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Committee on Agriculture, Special Session  
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Agriculture from a Development Perspective  
Special and Differential Treatment for Developing Countries

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Specific Input: Contribution by India on Modalities for Negotiations

1. Paragraph 13 of the Doha Ministerial Declaration (WT/MIN(01)/DEC/1) agrees, *inter alia*, that " ... special and differential treatment for developing countries shall be an integral part of all elements of the negotiations on agriculture and shall be embodied in the Schedules of concessions and commitments and as appropriate in the rules and disciplines to be negotiated, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development".

2. The negotiating mandate is premised on the fact that developing countries are seriously disadvantaged in agriculture. To some extent, elimination of asymmetries, inequities and imbalances in the existing provisions of the Agreement on Agriculture (AoA) would serve to reduce the disadvantages faced by developing countries in agriculture. In order to achieve this objective, a non-exhaustive set of proposals is enclosed below, categorized under each of the three pillars envisaged in the negotiations, namely, market access, domestic support and export competition.

3. Even after this is done, and a level playing field is achieved, this mandate compels us to begin to provide tangible and effective positive action through special and differential treatment for developing countries.

4. Unfortunately, world agricultural trade is distorted and conditioned by domestic agricultural policies of a number of developed countries with vast budgetary and financial resources at their command. Heavy subsidization of their domestic production and exports of agricultural products has resulted in polarization of trade in their favour and depressed international prices to the detriment of agricultural production in developing countries. Developing countries, due to lack of financial resources, even where rules permit, have not been able to provide support of the type and at the levels provided by developed countries. Thus, developing countries could have no concessions to make in operational terms with regard to domestic support and export subsidies. The real issue in the modalities for negotiations, therefore, is to secure phasing out of the distortions in trade through direct and indirect subsidization of domestic production and exports by these developed countries.

5. Moreover, there must also be explicit realization of the fact that even as a vast majority of people in developing countries are dependent on agriculture, the farming community constitutes an economically weak and exceptionally vulnerable section of the population with a large number of them either below or close to the poverty line. Agriculture in developing countries is largely characterized by subsistence and small-scale farming. Providing opportunities for livelihood in agriculture, and availability of food at affordable prices are, therefore, of crucial importance to developing countries. *Flexibility in domestic policies for agriculture aimed at enhancing their food and livelihood security and for rural development should be incorporated in the rules and disciplines on trade in agricultural products through special and differential treatment for developing countries.*

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### **Inter-linkage between market access, domestic support and export competition**

6. In order to address their legitimate and varied needs, including food and livelihood security, and agricultural and rural development, the tariffs are the principal instruments available to the developing countries. Developed countries, in contrast, use a vast array of instrumentalities under all three pillars envisaged in the mandate for negotiations, namely, market access, domestic support and export competition. Even under the pillar of market access, the instrument of special safeguards against surge in imports or decline in prices of agricultural products was denied to those developing countries that had not resorted to tariffication during the Uruguay Round. *Therefore, developing countries can be expected to reciprocate in market access, subject to their economic and social conditions, development needs, food and livelihood security and rural development requirements, only if they get adequate concessions and commitments by developed countries in all three pillars.*

7. *Any reductions in tariffs by developing countries should be based on an approach that secures an overall average reduction in bound rates for them which is significantly lower than that by developed countries and with no minimum reduction on each tariff line, irrespective of the approach for reduction in tariffs followed by developed countries. For specific agricultural products bound at relatively low levels in earlier negotiations, developing countries should be permitted to raise current bindings to the ceiling bindings for similar products committed during the Uruguay Round. Longer implementation periods in all market access commitments by developing countries should be provided, since the impact of reduction in protection is immediate, while any change in domestic policies for domestic support and exports by developed countries will show results only after a lag. Given the experience of implementation of the Uruguay Round commitments, that the time period of implementation by developed countries in practical terms has been at best equal to that of the developing countries (and not 2/3<sup>rd</sup> as stipulated by the AoA), any new commitments through any instrument in market access, domestic support, and export subsidies for developing countries should be no more than half of the commitments of developed countries.*

8. In addition to the above, specific proposals under each of the three pillars are as follows:

#### **Market Access**

- To achieve substantial reductions in tariff peaks and tariff escalation in products of export interest to developing countries.
- To replace denomination of tariffs in specific, mixed and compound terms by "equivalent" *ad valorem* rates.
- To improve disciplines on Tariff Rate Quota (TRQ) administration, and increase market access for all developing countries, including through TRQ volumes, for products of export interest to them.
- To extend the special safeguard mechanism under Article 5 of AoA to all developing countries.

#### **Domestic Support**

- To provide that Members shall not challenge the measures provided under Article 6.2 of the AoA by developing countries.
- To retain the existing structure of Article 6.2 of the AoA for developing countries.

- To exempt developing countries from the applicability of threshold levels of production or income loss set out for payments made for relief from natural disasters, under paragraph 8 of Annex 2.
- To achieve significant and meaningful reduction in domestic support by undertaking reduction commitments on a product-specific basis, resulting in reduction of all trade-distorting support, in the Amber Box, the Blue Box and Annex 2 (paragraphs 5, 6, and 7), to *de minimis* level at the end of the implementation period.
- To remove the present inequity inherent in reduction commitments, whereby developed countries with positive aggregate measurement of support can aggregate product-specific subsidies while developing countries, with negative AMS, are subject to *de minimis* limitations, to agree on a methodology for calculating aggregate support, which is subject to reduction commitments, such that:
  - domestic support above *de minimis* level is aggregated on a product-specific (or disaggregate) basis;
  - domestic support below *de minimis* level permits aggregation of non-product-specific support with product-specific support by developing countries; and
  - AMS is calculated on the basis of a stable currency/ basket of currencies, and that due consideration is given to the influence of excessive rates of inflation on the ability of any Member to abide by its domestic support commitments.

#### **Export Competition**

- To eliminate export subsidies in an agreed time schedule, except subsidies provided by all developing countries under Articles 9.1(d) and (e) of the AoA which shall remain without reduction commitments.
- To provide that, for equity, no Member is constrained to grant export subsidies during the implementation period for reduction commitments on all forms of export subsidies.
- To discipline export credits, loans, guarantees, insurance, food aid and support extended through state-trading enterprises or enterprises with special or exclusive privileges.
- To provide that Members shall not challenge the measures provided by developing countries under Articles 9.1(d) and (e) of the AoA.

**Finally**

9. No developing country or group of developing countries should feel dissatisfied with the outcome on agriculture in the negotiations, even while these negotiations are taking place against the backdrop of a 'single undertaking' on all negotiations. To elicit an outcome on agriculture to the advantage of all developing countries, the notion of 'reciprocity' in the negotiations will need to be moderated to incorporate the development needs and concerns of developing countries.

10. The modalities for negotiations that are agreed by Members should be an integral part of the outcome of the negotiations.

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