

WORKING DOCUMENT No. 8

BLUE BOX

Basic Criteria

1. The value of the following domestic support, provided that it is consistent also with the limits as provided for in the paragraphs below, shall be excluded from a Member's calculation of its Current Total AMS:

- (a) Direct payments under production-limiting programmes if:
 - (i) such payments are based on fixed and unchanging areas and yields; or
 - (ii) such payments are made on 85 per cent or less of a fixed and unchanging base level of production; or
 - (iii) livestock payments are made on a fixed and unchanging number of head.

Or

- (b) Direct payments that do not require production if:
 - (i) such payments are based on fixed and unchanging bases and yields; or
 - (ii) livestock payments made on a fixed and unchanging number of head; and
 - (iii) such payments are made on 85 per cent or less of a fixed and unchanging base level of production.

2. [A Member shall nominate, at the time of the adoption of these modalities, which of either of these categories – (a) or (b) - it has selected for the purposes of its Blue Box commitments, and shall not have the freedom to move thereafter between these categories once it has made its selection at the time of the adoption of these modalities. This shall be reflected in Members' Schedules.] [A Member need not specify whether it considers that its programmes fall under (a) or (b) henceforth and, provided all other criteria are met, may apply programmes that fit either description provided above. In any case, any Member that is in a position to move from Amber to Blue pursuant to paragraph 10 below subsequent to the conclusion of this negotiation shall have the freedom to do so on the basis of either criterion above.]

Additional Criteria

Overall Blue Box Limit

3. The maximum permitted value of support that can, under the above criteria of "Blue Box support", be excluded from a Member's calculation of its total AMS shall not exceed 2.5 per cent of the average total value of agricultural production for the [1995-2000] period. This limit shall be expressed in a value specific amount in Part IV of Members' Schedules and shall apply from the commencement of the implementation period.

4. In cases where a Member has, consistent with the terms of Article 6.5(a) of the Uruguay Round Agreement on Agriculture, placed in the Blue Box an exceptionally large percentage of its trade-distorting support – defined as 40 per cent – during the 1995-2000 base period, the limit for that Member shall, instead, be established by application of a percentage reduction in that base period amount. For such a Member, the percentage reduction shall equal the percentage reduction that the Member concerned is to make in its Final Bound Total AMS. This limit shall be expressed in a value specific amount in Part IV of that Member's Schedule. An implementation period of no more than [2] years may be provided for any such Member in the event that immediate implementation is unduly burdensome.

Product-Specific Limits

5. For all Members other than the United States, the limit to the value of support that may be provided to specific products as Blue Box entitlements shall be the average value of support provided to those products, consistent with Article 6.5(a) of the Uruguay Round Agreement on Agriculture, during the period 1995-2000. These limits shall be expressed in those value specific amounts in Part IV of the Schedule of the Member concerned and shall apply from the commencement of the implementation period.

6. In any case, where Article 6.5(a) consistent Blue Box support was not provided for the entirety of that 1995-2000 period, the Member concerned shall use the average value of support for the years notified within that period, provided that there are at least three consecutive notified years within that period.

7. For the United States, the limits to the value of support that may be provided to specific products under paragraph 1(b) above shall be [110] [120] per cent of the average product-specific amounts that would result from applying proportionately the legislated maximum permissible expenditure under the 2002 Farm Bill for specific products to the overall Blue Box limit of 2.5 per cent of the average total value of agricultural production. These amounts for the specific products concerned are annexed as Annex [x].

8. Blue Box entitlements for specific products may nevertheless exceed the limitations determined under paragraphs 5-7 above. This shall be permissible only where there is a corresponding and irreversible one-for-one reduction in the product-specific AMS limits for the product(s) concerned (except for cotton, where that rate would be two-for-one).

9. Where this arises in the context of this particular negotiation, full documentation must be provided in support of this "transfer" to ensure that the starting point is verifiably, on the one hand, the AMS limit that would have been otherwise inscribed in the Schedule through application of the methodology provided above and, on the other, the Blue Box entitlement otherwise inscribed pursuant to application of the methodology set out above.

10. Where this arises as a result of continuation of the reform process after scheduling and during the implementation period, there must be an exact reciprocal reduction in the scheduled product-specific AMS limit for, as the case may be, a new, or increase in the scheduled, product-specific Blue Box limit. In both such situations, the overall Blue Box limit cannot in any case be exceeded.

11. Notwithstanding the above, where there is no product-specific entitlement to a Blue Box limit under the provisions above, and no Current AMS support in the base period for a particular product, a Blue Box product-specific limit is still permissible for that product but only where the support for the total of any such products concerned does not exceed [10] per cent of the overall Blue Box ceiling, there is a maximum for any single product of [5] per cent, and the overall Blue Box cap is still respected. This provision is only available to Members with direct payments of the kind that meet the terms of paragraph 1(a) above, and is a once-only provision for commitment in this Round of negotiations. The monetary value and the products concerned shall be inscribed in the Schedules. If it is resorted to, the Member concerned shall make also an equivalent value reduction in its Total AMS in addition to what it would have been otherwise required to undertake according to the formula for cuts in overall AMS.

Special and Differential Treatment

12. For developing country Members, the maximum permitted level for the value of support under paragraph 3 above shall be 5 per cent of the average total value of agricultural production in the 1995-2000 base period. However, in cases where there is a movement from AMS to Blue subsequent to conclusion of this negotiation, the developing country Member concerned shall have the option of selecting as its base period the most recent five-year period for which data are at that time available.

13. Where a product accounts both for more than 25 per cent of the average total value of agricultural production and 80 per cent of the average total bound AMS support during the base period, a developing country Member that chooses to switch its support from AMS to Blue for that product on a one-for-one and irreversible basis shall be entitled to do so even if this would otherwise lead to exceeding the maximum permitted level provided for in the paragraph above.

14. For RAMs, the maximum permitted level for the value of support under paragraph 3 above shall be 5 per cent of the average total value of agricultural production in the 1995-2000 base period. However, in cases where there is a movement from AMS to Blue subsequent to conclusion of this negotiation, the Member concerned shall have the option of selecting as its base period the most recent five year period for which data is at that time available.

15. Article 6.5 will be amended accordingly to reflect the above modalities.