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STRATEGIC PRODUCTS

Submission by

Cuba, Dominican Republic, Honduras, India, Indonesia, Republic of Korea, Nigeria,
Turkey, Peru, Philippines, Sri Lanka, and Venezuela

Ministers agreed in paragraph 13 of the Doha Ministerial Declaration that "special and differential treatment for developing countries shall be an integral part of all elements of the negotiations 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".

It is an indisputable fact that the agriculture sector contributes in a myriad ways to promote food and livelihood security in developing countries and is critical to rural development. In light of this, a large number of developing countries have taken a position that undertaking further tariff reduction commitments on all agriculture products would be difficult.

The concept and approach taken by the Chairman of the Special Session in his first draft of the modalities for negotiations in agriculture, by proposing that "Developing countries shall have the flexibility to declare up to [] agricultural products at the [6-digit] HS level as being strategic products with respect to food security, rural development and/or livelihood security concerns ... " is an important step to accommodate these concerns of a large number of developing countries.

Thus, the criteria for declaring products as 'Strategic' are already built into the concept developed by the Chairman. The products are to be declared as such with respect to food security, rural development and/or livelihood security concerns. We believe that there is a need to provide flexibilities for Strategic Products in all pillars.

Yet some Members, primarily the net agricultural products exporting country Members have sought devising further criteria for declaring agricultural products as 'Strategic Products'. An attempt to devise further criteria encounter certain difficulties which are briefly enumerated below:

Any plausible criteria, such as, value of production of a particular crop relative to the total agricultural GDP, area under a particular crop, the contribution of a particular crop/product to the diet of majority of population and/or the proportion of population employed in its production either in absolute numbers of people and/or as a percentage of population, etc. cannot be easily applied as data for these indicators may not be available at 6-digit level.

Even if it is assumed that some criteria can be developed, the question of specifying the threshold levels for determining the products, as 'Strategic Products' remain unanswered. Regardless of the indicator(s) chosen, the threshold would vary markedly across developing countries. It would fail to capture the size and diversity of agriculture sector in these countries. Moreover, subsistence farming, which should be primarily protected through these criteria, is by its nature, itself diverse. In such a situation, a threshold of as low as 1-2 per cent for these criteria can only bring about a reasonable number of products under the 'strategic products' category.

A particular product may be sensitive in its 'processed' form, which may not get captured in any of these criteria.

Therefore, we believe that the need for devising further criteria evinced by some Members is based on a misconception of the purpose behind giving special treatment under further tariff reduction commitments for Strategic Products'. In our view a number-based self-declaration of such products is the only plausible criterion, which can be used to address the diverse roles, which agriculture sector plays in the economies of a large number of developing countries.

Finally, we believe 'self-declaration' is the only pragmatic and effective criterion to address concerns of a developing country such as food security and rural development and/or livelihood security. The total number of self-declared strategic products at any one time are limited to [X] per cent of the total domestically produced agricultural products based on tariff lines in a country's schedule. The goods under tariff lines produced domestically can be determined through self-declaration based on available statistics. Developing countries should also be allowed to revise the list of products declared as SP in accordance to their future food security and rural development needs.
