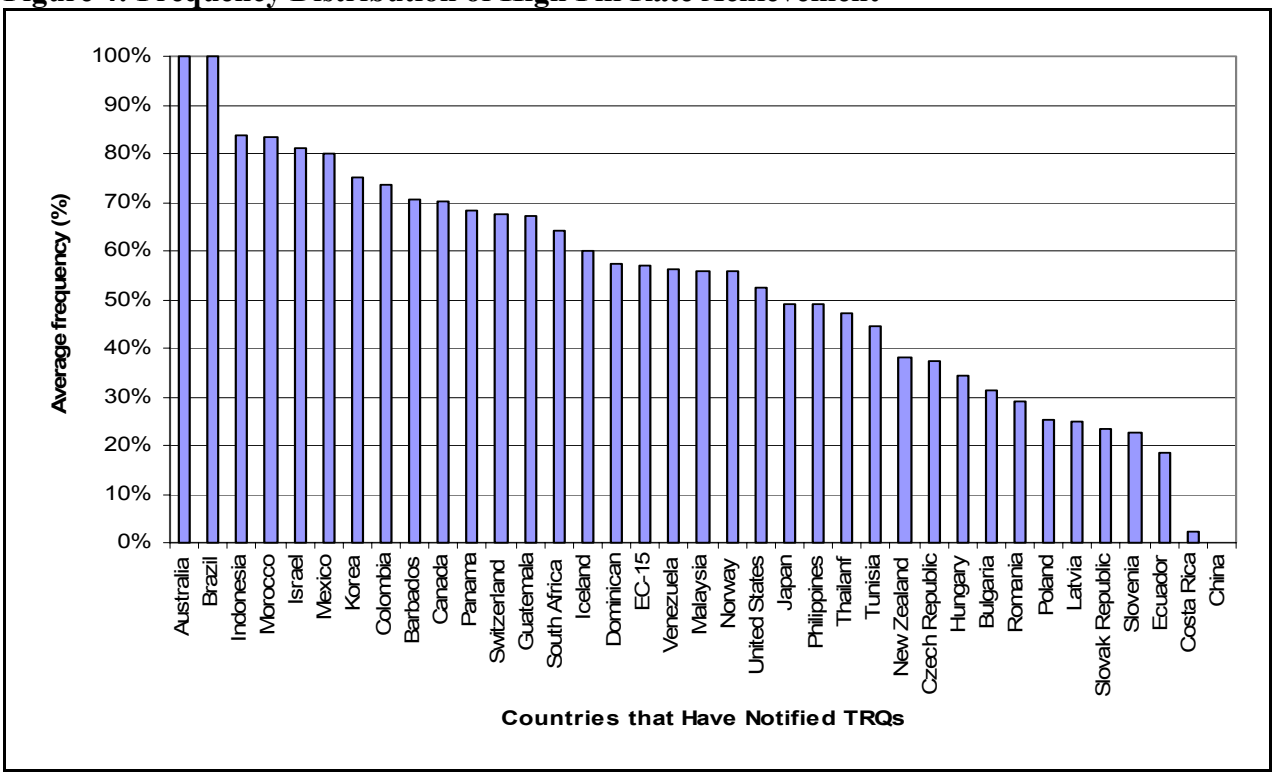


Figure 3: The distribution of all reported average fill rates reveals a bimodal pattern with the majority of the notified fill rates falling into the lowest (fill rates of less than 25%) or highest (fill rates of 75% or greater) range categories. Fill rates were calculated for all commodities in all product groups from 1995 – 2002, based on the notifications to the WTO as of January 2004. Total number of observations: 7210.

TRQ fill rate patterns are also distinctive and problematic. Following a similar methodology used by David Skully (2001) in his report on *Liberalizing Tariff-Rate Quotas*, the 7210 tariff fill rates[2] reported to the WTO from 1995 until January of 2004 were divided into four categories of fill rate ranges (see ***Figure 3***). The fill rate distribution was revealed to be bimodal in nature. Almost one third (30%) of the notified tariff fill rates fell into the low range category (fill rate < 25%), 18% fell into the intermediate ranges (25%-74% fill rates), and 53% of the notified tariff fill rates fall into the high range categories (fill rate 75% and greater). Fill rate distribution by product group and fill rate categories revealed that the bimodal pattern exists across all the product groups.

The frequency of a "high" fill rate notification (the number of times a fill rate of 75% or more was reported) was determined for each country[3] and is represented in descending order in ***Figure 4***. There is a large discrepancy between countries in terms of consistency in high fill rate achievement. Few countries are achieving high fill rates on a consistent basis.

Figure 4: Frequency Distribution of High Fill Rate Achievement



Represented in the figure above is the *frequency* (in percentage) with which each country has reported a fill rate of at least 75%. Frequency is calculated by dividing the number of times a country reported high fill rates by the total number of fill rates reported.

[2] Fill rates are calculated by dividing the quantity of a commodity imported in a given year by the allowable quantity of that commodity in that given year and multiply by 100. Fill rates were calculated for all commodities in all product groups from 1995 until 2002, based on notifications to the WTO as of January 2004.

[3] Although 41 countries currently maintain TRQs, this analysis is based on data submitted by countries who have reported fill rates to the WTO, of which there were 37 as of January, 2004

An attempt was also made to quantify the probability, based on the reported fill rates to date, that a low fill rate will continue. A useful working definition of persistent under-utilization of fill rates is when a country fails to fill its TRQs to a given threshold for two consecutive years in which the country's industry did not face any market disruption or other difficulties linked to the market. For this analysis a 75% or greater fill rate is assumed to be a "high" fill rate and the quota is considered filled. Any TRQ with a fill rate below this threshold was considered unfilled. The results are presented in the table below.

Table 1: Probabilities of TRQ Fill Rate Pattern

	Fill Rate the Second Year		
Fill Rate First Year	**LOW**	**HIGH**	**Sum**
LOW	89%	11%	100%
HIGH	6%	94%	100%

Analysis revealed that unfilled quota in one year results in a high probability that the following year quota will be unfilled again (89%). The same patterns hold true for quota being filled in the first year resulting in quota being filled the following year (94%). It is rare for a fill rate to move from high to low or low to high in consecutive years.

b) In-Quota Tariff Rate Disparities

Disparities in minimum access treatments such as in-quota tariffs and TRQ allocation methods impede the market access made possible by TRQ systems. High in-quota tariff rates are compromising the TRQ system by making it more difficult for exporting countries to benefit from the minimum level of access.

A study done by the Economic Research Service of the United States Department of Agriculture ("Profiles of Tariffs in Global Agricultural Markets"), which includes 35 WTO member countries, shows the average in-quota tariff to be 63%, while the overall average tariff is only 62%. Several countries contribute to this high average with excessively high in-quota tariffs that restrict access. For instance Norway notified in–quota tariffs for meat products ranging from 251% to 425%. Nevertheless, as shown in ***Figure 5***, there is a lot of variation of in-quota tariff rates by country, which creates an unequal level of minimum access and frustrates the predictability of imports, both to importing and exporting nations.

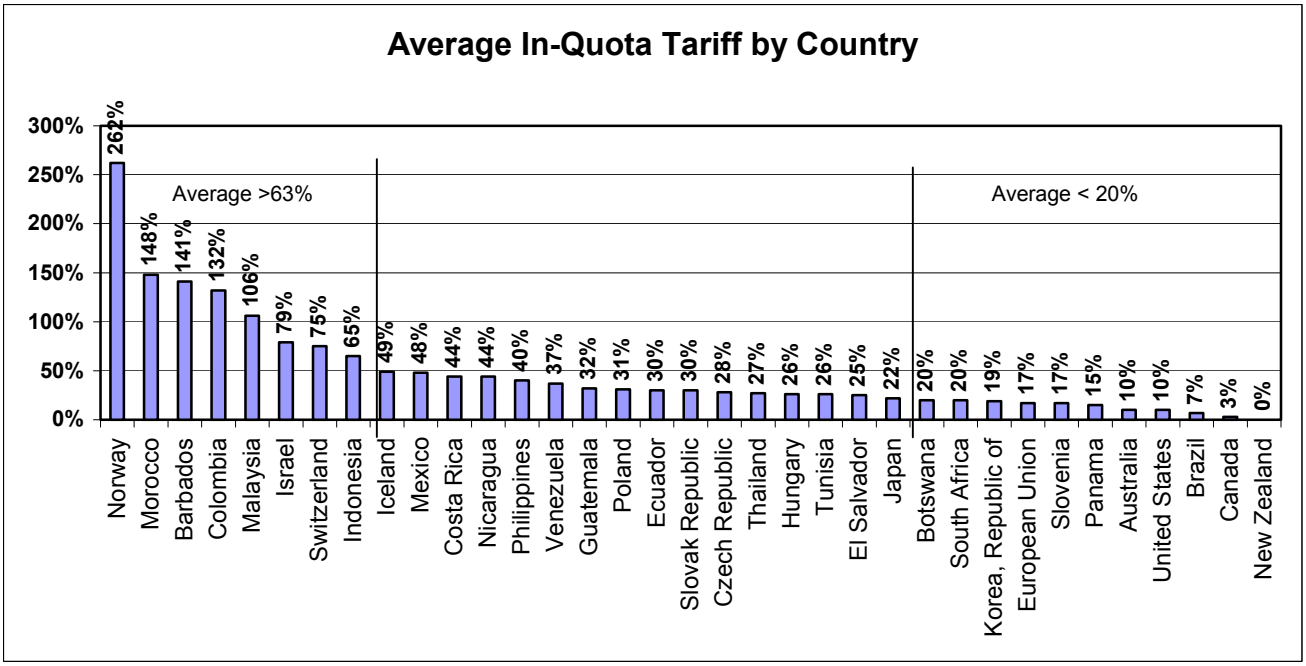


Figure 5: There are disparities between countries in-quota tariff rates which reduces the efficiency of the TRQ system. Source: Profiles of Tariffs in Global Agricultural Markets, 2001.

Given this, to ensure the TRQ system functions as intended, all in-quota tariffs should be reduced to zero. However, as a special and differential treatment, developing countries could be allowed to maintain low in-quota tariffs (for instance below 20%) for revenue-generating purposes.

c) Country Specific Allocation

Country specific allocation is the practice of providing market access to one country rather than making access generally available to all countries. This hinders the effectiveness of the TRQ system since country specific allocations have a built-in trade bias and have the potential to either limit trade or confer an unfair advantage to the recipient country.

Presented in ***Table 2*** below is New Zealand's guaranteed access into the Canadian and EU markets for butter. The specific allocation benefiting New Zealand in the case of butter is significant. This guaranteed access allows New Zealand to export butter into some of the most lucrative butter markets around the world. As shown in ***Table 2***, the guaranteed allocation provides a benefit for more than 20% of New Zealand's butter.

Table 2:Butter TRQ allocated to New Zealand as a % of New Zealand total export of butter								
Allocating country	1995	1996	1997	1998	1999	2000	2001	2002
European Community (tons)	76,667	76,667	76,667	76,667	76,667	76,667	76,667	76,667
Canada (tons)	1,200	1,360	1,520	1,680	1,840	2,000	2,000	2,000
Total (tons)	**77,867**	**78,027**	**78,187**	**78,347**	**78,507**	**78,667**	**78,667**	**78,667**
New Zealand export of butter (tons)	238,000	238,000	315,000	315,000	279,000	338,000	347,000	343,000
Allocated as a % of export	32.72%	32.78%	24.82%	24.87%	28.14%	23.27%	22.67%	22.93%
Source: Canada and European Community schedules of commitments USDA, Dairy World Markets and Trade								

The United States allocating a portion of its ice cream TRQ to Jamaica is another example of how country specific allocation can have trade distorting effects. Jamaica is not a major player in the dairy trade and has not taken advantage of this allocation (it has not exported any ice cream in the past years). Despite the fact that the allocated portion to Jamaica is small in relation to the size of the TRQ, it nonetheless limits the amount of ice cream entering into the United States. Moreover, it is possible that the TRQ is not large enough for Jamaica to be in a position to export ice cream on a commercially-viable basis to the United States.

In order to ensure that market access is available to all countries, country specific allocation should be eliminated because they reserve a portion of the market for a few privileged countries. However, as a special and differential treatment, country specific TRQ allocation could be considered for developing countries.

d) Increased Discipline to Ensure High Fill Rates

TRQs are legitimate WTO policy tools and are designed to address a specific area of trade: access into selected markets. A properly functioning TRQ system depends on a common level of minimum access being offered and predictability of imports to both importing and exporting nations. Appropriate measures must be implemented to increase equity between countries by addressing the disparities in minimum access.

Persistent low fill rates undermine the intent of the TRQ system and can be an indication that a country needs to improve the management of its system. Mechanisms outlining rules and disciplines related to TRQs need to be developed that would give countries the incentive to address the inefficiencies of their TRQs if their TRQ fill rates are persistently low.

e) The Case for Re-basing - 5% Minimum Access Commitments Established According to Clear and Equitable Rules

The Doha mandate for agriculture negotiations calls for *"…substantial* ***improvements*** *in market access…"* It was demonstrated in the above sections that there is an urgent need to clean up the

manner by which countries administer their TRQs in order to give strength and improve the credibility of TRQs as a means of providing minimum access.

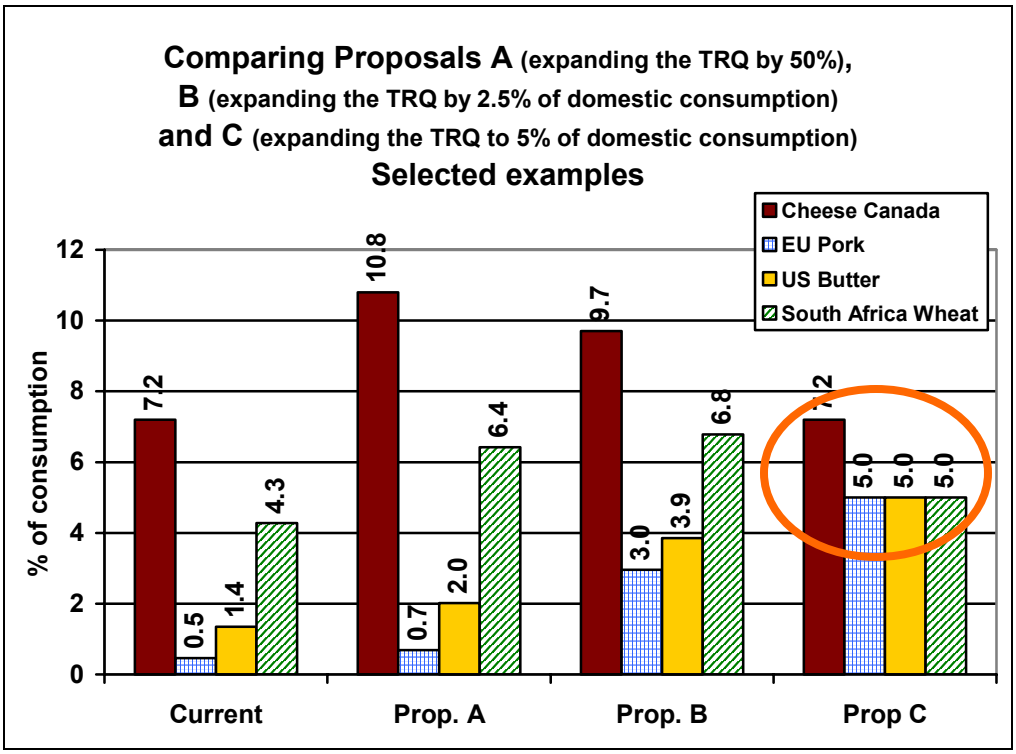
It is also important to address how minimum access commitments must be calculated to ensure equity is built into the next agreement. Since the launch of the Doha Round, there have been a myriad of proposals tabled by WTO members aimed at "substantial improvements in market access". These proposals can be summarized as follows:

Proposal A) Expanding existing TRQs **by** (x)%
Proposal B) Expanding existing TRQs **by** (x)% of domestic consumption in a given period
Proposal C) (Re-basing) Expanding existing TRQs **to** (x)% of domestic consumption in a given period

Considering that many countries are not providing the access they agreed to provide in the Uruguay Round, the current inequities would simply not be addressed or be amplified by considering increased access based on actual commitments as suggested in Proposals A) and B). It would also penalize those countries and commodities that have provided a minimum level of access equal to or greater than 5% and reward those countries who did not fully embrace the intent of the Uruguay Round negotiations.

Figure 6 provides a comparison of the three proposals. To facilitate the comparison, we have made the following assumptions:

Proposal A) expanding existing TRQs by 50%;
Proposal B) expanding existing TRQs by 2.5% of domestic consumption – a 2.5% expansion should technically be equivalent to a 50% increase under proposal A) considering that countries had the obligation to offer a minimum level of access of 5% in the UR; and
Proposal C expanding existing TRQs to 5% of domestic consumption



The rebasing option reduces current iniquities.

Figure 6 – Source: AMAD Database and SM-5 calculations

Proposal C has the advantage of ensuring a level playing field is established.

Given that the data used by the WTO to establish access commitments is almost 20 years old, commitments from the Doha Round should be updated to reflect the most recent data available (re-basing), providing additional opportunities for increased market access (see ***Table 3*** for some examples). For more detailed information see **Annex 1** (Executive Summary of an SM5 study on market access and re-basing). The objective of the analysis in **Annex 1** is to demonstrate that substantial access would be gained if all countries offer a minimum level of access calculated on a more recent period of consumption.

Table 3: Examples of improved market access commitments resulting from rebasing

Country	A Current TRQ (tonnes)	B Current TRQ as a % of 1986-88 consumption	C 5% of 1995-97 consumption (tonnes)	D = C - A Gain in market access resulting from expanding TRQs to a minimum of 5% of 1995-97 domestic consumption (tonnes)	E = D / A Additional access resulting from expanding TRQs to a minimum of 5% of 1995-97 domestic consumption (percentage)
BEEF					
Norway	1,229	0.93%	7,481	6,252	509%
Guatemala	957	1.83%	3,016	2,059	215%
US	696,621	3.57%	1,001,491	304,870	44%
Canada	76,409	4.43%	81,063	4,654	6%

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Country	A Current TRQ (tonnes)	B Current TRQ as a % of 1986-88 consumption	C 5% of 1995-97 consumption (tonnes)	D = C - A Gain in market access resulting from expanding TRQs to a minimum of 5% of 1995-97 domestic consumption (tonnes)	E = D / A Additional access resulting from expanding TRQs to a minimum of 5% of 1995-97 domestic consumption (percentage)
BUTTER					
Korea	344	0.97%	2,685	2,341	681%
US	7,028	1.35%	26,864	19,836	282%
Canada	3,274	3.15%	4,263	989	30%
Norway	622	3.38%	567	n/a	n/a
EU	86,667	3.91%	85,633	n/a	n/a
WHEAT GRAINS					
EU	350,000	0.50%	4,236,907	3,886,907	1,111%
Hungary	48,623	1.09%	160,709	112,086	231%
Canada	226,883	3.23%	395,300	168,417	74%
Poland	280,000	2.86%	453,867	173,867	62%
South Africa	108,279	4.28%	144,887	36,887	34%
CHEESE					
Israel	1,148	1.65	4,608	3,460	301%
Poland	5,000	1.11%	19,371	14,371	287%
EU	102,150	2.28%	273,466	171,316	168%
Norway	2,494	4.29%	3,200	706	28%
Canada	20,412	7.19%	16,509	n/a	n/a
POULTRY					
EU	29,900	0.52%	364,563	334,663	1119%
Panama	756	2.96%	2,684	1,928	255%
Bulgaria	2,500	1.74%	4,638	2,138	85%
Canada	45,432	6.65%	45,058	n/a	n/a
PORK					
EU	75,600	0.46%	868,095	792,495	1,048%
Korea	18,275	4.31%	49,376	31,101	170%
Guatemala	500	2.88%	980	480	96%
Mexico	39,623	3.57%	61,284	21,661	55%
OATS					
EU	21,000	0.25%	299,644	278,644	1327%

Source: AMAD Database

During the Uruguay Round the modalities for the implementation of minimum market access commitments were never incorporated into the Agreement on Agriculture. To correct this problem, future commitments pertaining to minimum market access must be subject to clear and concise rules.

Subjecting minimum market access commitments to a rules-based common minimum end point equal to 5% of the domestic consumption in the most recent years for which data is available meets the objective set in the Doha Ministerial Declaration which calls for "substantial improvement in market access" and creates a level playing field.

2. Maintenance of Over-quota Tariffs

a) Over-quota Tariffs

As noted in the previous section, there are several means of increasing market access through the improvement of the TRQ system. This section addresses the likelihood of increasing market access through reductions in over-quota tariffs. Access can only be increased if over-quota tariffs are reduced to the point where product can enter a particular market while still paying the over-quota tariff.

Many WTO members maintain applied over-quota tariffs that are much lower than their bound tariff levels. Reduction of these bound tariffs is unlikely to approach the level of the current applied tariffs; therefore the reductions will not improve market access one iota.

b) All Over-quota Tariffs Are Not Created Equally

Over-quota tariffs do not need to be at the same level to provide an equivalent effect. The effectiveness of an over-quota tariff to control access depends on many variables: exchange rate fluctuation in both the importing and exporting countries, the fluctuations of world and domestic market prices and the level of domestic support in the importing country. Based on market conditions, a relatively low over-quota tariff in one country can be as effective in controlling access as a much higher over-quota tariff in another country. In this regard, a formula tariff reduction could render one over-quota tariff ineffective, while another remains fully effective.

The high over-quota tariffs that were introduced in 1995 were negotiated independently for each product and each country, and are therefore designed to reflect the various situations in these countries for each product category.

Tariff reduction will not necessarily improve market access. The efficiency of a tariff is based on the difference between the internal market price and the world price. The countries that have traditionally maintained support prices could significantly decrease internal prices by lowering the support price. Internal prices would de facto go down and the level of tariff necessary to protect the market would be reduced. In this context, a tariff reduction would not provide any additional access and the lower tariff would remain as effective.

c) Tariff Peaks and Predictability

Suggestions made thus far by some countries to reduce tariff peaks (e.g. 350% or even more) to a more common denominator would render some over-quota tariffs ineffective and not affect others. The result would be uneven.

This would in fact be contrary to the WTO principle regarding improved predictability that "the multilateral trading system is an attempt by governments to make the business environment stable and predictable."

d) Unfair Treatment of TRQs

Those countries that liberalized in the Uruguay Round by providing real market access through TRQs should not be required to pay twice in the Doha Round. Increased access for products subject to TRQs can be achieved by expanding in-quota access up to negotiated levels and not by reducing over-quota tariffs.

Take the example of wheat imports into two countries with similar consumption patterns of 1 million tonnes per year. As a result of the Uruguay Round, country A retained the right to maintain a prohibitive high simple tariff of 100% and country B implemented a 5% TRQ with an over-quota rate of 100%. Over the past year the first country has not imported any wheat, while the second country has imported 50,000 tonnes.

Take the same example and carry it forward to the Doha Round. Both countries are subject to tariff reductions under the first tier of the Derbez blended formula, under which they are each reduced by a minimum percentage, for example 15%. The result is that the prohibitive high single stage tariff in country A and the high over-quota tariff in country B would both be reduced by 15%. If the resulting 85% tariff is still prohibitive, there will be no imports into country A for the entire implementation period, while country B would still import at least 50,000 tonnes of wheat per year.

It is clear that country B maintaining the TRQ is providing market access, while country A maintaining a high simple tariff is not.

Furthermore, several countries argue that country B, because it maintains a TRQ, should also be obliged to expand its in-quota access by let's say 20%. In this case, country B would have to import 60,000 tonnes per year over the implementation period.

This example clearly demonstrates that high over-quota tariffs cannot be compared to high single stage tariffs. The effect of a high single stage tariff is to block all imports to a market. The effect of a high over-quota tariff is simply to control the amount of product entering a market to the negotiated access level.

Given the above example, improved market access under TRQs should be dealt with separately from the reduction of single stage tariffs.

e) Combining TRQs and Tariff Reduction Will Reduce Ambition

Including over-quota tariffs in the same formula reduction as single stage tariffs will reduce the level of ambition of all tariff reductions.

As reductions in over-quota tariffs threaten their effectiveness, countries will stand firm in maintaining them or limiting their reduction as much as possible. Once an over-quota tariff has been reduced to the point where it is no longer effective, there is access to 100% of the particular market.

Once 100% of a country's industry is at risk, countries will seek protection through other non-tariff means such as antidumping, countervail and safeguard actions, Sanitary and Phyto-sanitary measures, and other NTBs. This will create uncertainty in international markets.

f) TRQs Are an Effective Means of Addressing the Difficult Issue of Sensitive Sectors in the Doha Round

It is by maintaining effective over-quota tariffs that WTO member countries can adequately control the level of imports affecting their most sensitive sectors.

Without the flexibility to address sensitive sectors there will not be a WTO framework agreement on agriculture. The challenge for negotiators is to adequately address these sensitivities without providing an exemption from the agreement or reducing the overall ambition of the Doha mandate.

It is safe to say that there is a correlation between TRQs and sensitive sectors. Therefore, if TRQs are adequately addressed, then the issue of sensitive sectors should also be adequately addressed.

g) Conclusion

Mandating a reduction of over-quota tariffs is an ineffective approach to achieving increased market access. Tariffs will either not be reduced enough to permit any additional market access, or reduced below the point where they are effective and permit access to 100% of a country's sensitive market sector. In the first case, the WTO will have achieved nothing, while likely reducing the overall ambition on market access. In the second case, the WTO will not have adequately addressed the issue of sensitive sectors and will force countries to seek protection through non-tariff means.

Over-quota tariffs must be maintained at their current levels to ensure no more access than the committed level of the TRQ. The maintenance of over-quota tariffs at their current levels also implies that any capping of the over-quota tariffs must be opposed.

Improving in-quota access is a much more certain means of expanding market access for products subject to TRQs along the lines mentioned above.

SECTION II – DOMESTIC SUPPORT
A FRAMEWORK THAT CREATES EQUITY AND FAIRNESS

An important element of the Uruguay Round Agreement on Agriculture was the introduction of disciplines on the use of domestic subsidies. Three categories of support were established: amber, blue and green. Only the Amber Box was subjected to a limitation. The end result is that many countries continue to support their agricultural producers at levels similar to prior to the Uruguay Round.

There exists a need to strengthen and simplify the rules governing domestic support. This section of the document looks at some of the problems encountered in the area of domestic support. It suggests how to address the question of trade distorting support in this round through the amalgamation of the measures currently notified as amber, *de minimis* and blue into one category of support. It also addresses the question of Green Box support and the need to revisit its criteria.

1. Problems Encountered With the Current Domestic Support Rules

a) Disparity of Support

The patterns of the current domestic support measures show strong differences between countries with respect to the level of support granted to their producers. This does not come as a surprise given that the commitments made in the Uruguay Round were based on a historical basis and existing disparities continues to exist. WTO members with the higher trade-distorting subsidies should be making greater reduction efforts. At the same time, the result of negotiations should be equitable for all member countries, should allow for flexibility in designing domestic policies and programs and should not penalize any member that has used low levels of domestic support in the past period.

The complexity of the disciplines being developed on domestic support is problematic. By maintaining three categories of "trade-distorting" support (AMS, Blue Box and *de minimis*) concerns have been raised about the ability of countries with large treasuries to shift support from one category to another, thereby evading the intended overall discipline.

Rather than placing greater discipline on countries with the highest level of trade-distorting subsidies, the concepts of reducing the 5% *de minimis* and implementing an historical cap on product specific AMS seem to target those countries that have kept their level of subsidization at a minimum compared to those that currently subsidize a significant portion of their agriculture.

Table 4: Domestic support as percentage of the value of production (VOP)

1999	**Total Value of Agricultural Production (VOP)**	**Total Support to Agriculture** % of VOP	**Current Total AMS** % of VOP	**Green Box** % of VOP	**Blue Box** % of VOP	***De Minimis*** % of VOP	**Total AMS Commitment** % of VOP	**Current Total AMS as % of Total AMS Commitment**
Norway	17,750 million NOK	**129.4**	61.4	24.3	43.7	0	67.9	90.4
Switzerland (1998 data)	7,783 million CHF	**82.9**	42.1	40.8	0	0	59.2	71
United States	184,735 million USD	**40.1**	9.1	26.9	0	4	10.8	84.7
Japan	9,418 billion Yen	**37.8**	7.9	28.5	1	0.3	43.9	18.1
European Union	233,700 million EURO	**37.6**	20.5	8.5	8.5	0.1	29.7	68.9
Canada	28,630 million CAD	**13.2**	3.3	6.1	0	3.8	15.6	21

Source: WTO Member notifications. When information on the value of production was not available from notifications, OECD data was used.

As ***Table 4*** suggests, some countries have amber support as high as 60% of the value of their agricultural production. If the WTO reduces AMS, by let's say 50%, these countries will still be able to provide 30% support. It, therefore, makes little sense to also seek to reduce, by let's say 50%, *de-minimis* programs which provide less than 5% of the value of production. It would be more "equitable" to all member countries to only seek a reduction of the AMS to the *de minimis* level. This would create a level playing field.

b) Historical Cap on Product Specific AMS: An Inequitable Measure

Another important question that needs to be addressed is whether or not a cap should be established on a commodity basis. A strong argument can be made against a product specific cap on domestic support as it would reduce the flexibility countries currently have to provide support to the sectors that need it. The BSE crisis in Canada is a good example that demonstrates the usefulness of ensuring flexibility in the terms of reference applying to domestic support. From 1995 through 1999, the level of support in the beef industry in Canada fluctuated between 1 and 2% of the value of production. Had that support been capped at historical levels, Canada would not have been in a position to deal with the BSE crisis.

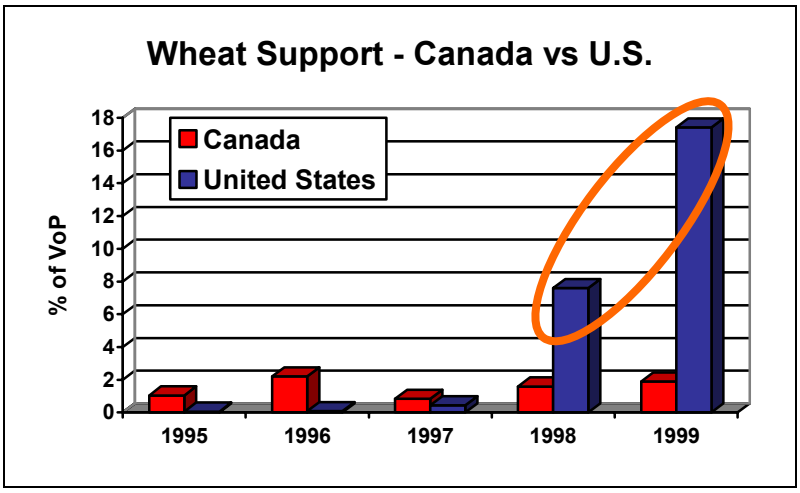
The comparison of support contained in ***Table 5*** clearly shows that capping domestic support at historical levels would put some countries or commodities at a disadvantage without any possibility to offer a similar level of support as that offered by others. Capping support on a historical basis would encompass inequities that currently exist into a future agreement.

Table 5: Product-specific AMS as percentage of the value of production (VOP)

1999	**Norway**	**Switzerland (1998 data)**	**Japan**	**United States**	**European Union**	**Canada**
wheat	65	47	80	17	28	**2**
barley	65	84	79	7	47	**6**
oats	68			18	2	**9**
corn				15	20	**17**
oilseeds		47				
rice			2	35	53	
soybeans			56	23		**6**
sugar		50	58	56	109	
milk	66	36	21	20	16	**14**
Beef & veal	74	57	29	0	67	**1**
pork	66	64	58	0		**6**
sheep	139					**8**
poultry	114	83				**0**
eggs	64	83				**0**
cotton				54		

Source: WTO Member notifications. When information on the value of production was not available from notifications, OECD data was used. Blank cells indicate that no commodity specific support was notified or that the data were not available.

Should a cap on product specific domestic support be retained, it would also be wrong to establish that limit on the basis of historical spending as it would further penalize countries that have reduced domestic support payments and reward those that have spent the most, especially in the past few years.



A historical cap would reward those countries/commodities which have increased their support over time

Figure 7 – Source: WTO Member notifications

Figure 7 demonstrates that a commodity like wheat in the United States would greatly benefit from a historical cap given the significant increase in support observed from 1995 through 1999. Capping domestic support at historical levels in this context would confer a significant advantage to American wheat producers. (Not only is current support unequal but it also increased recently.)

Instead, any product specific cap should be based on a percentage of the value of domestic production. This would ensure that greater disciplines are placed on those countries with the highest level of trade-distorting subsidies.

2. Creating a New Category Encompassing Amber, *de minimis* and Blue Measures

The concept of creating a new category of support encompassing amber, *de minimis* and blue measures builds on the proposal outlined in the Derbez text. This new category must aim at reducing trade distorting support in a fair and equitable manner. The new category must retain the flexibility permitted under the current *de minimis* provision and result in a substantial reduction of domestic subsidies.

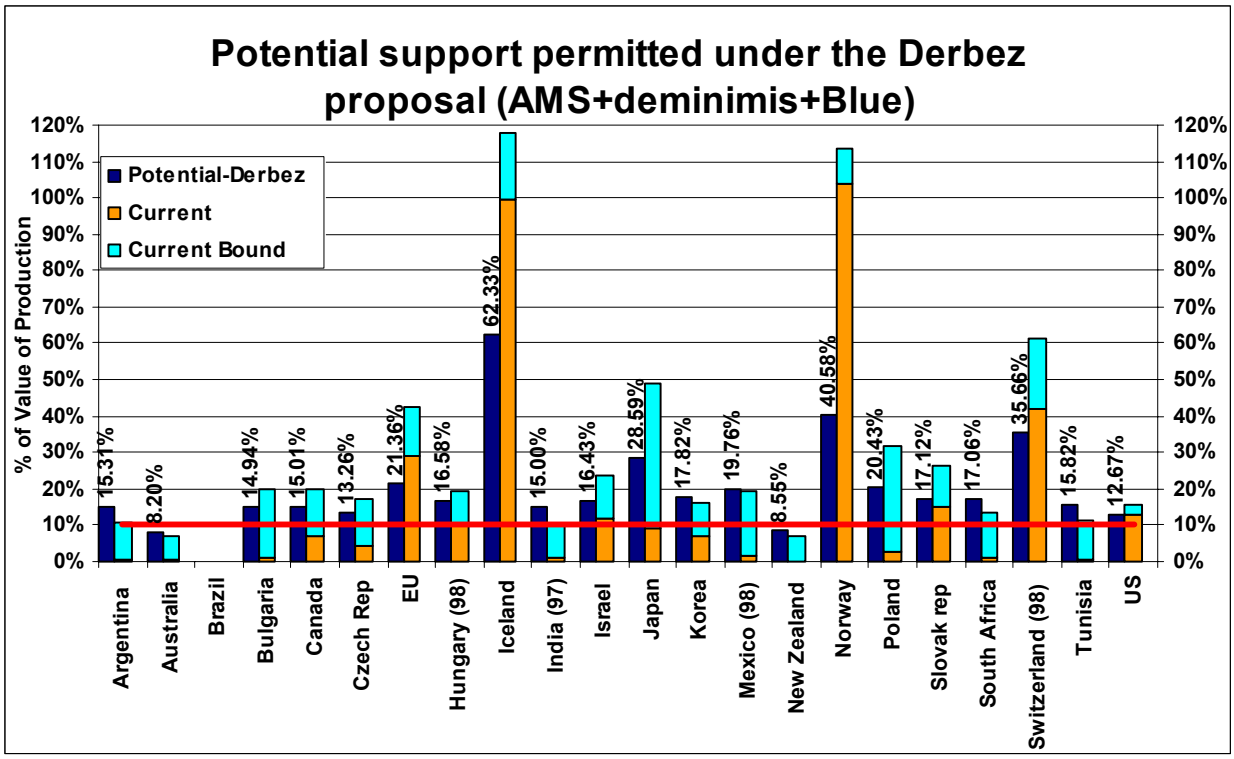


Figure 8 – Source: WTO notifications, OECD, SM-5 estimates

We have estimated the potential level of support certain countries would be entitled to provide to their agricultural producers (***Figure 8***[4]) using the Derbez approach and the following criteria:

- a 50% reduction of AMS commitments in year 2000;
- a 50% reduction of the *de minimis* provision for the developed countries and no reduction of the *de minimis* for the developing countries;
- a 5% cap on Blue Box; and,
- a cap on product specific AMS was not taken into account in this estimate.

The approach outlined in the Derbez text may represent a step in the direction seeking to place a cap on trade distorting support provided under the AMS, *de minimis* and Blue Box measures. It does not, however, eliminate the inequities that exist under the current framework, as trade distorting support eligibility between members would vary from 8% to 60% of the value of agricultural production. Also, the approach outlined in the Derbez text does not address the problematic of Green Box support that would remain unlimited under this proposal.

Serious consideration must be given to a new category of support encompassing the support currently covered by the AMS, *de minimis* and blue category. To ensure flexibility is retained in the agreement, and to address the question of a product specific cap, the new domestic support

[4] The potential level of support estimated in figure 8 is compared to the potential "current" level of support estimated as follows: AMS commitments in year 2000, a maximum of 5% (Developed countries) or 10% (developing countries) *de minimis* and current notified blue box expenditures. Note that blue box expenditures under the current agreement are unlimited.

category could be capped at a given percentage of the value of production, for example 10% or 15% of the value of production. In considering this approach, we must ensure that a cap on a product specific commodity basis is not limited to historical levels of support; this percentage must be the same for all countries in order to achieve equity in the next agreement. Therefore, the creation of a new category of support encompassing amber, *de minimis* and blue measures would:

- resolve the issue regarding a historical cap on product specific AMS
- resolve the issue of reducing or maintaining *de minimis*
- ensure the level of spending is equitable

This approach would represent a major step in the direction of capping total support (AMS, *de minimis*, blue and green categories) at a given percentage of the value of production, with the exception of green support. It can be assumed, at this stage of the negotiations and considering the small support for disciplining the use of Green Box measures, that Green Box support will remain unlimited in this round of negotiation. Serious consideration should be made on how to discipline support under AMS, *de minimis* and the Blue Box. Greater disciplines on domestic support in this round must be developed but adequate flexibility must be built into these disciplines to preserve the ability of member countries to develop the mechanisms that best fit their agriculture.

The approach outlined in this section meets the objective set in the Doha Ministerial Declaration which calls for "substantial reductions in trade-distorting domestic support" and creates a level playing field.

3. Revisiting the Green Box Criteria

The Derbez text confirms the need to review the Green Box criteria. Green Box criteria have been criticized as being too broad on one hand, and too restrictive on the other. The debate on Green Box disciplines must therefore be refocused and address the following questions:

a) tightening the criteria to ensure measures that distort trade are not eligible under the Green Box; and,
b) ensuring enough flexibility to allow measures meeting the spirit of the Green Box are legitimized under the Green Box.

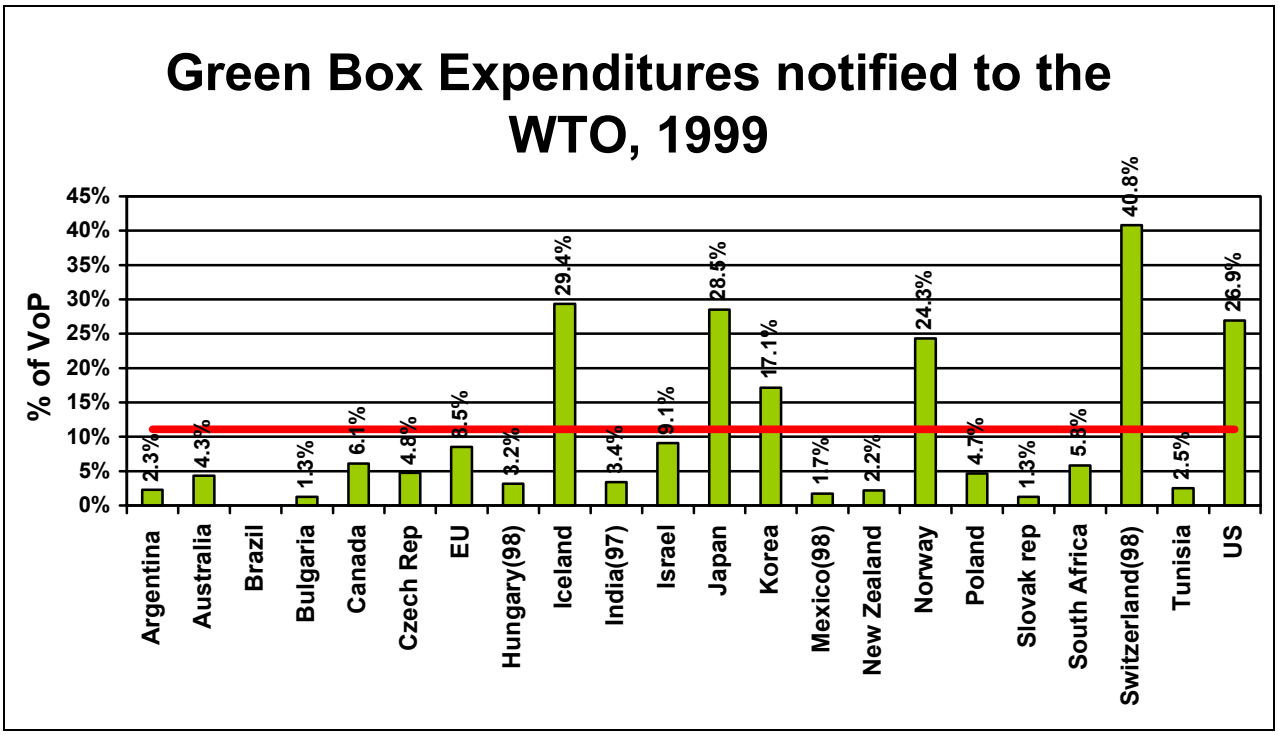


Figure 9 Source: *WTO Member notifications. When information on the value of production was not available from notifications, OECD data was used. (Data were not available for Brazil)*

The level of support under the Green Box varies widely from one country to another as demonstrated in ***Figure 9***. Of the 22 WTO member countries for which value of agricultural production data are available, we observed that, on average, Green Box expenditures in these countries are in the order of 11%. Six countries spent between 17% and 40% of the value of their agricultural production on green support in 1999. Despite the fact that Green Box measures are deemed to be either minimally or non-trade distorting, the support provides an advantage to producers receiving that support.

A number of countries, including Canada, have argued for the establishment of a cap on total support including Green Box expenditures. Such a cap, however, would only be equitable if it is linked to a certain level of the value of agricultural production.

Green Box criteria must be tightened in areas susceptible to misuse. For example, there are programs currently classified as green, providing large amounts of support impacting world trade. Green Box criteria must be reviewed to ensure:

- that programs currently classified as green are in fact minimally or non-trade distorting; and,
- that programs meeting the intent of the Green Box but currently excluded on a technical basis be considered for inclusion.

A review of the Green Box criteria must allow for greater flexibility in several areas. First, the guiding criteria should be whether or not a measure meets the intent of the Green Box. As the criterion is currently conceived, non-trade distorting measures that **do not involve financial**

payments from government are ineligible for Green Box status. This criterion is too restrictive and does not recognize collective bargaining as a measure eligible under the Green Box.

Agricultural markets do not function in a perfectly competitive environment. They are instead characterized by a multitude of farmers producing a homogeneous product to supply a few, large buyers operating in a highly concentrated sector. These buyers hold an absolute advantage for establishing commercial terms while producers are acting competitively. Left unchecked, this situation could lead to an imbalance between the bargaining powers of economic agents. Collective bargaining is an important tool to correct the inequities inherent in these relationships. The right of farmers to collectively market their goods must therefore be legitimized to provide producers with equitable prices and re-establish negotiating parity with economic agents operating in highly concentrated sectors.

The Green Box criteria must be broadened to recognize the concept of collective bargaining. Collective bargaining provides farmers with the ability to negotiate higher prices than what they would get otherwise. The WTO must recognize that although a higher price would create an incentive to over-produce, this incentive would be eliminated by enforcing a limit on production. The price and quantities would *de facto* be stated in the contractual agreement between the stakeholders.

Collective negotiation of prices can only create more equality between bargaining positions if the positions are legally recognized and enforced. Governments have a role to play in providing appropriate legislation to support this objective. A clear distinction must be made between **"negotiated prices"** resulting from collective bargaining and "**price support mechanisms"** which involve government funds. Price support mechanisms involve direct government intervention in clearing the market. By contrast, a negotiated pricing system coupled with production control is responsive to market signals and surplus production will be prevented through the renegotiation of both price and volume.

The redefinition of Green Box criteria must therefore include formalizing the rights associated with negotiated pricing, e.g. the freedom of association and the right to organize. The International Labor Organization (ILO) adopted in 1948 and 1949 two Conventions which set out the essential elements of the freedom of association, the right to organize, and the importance of collective bargaining. The WTO must take the next step and explicitly recognize such fundamental principles. The objectives sought by the WTO cannot be achieved in isolation of the objectives sought by other international organizations such as the ILO. Not only should the WTO revise the definition of what constitutes a subsidy, but in doing so, it must recognize fundamental principles agreed to by the international community. In pursuing the development of fair and equitable trading environment, the WTO must look at the broader picture and recognize the inter-linkages that exist between trade, environment, labor and development questions.

CONCLUSION

The ideas and concepts presented in this discussion paper focus on creating a level playing field and establishing greater equity in the international trading system. In order for the WTO to fulfill its mandate to create an equitable, stable and predictable trading environment, concrete reform must be made. For example, although not addressed in this discussion paper, the reform must include the elimination of export subsidies.

The concepts and ideas on market access presented in this discussion paper are "results-based" and present a realistic approach to bridging the gap among countries' positions. Keeping in mind that TRQs will be maintained in this round, WTO members must address how the TRQ system can be improved. Again, by establishing appropriate regulations, TRQs are well positioned to meet the interests of export-oriented commodities and address the needs of import sensitive commodities.

The question of domestic support is one that is extremely complex. Questions that must be addressed include; at what point do domestic support programs affect farmers in other countries? When does a program distort trade and when does it not? Domestic subsidies either distort international markets or not. This must be recognized by the WTO through the creation of a new category of domestic support encompassing AMS, *de minimis* and Blue Box measures. Conversely, the Green Box criteria must be based on whether or not a measure meets the spirit of the Green Box.

The nature and character of agricultural markets require that a "***fine balance"*** be struck between public policies regulating agriculture in domestic markets, and the move towards greater liberalization of agricultural markets. In pursuing this "***fine balance"***, the Green Box criteria must be reviewed to include all measures that meet the spirit of the Green Box".

ANNEX I

EXECUTIVE SUMMARY
Analysis of expanding market access to 5% of a more recent consumption period

The purpose of this SM-5 analysis is to demonstrate that implementing WTO rules that provide for an expansion of all existing TRQs to a minimum of 5% market access based on a more recent domestic consumption period would result in significant expansion of global market access[5]. Implementing such WTO rules on a product group basis would also ensure that the Doha Round achieves real market access expansion on the basis of equitable commitments. In addition, this analysis demonstrates the significant expansion of market access that can be achieved by providing 5% market access for products currently subject to high single stage tariffs.

As a result of the Uruguay Round, countries with single stage tariffs were required to reduce their tariffs by an average of 36%, but were not required to provide a minimum of market access. On the other hand, countries that converted non-tariff trade barriers to Tariff Rate Quotas (TRQs) were bound to reduce their tariffs by an average of 36%, as well as provide market access equal to a minimum of 5% of the average domestic consumption from 1986-1988. Guidelines for the implementation of minimum market access, however, were never incorporated into the final WTO Agreement on Agriculture and consequently, many countries do not offer any where near the required minimum access.

TRQs are transparent and legitimate WTO trade policy tools that were implemented in the Uruguay Round and they should be maintained as a permanent part of the WTO Agreement on Agriculture. During the Doha Round, the WTO has the opportunity to establish clearly defined rules on TRQs and their administration so that they can be improved to benefit both importers and exporters by providing certainty of access.

Bearing in mind the basic principles endorsed by Canada in its negotiating proposals on market access, the SM-5 has examined, and further explored the concept of re-basing and its potential impact in terms of market access expansion. Ten commodities have been selected: butter; cheese; skim milk powder; poultry; eggs; pork; wheat; oats; sugar; and beef.

The four-stage analysis carefully examines the significant, realistic and achievable market access expansion that can be achieved by:

1. expanding all existing TRQs to a minimum of 5% of the average domestic consumption during 1986-1988;
2. expanding all existing TRQs to a minimum of 5% of the average domestic consumption during a more recent consumption period (in this paper, the more recent period is 1995-1997);
3. providing 5% access for those products that are currently subject to high single stage tariffs; and

[5] This analysis assumes that current access levels greater than 5% are maintained.

4. expanding all existing TRQs to a minimum of 5% of average domestic consumption during 1995-1997, and providing 5% access for those products that are currently subject to high single stage tariffs

The calculations made throughout the analysis are based on the domestic consumption data for each country included in the AMAD Database[6].

The following four tables clearly outline the significant expansion of market access to be gained from achieving clean 5% market access. Apart from skim milk powder, which would see a small 2.5% increase, all other products would witness at least a 25% increase, with the bulk of products achieving a market expansion of more than 80%, and 6 of the 10 product groups seeing triple digit expansion.

The expansion demonstrated in this analysis would be even further enhanced if the new base period is set at 1999-2001, as opposed to the 1995-1997 period used in this analysis. This would capture an additional four years of consumption increases.

The analysis at Stage 1 clearly shows how far WTO members are from providing 5% market access within TRQs. Just by ensuring that all WTO members provide clean access equivalent to 5% of 1986-1988 average domestic consumption, the market expansion gains for all but skim milk powder and sugar are in excess of 40%. This underscores the fallacy of the premise that the starting point for market access expansion is 5% - it is much less.

Conclusion

The results of our analysis are significant and clearly demonstrate that Canada's market access position is a credible means of expanding market access on an equitable basis, while allowing WTO members to maintain viable domestic industries. For Canada, the position provides significant access gains for those commodities that wish to expand their export opportunities and allows those commodities that have chosen supply management as their risk management program to maintain the integrity of their system by ensuring that effective TRQs are permitted as a legitimate trade policy tool. For developing countries, Canada's market access position allows them to develop domestic industries without the fear of being inundated with exports.

[6] Domestic consumption data for the re-basing used data from the Agricultural Market Access Database (AMAD), a joint effort by Agriculture and Agri-Food Canada, EU Commission - Agriculture Directorate-General, Food and Agriculture Organisation of the United Nations, Organisation for Economic Co-operation and Development, The World Bank, United Nations Conference on Trade and Development, United States Department of Agriculture - Economic Research Service that provides tariff and market access information for 52 countries, including the 37 that implemented TRQs post-Uruguay.

Stage 1
Expansion of existing TRQs to 5% of 1986-1988 average domestic consumption

	A	B	C	C-A=D	D/A=E
Commodity	**Final WTO Minimum Access under TRQs (tonnes)[7]**	**5% of average domestic consumption 1986-1988**	**Access (volume) resulting from expanding all TRQs to a minimum of 5% of 1986-1988 domestic consumption[8]**	**Additional access (volume) resulting from expanding all TRQs to a minimum of 5% of 1986-1988 domestic consumption[9]**	**Additional access (%) resulting from expanding all TRQs to a minimum of 5% of 1986-1988 domestic consumption**
BUTTER	129,891	178,711	184,994	55,103	42.4%
CHEESE	309,040	451,156	471,248	162,208	52.5%
SKIM MILK POWDER	1,163,958	142,769	1,198,268	34,310	2.9%
POULTRY	315,168	506,093	609,851	294,683	93.5%
PORK	452,298	717,436	937,347	485,049	107.2%
WHEAT	8,609,302	6,140,123	12,430,750	3,821,448	44.4%
OATS	46,925	555,508	560,870	513,945	1,095.2%
HEN EGGS	262,232	354,869	393,604	131,372	50.1%
SUGAR	3,719,678	1,964,146	3,891,114	171,436	4.6%
BEEF	1,112,024	1,988,644	2,214,000	1,101,976	99.1%

[7] Final commitments as per the WTO Agreement on Agriculture: 2000 for developed countries and 2004 for developing countries.
[8] The access level is the combination of expanding all TRQs offering less than 5% access to 5% of the average 1986-1988 domestic consumption and maintaining all TRQs offering more than 5% access at their existing levels.
[9] The additional access is the difference between all TRQs offering less than 5% and 5% of the average 1986-1988 domestic consumption.

Stage 2
Expansion of existing TRQs to 5% of 1995-1997 average domestic consumption

	A	B	C	C-A=D	D/A=E
Commodity	**Final WTO Minimum Access under TRQs (tonnes)[10]**	**5% of average domestic consumption 1995-1997**	**Access (volume) resulting from expanding all TRQs to a minimum of 5% of 1995-1997 domestic consumption[11]**	**Additional access (volume) resulting from expanding all TRQs to a minimum of 5% of 1995-1997 domestic consumption**	**Additional access (%) resulting from expanding all TRQs to a minimum of 5% of 1995-1997 domestic consumption**
BUTTER	129,891	138,215	156,733	26,842	20.7%
CHEESE	309,040	533,342	548,583	239,543	77.5%
SKIM MILK POWDER	1,163,958	106,202	1,186,470	22,512	1.9%
POULTRY	315,168	739,962	794,392	479,224	152.1%
PORK	452,298	738,922	963,305	511,007	113.0%
WHEAT	8,609,302	6,934,611	12,987,187	4,377,885	50.9%
OATS	46,925	400,822	406,011	359,086	765.2%
HEN EGGS	262,232	355,774	393,784	131,552	50.2%
SUGAR	3,719,678	2,536,009	4,119,471	399,793[12]	10.7%
BEEF	1,112,024	1,917,945	2,007,570	895,546	80.5%

[10] Final commitments as per the WTO Agreement on Agriculture: 2000 for developed countries and 2004 for developing countries.
[11] The access level is the combination of expanding all TRQs offering less than 5% access to 5% of the average 1986-1988 domestic consumption and maintaining all TRQs offering more than 5% access at their existing levels.
[12] Check Hungary and Korea

Stage 3
Conversion of high single stage tariffs to TRQs equal to 5% of 1995-1997 average domestic consumption

	A	B	B/A=C
Commodity	**Final WTO Minimum Access under TRQs (tonnes)[13]**	**Additional Access resulting from the conversion of high single stage tariffs to TRQs**	**Additional Access (%) resulting from the conversion of high single stage tariffs to TRQs**
BUTTER	129,891	5,625	4.3%
CHEESE	309,040	19,445	6.3%
SKIM MILK POWDER	1,163,958	6,278	0.5%
POULTRY	315,168	1,022,598	324.5%
PORK	452,298	120,180	26.6%
WHEAT	8,609,302	2,981,126	34.6%
OATS	46,925	248,630	529.8%
HEN EGGS	262,232	741,408	282.7%
SUGAR	3,719,678	1,668,470	44.9%
BEEF	1,112,024	761,419	68.5%

[13] Final commitments as per the WTO Agreement on Agriculture: 2000 for developed countries and 2004 for developing countries.

Stage 4
Summary Table of additional market access

	A	B	C	D	C+D=E
Commodity	**Final WTO Minimum Access under TRQs (tonnes)**	**Additional Access (%) resulting from expanding all TRQs to a minimum of 5% of 1986-1988 domestic consumption**	**Additional Access (%) resulting from expanding all TRQs to a minimum of 5% of 1995-1997 domestic consumption**	**Additional Access (%) resulting from the conversion of high single stage tariffs to TRQs**	**Total Additional Access as a % of final WTO Minimum Access under TRQs**
BUTTER	129,891	42.4%	20.7%	4.3%	25.0%
CHEESE	309,040	52.5%	77.5%	6.3%	83.8%
SKIM MILK POWDER	1,163,958	2.9%	1.9%	0.5%	2.4%
POULTRY	315,168	93.5%	152.1%	324.5%	476.6%
PORK	452,298	107.2%	113.0%	26.7%	139.7%
WHEAT	8,609,302	44.4%	50.9%	34.6%	85.5%
OATS	46,925	1,095.2%	765.2%	529.8%	1,295.0%
HEN EGGS	262,232	50.1%	50.2%	282.7%	332.9%
SUGAR	3,719,678	4.6%	10.7%	44.9%	55.6%
BEEF	1,112,024	99.1%	80.5%	68.5%	149.0%