

**Committee on Agriculture
Special Session**

**SOME G-20 COMMENTS ON SENSITIVE PRODUCTS
BASED ON DOCUMENT TN/AG/W/4/REV.3**

Communication by the G-20

The following communication, dated 27 November 2008, is being circulated at the request of the G-20.

Paragraph 71

1. The G-20 understands the following language should apply as the general rule for the designation of Sensitive Products in developed countries:

"Each developed country Member shall have the right to designate up to 4 per cent of tariff lines as "Sensitive Products".¹ & ²

2. Given this amendment and the inclusion of footnotes 1 and 2, paragraph 75 should be deleted.

Paragraphs 73 and 74

3. The G-20 suggests that a clear-cut structure should be in place for the deviation from the tiered reduction formula and the corresponding compensations for each deviation. The Group suggests the following default structure:

Deviation	Expansion by (Domestic Consumption)
2/3	4%
1/2	3.5%
1/3	3%

¹ In the case of Iceland, Norway, and Switzerland, which have more than 30 per cent of their tariff lines in the top band, the number of Sensitive Products may be increased by the maximum of 2 per cent and these Members shall have the obligation to ensure that, whichever deviation is selected, an additional 1 per cent of domestic consumption beyond what is generally provided for is achieved for all Sensitive Products.

² In the case of Canada and Japan, the number of Sensitive Products may be increased by the maximum of 2 per cent and these Members shall have the obligation to ensure that, whichever deviation is selected, for each additional 1 per cent of tariff lines an additional 1 per cent of domestic consumption beyond what is generally provided for is achieved for all Sensitive Products.

4. The G-20 stresses that each product (the different tariff lines comprised by that product) shall have one and only one deviation.

Paragraph 76

5. The G-20 recalls that the tariff capping for non-Sensitive Products is a general rule, part of the tiered formula structure, and therefore should be placed accordingly in that part of the Rev.3 text (e.g., after paragraph 61).

6. Current paragraph 76 should deal exclusively with the exception to that general rule, regarding Sensitive Products, and the following language could apply:

“After application of all its tariff reduction commitments, a developed country Member shall be entitled to retain tariff lines in excess of 100 per cent ad valorem, only if the tariff lines concerned are confined to those designated as, and are within the numerical limits of, that Member’s overall sensitive product entitlement and that the Member concerned applies an additional expansion of 1 per cent of domestic consumption for those tariff lines concerned.”

7. Therefore, the bracketed text on paragraph 76 should be deleted: “[Certain Members³ may also do so outside the sensitive product entitlement provided that (a) this is for no more than 1-2 per cent of its tariff lines beyond the Member's sensitive entitlement; and (b) that the Member concerned either provides a further expansion of 0.5 per cent of domestic consumption for all its Sensitive Products or provides that, for any line concerned, the tariff cut is implemented two years faster than would otherwise be required or is increased by an additional five percentage points *ad valorem*.]”

Paragraph 80

8. The G-20 reiterates its firm opposition to the creation of new TRQs, as stated in JOB(07)/223. The Group recalls the systemic and commercial implications of such decisions. The Group reaffirms its preference for tariff cuts as the means to guarantee market access.

9. However, in very limited and justified circumstances, if any Member requires a specific exception, it should be identified through enhanced transparency provisions in an Annex to the modalities, where developed Members and tariff lines are clearly specified. The following conditions must also be fulfilled:

- Entitlement – new TRQs to a maximum of 1% of tariff lines should be within the numerical limits defined in paragraph 71;
- Compensation should be significantly higher than the default payments for the maximum deviation expressed in the modalities text;
- All new TRQs should be MFN;
- In-quota duties should be zero;
- All new TRQ administration should be transparent and allow for equal opportunities amongst exporters;
- In case of tariff quota underfill an automatic carry-over mechanism should be applied.

³ Iceland, Japan, Norway, Switzerland.