WORLD TRADE ORGANIZATION

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Committee on Agriculture
Special Session

NEGOTIATIONS ON AGRICULTURE

OVERVIEW

[…]

ANNEX

Export subsidies

Working Hypotheses		Variations/Additions
Policy coverage of further commitments	The policy coverage of further commitments shall be the export subsidies specified in Article 9.1 of the Agreement on Agriculture.	(i) No new forms of export subsidies other than those listed in Article 9.1 of the Agreement on Agriculture shall be introduced. (ii) The policy coverage set out in Article 9.1 shall be maintained depending on the treatment of other types of export supports such as export credits, insurance and guarantee schemes and support which can be given by export state trading enterprises. (iii) The policy coverage set out in Article 9.1 shall be extended to cover domestic support measures for specific products which meet the following criteria: - measures classified as price-linked compensatory payments; and - more than {Y} per cent of products benefiting from the measures above is exported. (iv) Article 9.1(d) shall be clarified regarding some forms of export promotion permitted under this provision.
Product specificity of commitments	The product specificity of commitments, for both quantity and budgetary outlays, shall be as specified in Members' Schedules with respect to final bound levels.	(i) Commitments shall apply to all products or group of products, including processed products, where exports of such products are subsidised through practices in Article 9.1 of the Agreement on Agriculture.
Base levels	The base levels for commitments, for both quantity and budgetary outlays, shall be the final bound levels as specified in Members' Schedules.	(i) Base levels can be adjusted depending on the results of the negotiations on other forms of export support. (ii) More representative current base levels may need to be defined for some countries, particularly countries with economies in transition. (iii) The base level for the staging of further commitments in developed countries shall be the average actual subsidy level for the years 1995-2000 or the bound level for the year 2000, whichever is lower.
Formula/targets for further commitments, implementation period, staging		(i) Budgetary and quantitative reductions of 50% from final bound levels as specified in Schedules from the first day of implementation followed by equal annual reductions leading to elimination and prohibition after three [to five] years for developed countries and [six] [five to seven] years for developing countries. (ii) Scheduled outlays and quantity commitments shall be reduced to zero through equal instalments over five years, with special and differential treatment for developing countries.

Export subsidies

	Working Hypotheses	Variations/Additions
Formula/targets for further commitments, implementation period, staging (cont'd)		(iii) Export subsidies shall be reduced using the Uruguay Round approach. There shall be no down payments. (iv) Reduction commitments (to zero) shall be implemented over a six-year period commencing in the year 2005, in equal annual instalments. (v) In addition to budgetary outlays and quantity commitments, reduction commitments (in equal instalments) shall also be established on the unit value for each category of export subsidies as defined in the Uruguay Round. The base level to be used shall be 64% of the average unit value of export subsidy during the base period 1986 to 1990. (vi) Domestic support measures that have the same effect as export subsidies shall be reduced according to the formula for export subsidy reductions to be worked out in the negotiations. Reductions shall start from 64% of the budgetary outlay and 79% of the quantities benefiting from such support in the base period 1986-1990. (vii) In the case that Members shall agree to an overall export subsidy reduction of [X] percent, for a specific product or product group a Member may choose to reduce the export subsidy by a lower rate than the agreed overall percentage export subsidy reduction agreed, provided that the Member undertakes a corresponding above-average reduction, multiplied by a factor of [Y] and measured on a value and volume basis, on another product or product group. (viii) For incorporated products as defined in Article 9.1(f) of the Agreement on Agriculture, reduction commitments shall be undertaken on a non-aggregated basis for budgetary outlays. (ix) The degree of product aggregation shall be related to the extent of the reductions: the deeper the cuts, the larger the product aggregates. (x) It shall be provided that, for equity, no Member is constrained to grant export subsidies during the implementation period for reduction commitments on all forms of export subsidies.
S&D	(i) The exemptions for developing countries under Article 9.4 for the transport and marketing subsidies set out in Article 9.1(d) and (e) of the Agreement on Agriculture shall be extended. (ii) Developing countries shall benefit of a longer time-frame (smaller annual cuts) for implementing their further export subsidy commitments.	(i) Article 9.4 of the Agreement on Agriculture shall be continued [and amended to include export assistance schemes usually provided by developing countries][but with a clear end date]. (ii) Developing countries' exemptions shall be extended to Article 9.1(a), (b), (c) and (f) in cases of unforeseen circumstances, for developmental objectives and for food security purposes. Alternatively, developing countries shall be afforded a more general exemption for subsidies under Article 9.1(a) to (c) of the Agreement on Agriculture.

Export subsidies

Working Hypotheses		Variations/Additions
S&D (cont'd)	(iii) Least-developed countries shall not be required to make further commitments on export subsidies.	(iii) If general export subsidies are to be permitted in other Member countries, then equivalent provisions to those of Article 27 and Annex VII of the Agreement on Subsidies and Countervailing Measures, or some other flexibility, shall be incorporated to the Agreement on Agriculture for developing countries with GDP per capita of less than $1,000. (iv) Until a developing country reaches a certain stage of export competitiveness (3.25% of world trade of the products concerned) the support provided by that developing country to subsistence products and certain other crops should not be subject to commitments (as set out in the SCM Agreement). (v) Developing country Members shall stage further reduction commitments from the final bound levels established as a result of the Uruguay Round, with the flexibility to implement commitments over a ten-year period commencing in the year 2008. (vi) Any new commitments through any instrument in market access, domestic support, and export subsidies for developing countries shall be no more than half of the commitments of developed countries. (vii) Reductions in export subsidies, with a view of phasing out, by developed countries for products of export interest to developing countries shall be completed between September 2003 and 1 January 2005. (viii) No exports shall be allowed to least-developed countries, vulnerable countries in transition and NFIDCs for agricultural products supported by export competition instruments where such products or their direct substitutes are produced in the importing country unless such exports and type of export instruments are explicitly approved by importing Members and notified by both importing and exporting Members. (ix) There shall be lower reduction percentages or no reduction in respect of quantities and outlays of products destined to LDCs and NFIDCs. (x) There shall be prefixing of export refund rates for products destined to LDCs and NFIDCs.
Other issues		(i) The provisions of Article 13(c) shall cease to apply as per Article 1(f) of the Agreement on Agriculture. (ii) Article 13(c) of the Agreement on Agriculture shall continue to apply to export subsidies provided by any developing country Member that fully conform with the provisions of Part V of the Agreement on Agriculture (as revised by the present modalities), as reflected in each Member's Schedule.

Export subsidies

Working Hypotheses		Variations/Additions
Other issues (cont'd)		(iii) Commitments on export subsidies may not be negotiated to limit the scope of subsidies on exports of agricultural products as regards individual or regional markets.

Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
General approach	Disciplines shall be established for export credits, export credit insurance and guarantee programmes.	(i) Export credits that comply with the agreed disciplines shall be deemed to be in conformity with the provisions of the Agreement on Agriculture regarding export competition. Export credits that do not comply with these requirements shall be counted against each Member's export subsidies reduction commitments as indicated in its Schedule, or otherwise prohibited.
		(ii) The subsidy element implicit in export credits, insurance and guarantees schemes shall be determined and subject to reduction commitments comparable to those that will apply to export subsidies [X per cent in outlays/values and Y per cent in volumes]. (iii) Export credit commitment levels for each year of the implementation period shall be specified in a Member's Schedule (based on a past reference period). This will be expressed as : - in the case of budgetary outlays, the maximum level of granted amounts for export credit that may be allocated or incurred in that year in respect of the agricultural product or group of products concerned; and - for export quantity reduction commitments, the maximum quantity of an agricultural product or group of products in respect of which export credits may be granted in that year. (iv) Members shall undertake the gradual reduction of the values and volumes of agricultural exports with the notification of the base period data for exports under government risk coverage, from which annual percentage reductions shall be made. For Members without baseline data, the basis of commitments could be the average values and volumes of exports of major agricultural products in a preceding, multi-year reference period. A low common cap shall be agreed upon, expressed as a percentage share of these reference value and volume figures, which will be the maximum permitted starting levels of exports with the governments' coverage of non-commercial risks. These limits would be reduced annually by the same percentages as applicable for export subsidy outlay and volume commitments. (v) Members shall consider maintaining the export credit provisions.

Export Credits, Insurance and Guarantees

Working Hypotheses		Variations/Additions
Measures to be covered	All officially supported export credits, guarantees and insurance programmes shall be covered by the disciplines.	(i) Any support given by or on behalf of governments in respect of export credit, credit guarantee, loan and insurance programmes, including direct credit, refinancing, and interest rate support, and all other forms of government involvement – direct and indirect. This includes support provided by special institutions controlled by and/or acting under the authority of governments. (ii) An officially supported export credit is any export credit transaction in which the government (at a national or subnational level) undertakes some or all of the credit risk or the cost of providing credit, including but not limited to financing, interest rate support and export credit insurance and guarantees. (iii) The measures to be covered are those set out in the Illustrative List of Export Subsidies in item (j) and the first paragraph of item (k) in the SCM Agreement with a wider scope covering other types of institutions that provide credits with the help of governments. (iv) Except to the extent provided under Article 10.4 under the Uruguay Round Agreement on Agriculture, Members shall be prohibited from using export credit, export credit guarantee and export credit insurance programmes that do not meet the provisions of this Article.
Forms of support to be subject to disciplines	The disciplines shall cover any transaction where the government takes part or all of the risk, pays support or foregoes revenue. This will include supply of credit, direct credits, financing and refinancing, and guarantees.	(i) Any officially supported export credit activities carried out by and/or extended to any actors with no exceptions. (ii) Disciplines shall apply to all forms of official support including direct credits/financing; refinancing; interest-rate support; export credit insurance and guarantees; deferred invoicing; and any other form of involvement, direct or indirect, by providers of official support. (iii) Export credits shall only cover the needs of LDCs or NFIDCs and products directly related to food security.
Providers of support to which disciplines would be applicable	Government or special institutions controlled by and/or acting on the authority of governments also comprising state trading enterprises involved in providing officially supported export credits, including the grant of export credits shall be covered by the disciplines.	(i) Providers of official support to be subject to disciplines include: - government departments, agencies, or statutory bodies; - any financial institution or entity engaged in export financing in which there is governmental participation by way of equity, provision of loans or underwriting of losses;

Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
Providers of support to which disciplines would be applicable (cont'd)		- any governmental or non-governmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which or by virtue of which they influence through their purchases or sales the level or direction of exports; and - any bank or other private financial institution which acts on behalf of or at the direction of governments or their agencies. (ii) All officially supported export credit transactions carried out by and/or extended to all actors with no exceptions, including, but not limited to, support granted by national and sub-national governments, their agencies totally or partially controlled by them or by bodies outside the government acting under a governmental mandate, fulfilling a government mandate, or due to delegation of governmental powers.
Maximum/ minimum terms/conditions that may be provided or supported		Note: Maximum or minimum terms or conditions that could apply to export credits and/or related instruments include some or all of the following:
General	Commercial terms shall be the principal bench mark for any maximum or minimum terms or conditions that will be applicable to export credits, export credit insurance and guarantee schemes.	
Effective expenditure		(i) The annual effective expenditure to cover trade distortive export credits, based on historical performance, shall be subject to the same reduction commitments that will apply to export subsidies.
Quantities covered by credits		(i) A maximum quantity of an agricultural product, or group of products, based on historical performance shall be established, in respect of which such trade distortive export credits may be granted in a year. These quantities shall be subject to the same reduction commitments that will apply to export subsidies.
Maximum repayment terms		(i) The maximum repayment terms shall be 180 days or less, for a large majority of products with limited exceptions in the case of products that are comparable to capital goods e.g. breeding animals, vegetable reproduction material, or some agricultural exports that were of a capital nature. Those exceptions shall be able to qualify for longer repayment periods, but in no case exceeding three years.

Export Credits, Insurance and Guarantees

Working Hypotheses		Variations/Additions
Repayment term		(i) The repayment term shall be the period beginning at the starting-point of export financing and ending on the contractual date of the final payment; (ii) For breeding cattle, where the repayment terms exceed one year: - up front cash payments, of at least 15 per cent; and - repayment of principal and interest shall be made regularly and equally, not later than six months after the starting-point of credit.
Insurance premium		(i) Premium shall be charged, shall be risk-based and shall not be inadequate to cover long-term operating costs and losses in accordance with international obligations. Consequently, the accumulated cash flow, premium income plus recoveries minus operating costs and claims paid should break even over a rolling period of years to be determined. (ii) Premiums shall be expressed in percentages of the principal value of the credit; and premiums shall be paid in full at date of issuance and shall not be financed.
Repayment of principal		(i) The principal sum shall be repaid no later than 180 days after the starting-point of export financing. (ii) Where repayment terms exceed 180 days, agricultural capital goods repayment shall cover both interest charges and principal.
Payment of interest		(i) Interest shall be paid no later than 180 days after the starting-point of export financing.
Starting-point of credit		(i) The starting-point of credit shall be [not later than] the date of arrival, or if more than one shipment is involved, the weighted mean date of arrival, in the recipient country of the goods exported and financed with the export credit [for a contract under which shipments are made in any consecutive six months period]. (ii) The starting-point of export financing shall not be later than the actual date of shipment of the goods to the recipient country.
Ending date of credit		(i) The ending date of credit shall be the date of the last instalment payment of the export credit by the debtor (covering both principal and interest).

Export Credits, Insurance and Guarantees

Working Hypotheses		Variations/Additions
Validity period of credit		(i) The terms and conditions of officially supported export credits made available to exporters or importers shall have a maximum validity period of {X} months. (ii) Credit terms and conditions (e.g., interest rates for official financing support and all risk-based terms and conditions) offered for an individual export credit or line of credit shall not be fixed for a period exceeding six months without payment of the premium.
Minimum interest rates		(i) A benchmark shall be established for the minimum interest rate that can benefit from support. This benchmark shall be defined as commercial interest rates or the opportunity cost of capital to the government. (ii) Interest rates offered for official financing support shall not be below the actual costs of borrowing for the funds so employed (including costs of funds if capital was borrowed on international markets in order to obtain funds of the same maturity and other credit terms denominated in the same currency as the export credit), plus a risk-based spread reflective of prevailing market conditions. If the repayment term is above a period to be determined, a Member providing official financing support would need to apply the minimum interest rates in conformity with the arrangements on guidelines for officially supported export credits as referred to in Annex 1 of the SCM Agreement (Item k, para.2). The Member shall apply the relevant commercial interest reference rates. (iii) Interest rates applied to export credits shall not be lower than the "minimum reference interest rate". A "minimum reference interest rate" will be established on the basis of an internationally accepted financial market rate (i.e., the London Interbank Offered Rate, LIBOR), plus a premium (i.e. 100 or 200 basis points). For the determination of the minimum interest rate, interest shall exclude: - Any payment by way of premium or other charge for insuring or guaranteeing supplier or financial credits. Where official support is provided by means of direct credit(s) or refinancing, the premium may either be added to the face value of the interest rate or be a separate charge. In such a case, both components are to be specified separately in the export credit, credit guarantee or insurance program documentation. Otherwise, it shall be presumed that the export credit guarantee or insurance cost is included in the credit interest, for the purpose of determining the observance of the conditions for minimum interest rates;

Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
Minimum interest rates (cont'd)		- Any other payment by means of banking fees or commissions relating to the export credit other than a bank charge calculated according to the credit or guarantee term or that is payable throughout the repayment term; and - Withholding taxes levied by the importing Member.
Cash payments		(i) In the case of any repayment terms of more than 180 days, a minimum cash payment shall be required at or before the starting point of credit, calculated as [fifteen per cent] [a percentage] of the total amount of the contract/shipment value, excluding interest, to be paid by or on behalf of the importer.
Risk sharing/ Coverage		(i) Officially supported export credit granted by one, or more, WTO Members, (where there is no cash payment) should only cover up to a certain percentage of the value of the transaction (to be negotiated).
Rebates		(i) Rebates in any form shall be explicitly prohibited.
Foreign exchange risk		(i) Export credits, export credit guarantees, export credit insurance, and related financial support shall be provided in freely traded currencies. Foreign exchange exposure deriving from credit that is repayable in the currency of the importer shall be fully hedged, such that the market risk and credit risk of the transaction to the supplier/lender/guarantor is not increased. The cost of the hedge shall be incorporated into and be in addition to the premium rate determined.
Other issues relating to maximum/ minimum terms/conditions that may be provided or supported		(i) Other measures, forms of support and other policies to be covered by maximum or minimum terms or conditions include: marketing windows, national interest accounts administration, revolving credit, indirect and direct support, the financial practices of exporting state trading enterprises in this area, such as delayed invoicing, and transparency. (ii) Maximum/minimum terms/conditions that may be provided or supported shall be based on the draft OECD Sector Understanding on export credits in agriculture. (iii) All officially supported export credits, credit guarantees or insurance programs not complying with any of the terms or conditions shall be prohibited.

Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
Transparency/ Notification requirements	Export credits, insurance and guarantees shall be subject to notification requirements.	(i) Within ninety days of the entry into force of this agreement, a Member shall notify any program that it maintained before the entry into force of this agreement. A Member shall not maintain programmes that were not so notified. No later than the next semi-annual reporting date, a Member shall notify the terms and conditions of any new programmes and any exclusive or special rights or privileges, including statutory or positional powers granted, implemented after the beginning of the implementation period of this agreement. Failure to notify shall result in the prohibition of use. (ii) A notification shall be required before a new credit, insurance or guarantee programme is introduced as well as notifications on actual use of such programmes to show compliance with commitments. Notifications will be needed before changes are allowed to existing programmes. (iii) Members shall report annually on all officially-supported export credits with repayment terms of more than 180 days. Reporting shall be value-aggregated by detailing destination country, product group and repayment terms. (iv) Notifications shall be required: - In respect to forms and providers of support as per agreed definitions; - In respect of terms afforded to LDCs and NFIDCs; - On agreements reached between exporters and importing LDCs and NFIDCs; and - On methodologies used to determine the "appropriate commercial market benchmark rates".

Export Credits, Insurance and Guarantees

Working Hypotheses		Variations/Additions
S&D	Special and differential treatment shall be extended to developing countries, especially in favour of least-developed and net food-importing developing countries in accordance with paragraph 4 of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries.	
Maximum/ minimum terms/conditions that may be provided or supported		Maximum or minimum terms or conditions that could apply to export credits and/or related instruments include some or all of the following:
Maximum repayment terms		(i) Maximum repayment terms shall be not less than a year for non-capital goods and two years or more for capital goods. (ii) In recognition of the Marrakesh NFIDC Decision, an additional repayment term of three months shall be granted for cereals and cereal preparations, oilseeds and oilseed products. In the event of a sudden and significant deterioration in an importing nation's economy, which may have consequences such as social deprivation or unrest, as recognized by the World Food Programme (WFP) or FAO, an exporting Member can be authorized to consider any request for more generous terms, provided that this does not displace commercial sales nor distort market practices under specified conditions, and that it raises no objections from other Members. (iii) The maximum repayment term of thirty months for developing countries shall begin at the starting point of export financing and end on the contractual date of the final payment.
Credit terms and conditions		(i) Food aid shall only be provided in fully-grant form, and not even partially on credit terms.
Minimum insurance premium		(i) Allowance shall be made for exports to least-developed and net food-importing developing countries where risks are higher.

Export Credits, Insurance and Guarantees

	Working Hypotheses	Variations/Additions
Minimum interest rates		(i) Minimum interest rates shall be lower than commercial market benchmark rates and prefixed as from date of entry into force of credit facility and valid for the duration of the repayment period.
Currency parity		(i) Currency Parity shall be prefixed as from date of entry into force of credit facility and valid for the duration of the repayment period.
Minimum cash requirement		(i) There shall be no minimum cash requirement in the case of any repayment terms of more than 180 days.
Risk sharing/ coverage		(i) Risk sharing requirements and the cash payment requirement could be waived in the case of LDCs and NFIDCs.
Repayment of capital		(i) The principal sum (cash payment deduction not applicable, minimum cash requirement refers) shall be repayable in equal, regular … instalments starting not later than six months after the starting point of the credit; (ii) The principal sum shall be repaid in equal and regular instalment not less frequently than annually with the first payment due no later than twelve months after the starting point of credit.
Payment of interest		(i) Regarding the payment of interest: - it shall be at the time of payment of capital **or** at intervals to be agreed between the parties concerned; - it shall be on the basis of reducing balance **or** any means acceptable to the parties concerned; and **-** **"interest"** excludes premiums and other charges for insuring or guaranteeing supplier or financial credits, banking fees or commissions, and withholding taxes imposed by the importing country. (ii) Interest shall be paid not less frequently than annually, with the first payment to be made no later than twelve months after the starting point of export financing.
Risk sharing and premiums		(i) No payment of premium or any other related charge by importer either directly or indirectly; (ii) All risks borne, and adequately covered, by exporter.

Export Credits, Insurance and Guarantees

Working Hypotheses		Variations/Additions
Other Issues relating to S&D		(i) Developing country Members shall be entitled to delay the implementation of any rules and disciplines applicable to the provision of export credits, export credit guarantees or insurance programmes for [five] years. Member countries will examine whether the rules/disciplines shall be applicable to developing countries at a review of the implementation of the commitments at the end of the [fifth] year. (ii) Elements included in the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on LDCs and Net Food-Importing Developing Countries (NFIDCs), including an establishment of a revolving fund, shall be implemented before the rules/disciplines on export credits, export credit guarantees or insurance programmes enter into force.
		(iii) The type of instruments used, the volume of food covered shall be mutually agreed between importing LDCs and NFIDCs and exporting countries and shall be notified to the Committee on Agriculture. (iv) Members which rely on export credits with government risk coverage as a way of providing food aid, shall switch to aid practices in fully grant form, in conformity with the disciplines to be established during the negotiations. (v) The development needs of exporting developing countries shall be taken into account as regards flexibility, possibly similar to that given under Article 9.4 of the Agreement on Agriculture, to use export credit, insurance or guarantee schemes to promote their exports. (vi) Export credits shall not be used to apply political pressure to net food-importing developing countries, especially because exports credits for imports of food products affect food security. (vii) The situation of countries with problems to pay in hard currency shall be taken into account as regards flexibility.

Food Aid

	Working Hypotheses	Variations/Additions
General approach / Types of food aid covered	The objective of WTO disciplines in this area shall be to prevent circumvention of export subsidy commitments by addressing only government to government aid (programme food aid), leaving the rules and commitments on emergency and project food aid to the responsibility of the relevant international organisations.	(i) The WTO rules shall address all types of food aid. (ii) Disciplines shall exclude bona fide food aid defined as food aid which is demand driven and where demand is established by the competent international organizations, given completely in grant form, and is not tied to commercial operations.
Concessionality		(i) Food aid shall be [generally] given in grant form only. (ii) Concessional food aid implemented in response to appeals from relevant international organizations to ensure a necessary amount of food aid pursuant to the Marrakesh Decision shall be allowed. (iii) Schedules of Members who are food aid donors shall limit the monetary value of any non-grant food aid as a percentage of total food aid to the average for the years 2000-2002. This amount shall be bound and reduced in equal steps by a total of [X] per cent during the implementation period. Non-grant food aid reduced in this way shall be replaced by food aid in grant form in equal amounts.
Specific disciplines		(i) All food aid shall fully respect the provisions of Article IX(e)(i) of the FAC, which require that provision of food aid not be tied directly or indirectly, formally or informally, explicitly or implicitly, to commercial exports of agricultural products or other goods and services to recipient countries. (ii) Food aid shall result in additional consumption and not affect domestic production in the recipient country. In addition, provisions shall be developed to ensure increased triangular food aid transactions and local purchases. (iii) There shall be a commitment not to reduce food aid volumes when prices are high. (iv) Members' Schedule of commitments shall include commitments under the Food Aid Convention. Furthermore, aid levels shall be bound in Members' Schedules and shall not be reduced nor be subjected to export taxes or restrictions. (v) Concessions given pursuant to Article IX(a)(iii) of the Food Aid Convention 1999 shall not be subjected to reduction commitments under the Agreement on Agriculture nor be considered as circumvention of export competition commitments.

Food Aid

	Working Hypotheses	Variations/Additions
Specific disciplines (cont'd)		(vi) For non-grant food aid or food aid which does not comply with the disciplines, future export subsidy and export credit disciplines shall apply.
		(vii) Food aid shall be allowed [in kind or in cash] [in kind only].
		(viii) Food aid that does not meet the criteria of bona fide food aid and that is in the form of concessional loans shall be treated under export credit disciplines. Food aid with concessional prices shall be treated as an export subsidy. Alternatively, food aid that does not meet the criteria can be prohibited.
		(ix) A substantial share of FAC aid shall be in financial terms. Reduction of food aid in kind shall be compensated by aid in financial terms. The reduction rate of aid in kind shall correspond to that applied to export subsidies or export credits.
		(x) Article 10 of the Agreement on Agriculture shall be changed as follows (changes are in ***bold/italics***): <u>A new paragraph inserted:</u> **10(3)** ***bis***. ***The following international food aid transactions shall be deemed to be genuine food aid that is not surplus disposal and does not circumvent export subsidy disciplines:*** ***(a) cash food aid provided in response to appeals from the united nations or other international or regional agencies;*** ***(b) in-kind food aid provided for emergencies in response to appeals from the united nations or other international or regional agencies;*** ***(c) project or programme food aid provided through the world food program or other international or regional agencies; and*** ***(d) food aid provided in cash without requiring to be purchased from the donor country (i.e. cash food aid, not in-kind food aid).*** <u>Article 10.4 amended:</u> 10.4. Members donors of international food aid shall ensure : (a) that the provision of international food aid is not tied directly or indirectly to commercial exports of ~~agricultural products or other~~ ***goods or services*** to recipient countries~~;~~

Food Aid

Working Hypotheses		Variations/Additions
Specific disciplines (cont'd)		(b) that international food aid transactions shall be carried out in accordance with the FAO "Principles of Surplus Disposal and Consultative Obligations", including, where appropriate, the system of Usual Marketing Requirements (UMRs). ***In consultation with the food and agriculture organisation (FAO)-consultative sub-committee on surplus disposal (CSSD), the committee on agriculture shall be issued copies of CSSD documents in order to be informed on a regular basis of objections to food aid transactions in the CSSD***; ~~and~~ ***(d) that recipient countries agree that international food aid is not re-exported in any form; and*** ***(e) that the programs or policy parameters of food aid programs are notified annually to the committee on agriculture of the WTO. Food aid transactions shall also be notified annually to the committee on agriculture covering the recipient, the channel and type of food aid, the type of product, amount shipped, source of product and month of shipment.*** <u>A new paragraph added:</u> **10.5.** ***Any operation that does not comply with any provision of paras 4 and 5*** (here 3 *bis* and 4) **of *article 10 shall be prohibited."*** (xi) All non-targeted food aid shall be treated as commercial exports according to export subsidy commitments. (xii) Final individual recipients of food aid shall receive food aid freely or in exchange for work (food-for-work). Food aid cannot be sold on the local market. (xiii) Any food aid in kind beyond the FAC minimum commitments should only be given according to pre-established criteria and upon the request of UN Organisations such as the Office for the Co-ordination of Humanitarian Assistance (OCHA), World Food Programme (WFP) and the High Commissioner for Refugees. Such requests shall as appropriate be based on forecasts undertaken by FAO's Global Information and Early Warning System (GIEWS) and/or other independent agencies. (xiv) All donor countries shall be obliged to undertake an analysis of the recipient country's markets. This requirement shall be added to the Principles on Surplus Disposal in addition to Usual Marketing Requirements (UMRs). Existing standards in other bodies regarding displacement of commercial sales shall be examined to ensure non-circumvention.

Food Aid

Working Hypotheses		Variations/Additions
Transparency/ Notification requirements	All food aid shall be notified to the Committee on Agriculture.	(i) ES:1 notification requirements shall be strengthened to include more detailed food aid reports such as those submitted to the FAO's CSSD (including on recipient countries, tonnage, commodities, type of programme and Usual Marketing Requirements (UMRs)). Counter-notifications shall be allowed. (ii) Food aid quantities and values shall be notified by both donor and recipient countries, including product coverage, information on destinations, origins (e.g. local procurement, if applicable), terms of delivery (e.g. bona fide), cash/kind. (iii) If aid is not notified and if it does not comply with the rules of the responsible international organisations then it should be treated as an export subsidy. (iv) Concessional sales shall be notified as export subsidies. (v) Food aid in the form of credits shall be notified as export credits under new disciplines to be established.
S&D		(i) An international food stockholding system shall be put in place to deal with serious temporary crises in developing countries, in line with the Marrakesh NFIDC Decision. Food aid shall be based on the following principles: - donations shall be based on appeals from WFP and FAO to ensure real humanitarian objectives; - flexibility shall be needed to cover both grant and concessional aid; and - a stockpile shall be established by earmarking part of donor countries' normal stocks based on estimates of need by the responsible international agencies. (ii) NFIDCs shall have access to food aid and financial funds during periods of crisis using agreed upon mechanisms which do not adversely affect neither donors nor recipient Members. (iii) Technical assistance shall be provided to reduce long-term dependence on food aid. (iv) There shall be compensation to exporting developing countries that are adversely affected by surplus disposal in the guise of food aid by requiring donors to procure products from other developing countries, as international food aid organizations do.

Export State Trading Enterprises

	Working Hypotheses	Variations/Additions
Scope of entities to which disciplines would be applicable		(i) The scope of entities to which disciplines will be applicable shall be as in GATT Article XVII, with the focus being on export state trading enterprises (STEs). (ii) The illustrative list of STEs developed by the Working Party on State Trading Enterprises shall be deemed relevant. (iii) The disciplines shall focus on STEs involved in export sale which have, directly or indirectly, a significant share of a respective Member's total exports of a particular product.
Specific Disciplines		(i) The disciplines shall cover exclusive rights and privileges, price pooling, cross subsidisation, exclusive export or domestic purchase rights, government financial support and export credit activities of STEs. (ii) Disciplines shall be developed: to prohibit government assistance; to establish minimum volumes of exports; and to set commitments on minimum stocks and contributions in cash or in kind to international food aid organisations to ensure the food security of importing countries. (iii) The rules in Article XVII of GATT and in the Agreement on Agriculture shall be deemed sufficient. (iv) Members shall not restrict the right of any interested entity to export or to purchase for export, agricultural products. (v) Export [STE] monopolies shall be eliminated. (vi) No special financing privileges (both direct or indirect) from a government to an export enterprise, including government grants, loans, loan guarantees or underwriting of operational costs and/or export credit guarantees shall be granted. (vii) Disciplines shall apply equally to STEs and to private sector enterprises.
Transparency/ Notification requirements	Notification requirements shall be established to enable other Members to assess compliance of STEs with the disciplines applying to exporting STEs.	(i) Any Member that has an export STE shall provide annual notifications including initial and subsequent acquisition costs incurred and export prices of products exported or sold for export on a transaction-specific basis. Any Member can request the Member maintaining an export state trading enterprise for agriculture to provide specific information concerning all operations relevant to the export of agricultural products.

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Working Hypotheses		Variations/Additions
Transparency/ Notification requirements (cont'd)		(ii) Quarterly notification requirements shall be made an integral part of the Agreement for all export state trading enterprises. Notifications shall cover the volume and average price of exports to respective trade partners, average procurement prices and average domestic sales prices, and volume of domestic production. A notification table can include the name of the state trading enterprise, the name of the product and its HS code, the destination of exports, etc. State trading enterprises will also be required to notify elements in their annual plans relating to the volume and value of imports and/or exports, or, if applicable, that the annual plan does not contain such information. (iii) The existing notification requirements in Article XVII of GATT and the Agreement on Agriculture shall be deemed sufficient. (iv) Transparency requirements shall apply equally to STEs and to private sector enterprises.
S&D		(i) STEs in developing countries exporting any product constituting less than a certain percentage (5 per cent) of world trade shall be exempt from disciplines. (ii) STEs in developing countries which contribute to food security shall be exempt from disciplines.

Export Restrictions

Working Hypotheses		Variations/Additions
Export restrictions: Specific disciplines		(i) Export restrictions shall be prohibited for all Members except developing countries. (ii) Export restrictions shall not be part of the negotiations. (iii) Following consultations with other Members, export restrictions and/or prohibitions shall be quantified and converted into export taxes, these taxes shall be bound in Members' Schedules and subject to reduction commitments. (iv) An exemption shall be made to a general prohibition on export restrictions in cases of agreed UN sanctions or under Article XX of GATT. (v) Members shall be informed before restrictions are introduced. Prior notification and consultation shall be mandatory when export restrictions are imposed on the products to be covered by these disciplines. Outside of this coverage, current disciplines in Article 12 of the Agreement on Agriculture shall be applied. (vi) When exporting countries face an emergency need to adjust export volume, a short-term export restriction shall be allowed until the completion of domestic procedure to impose export taxes, in order to ensure the food security of these countries: - Member who intends to take this measure shall consult with other Members who have a 10 percent share or more as an export destination during the preceding three years; - the period of the export restriction shall not exceed one month; and - {X} per cent of domestic production shall be exempt from this restriction during implementation. (vii) Article 12 of the Agreement on Agriculture shall be changed as follows (changes are in ***bold/ italics***): <u>Article 12.1 amended</u>: 12.1 Where any Member ***maintains or*** institutes any new export prohibition or restriction on foodstuffs in accordance with paragraph 2(a) of Article XI of GATT 1994, the Member shall observe the following provisions: (a) the Member ***maintaining or*** instituting the export prohibition or restriction shall give due consideration to the effects of such prohibition or restriction on importing Members' food security;

Export Restrictions

	Working Hypotheses	Variations/Additions
Export restrictions: Specific disciplines (cont'd)		(b) ***the Member maintaining any export prohibition or restriction shall so notify the Committee on Agriculture, supplying information on elements such as the nature and duration of the said measure, and shall hold consultations, upon request, with any Member having a substantial interest as an importer with respect to any matter relating to the measure in question.*** A new paragraph added: ***12.3. In no circumstances shall any Member impose or maintain embargoes on foodstuffs and/or items associated with agricultural production, particularly in respect of net food-importing developing countries.***
Export taxes: Specific Disciplines		(i) Export taxes shall not be part of the negotiations. Export taxes are not export subsidies nor are they export restrictions or prohibitions as they are not mentioned in Part VI of the Agreement on Agriculture and this distinction is confirmed by Article XI of GATT. (ii) Export restrictions and taxes are linked to food security and distort international trade, and therefore shall be an integral part of the negotiations. (iii) Export taxes shall be prohibited for all Members except developing countries. Bound rates of export taxes for all agricultural products based on risks and other factors obtained from past experiences shall be established in Members' schedules and subject to a progressive reduction of 36 per cent + {X} per cent during the implementation period. Exports up to {X} per cent of the average volume of production during the preceeding 3 years shall be exempted from export taxes. (iv) Article XI of GATT refers to export taxes as a form of non-prohibited export restriction, hence compliance shall be ensured with the basic principles on prohibition of quantitative restrictions.
S&D		(i) Developing countries shall be excluded from the disciplines to be established except developing countries which are net exporters of the foodstuffs concerned.

Export Restrictions

Working Hypotheses		Variations/Additions
S&D (cont'd)		(ii) In some circumstances developing countries shall be allowed to use export restrictions and taxes to address food security concerns or other commercial and marketing policy objectives. (iii) Developing country Members shall only be allowed to apply an export tax in conformity with the following provisions: - the export tax shall apply to all agricultural products; - the export tax shall be applied at a uniform rate across all agricultural products; - the export tax shall be applied without modification for a period of at least one year; any subsequent modification shall apply for a period of at least one year from the date of such modification; and - any developing country Member applying, proposing or modifying an export tax shall supply such information to the Committee on Agriculture prior to its application or modification. (iv) Developing countries shall be afforded access to an equivalent of an export safeguard allowing them to introduce restrictions or taxes in certain emergency situations. (v) No commitments other than notification shall be expected under this heading from LDCs and, in justified cases, from other developing countries and vulnerable economies in transition. Article 12 of the Agreement on Agriculture shall be adjusted accordingly. Any Member falling in these categories and applying, proposing or modifying export restrictions or export taxes shall supply such information to the Committee on Agriculture prior to its application or modification. (vi) There shall be no export taxes or export restrictions on food destined for LDCs and NFIDCs.