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AGRICULTURE - FRAMEWORK PROPOSAL

Joint Proposal by Argentina, Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, Egypt, El Salvador, Guatemala, India, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand and Venezuela

The following communication, dated 2 September, has been received by the Director-General from the Permanent Mission of Brazil.

I have the honour to refer to document Job(03)/162/Rev.1 which contains a framework proposal for the agriculture section of the draft Ministerial Declaration.

On behalf of the co-sponsors of the document – Argentina, Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, India, Mexico, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand and Venezuela – I request that it be circulated as a formal document of the Fifth Ministerial Conference.

Members reconfirm the objectives as established in paragraphs 13 and 14 of the Doha declaration, including the objective to establish a fair and market-oriented trading system through fundamental reform in agriculture. Members recognize that reforms in all areas of the negotiations are inter-related, that operationally effective special and differential treatment for developing countries will be an integral part of the negotiations, and that non-trade concerns should be taken into account as provided for in the Agreement on Agriculture.

Ministers agree to intensify work to translate the Doha objective into reform modalities, including by adopting the following approaches for reduction/elimination commitments and related disciplines on key outstanding issues on market access, domestic support and all forms of export subsidies and stress their commitments to submit comprehensive draft schedules in time to conclude negotiations by 1/1/2005.

In that context, Ministers agree as follows:

¹ The text reproduced below was previously circulated as JOB(03)/162/Rev.1.

1. Domestic Support:

The Doha declaration calls for "substantial reduction in trade-distorting domestic support". All developed countries shall achieve substantial reduction in trade distorting support with Members having the higher trade distorting subsidies making greater efforts.

1.1. Substantial reductions shall take place under the following parameters:

- (i) Reduce all trade-distorting domestic support measures in the range of []% - []%, on a product specific basis. The difference between the upper and lower limits shall be no greater than [] % points. Products which benefited from levels of domestic support, above the average, during the period [...] shall be subject to the upper levels of reduction. Regardless of the percentage reduction applied in each case, a first cut of not less than [%] of such reduction shall be applied to all trade distorting domestic support measures within the first 12 months of the implementation period.
- (ii) For products benefiting from domestic support which are exported and which have accounted, on average over the last [...] years, for more than [%] of world exports of that product the domestic support measures shall be subjected to the upper levels of reduction, with a view to elimination.
- (iii) Eliminate article 6.5 of the Agreement on Agriculture.
- (iv) Reduce *de minimis* by []% for developed countries
- (v) The sum of AMS support and *de minimis* shall be subject to a cut of at least []%

1.2. Green box direct payments (paragraphs 5 to 13 of Annex 2 of the AoA) shall be, as appropriate, capped and/or reduced for developed countries. Additional disciplines shall be elaborated and agreed upon.

Special and Differential Treatment

1.3. The scope of art. 6.2. of the Agreement on Agriculture shall be expanded, so as to include focused and targeted programmes.

1.4. Maintain *de minimis* at the existing levels for developing countries

2. Market Access:

2.1. The formula applicable for tariff reduction in developed countries shall be a blended formula, under which each element will contribute to substantial improvement in market access for all products, in an effective and measurable way. The formula shall be as follows:

- (i) []% of tariff lines subject to a []% tariff cut. With a view to addressing tariff escalation, a factor of [] will be applied to the tariff rate cut of the processed product, in case its tariff is higher than the tariff of the product in its primary form;
- (ii) []% of tariff lines subject to a Swiss formula coefficient [];
- (iii) []% of tariff lines shall be duty-free.

2.1.1 The total average tariff cut of items I) and ii) above shall be at least [] % and, in any event, significantly higher than the tariff cut in I).

2.2 For the tariff lines that exceed a maximum of []% Members shall reduce them to that maximum.

2.3 Tariff rate quotas shall be expanded by []% of domestic consumption and in quota tariff rates shall be reduced to zero. Strict rules for their administration will be agreed to. Larger expansion or creation of TRQs could be the result of a request and offer process.

2.4 The Special Agricultural Safeguard (SSG) for developed countries shall be discontinued.

2.5 All developed countries shall provide duty-free access to all tropical products and others mentioned in the Preamble of the Agreement on Agriculture as well as to other agricultural products representing at least []% of imports from developing countries.

Special and Differential Treatment

2.6 Having regard to their rural development and food security needs, developing countries shall benefit from special and differential treatment, including lower tariff reductions and longer implementation periods, as well as from the establishment of Special Products (SP), under conditions to be determined in the negotiations. The formula applicable for tariff reductions shall be as follows:

- (i) all tariff lines subject to a []% average tariff cut and a minimum cut of []%;
- (ii) there will be no commitments regarding TRQ expansion and reduction of in quota tariff rates for developing countries;

2.7. Under conditions to be determined in the negotiations, a special safeguard mechanism (SSM) shall be established for use by developing countries, the scope of which would depend on the impact of tariff cuts as per 2.6 above.

3. Export subsidies:

3.1 With regard to export subsidies budgetary and quantity allowances:

- Members shall commit to eliminate over a [x] year period export subsidies for the products of particular interest to developing countries [...];
- Members shall commit to eliminate over a [y] year period export subsidies for the remaining products.

3.2 With regard to officially supported export credits, guarantee and insurance programmes, disciplines shall be implemented on a rules based approach, without prejudice to existing disciplines on the prevention of circumvention of export subsidies commitments and taking into account paragraph 4 of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed Countries and Net Food Importing Developing Countries. The rules based approach shall, *inter alia*, identify and eliminate the subsidy component.

3.3. Additional disciplines shall be agreed in order to prevent commercial displacement through food aid operations.

Special and Differential Treatment

3.4. The provisions on paragraph 9.4 shall be continued.

4. Other

4.1. Under conditions to be determined in the negotiations, the question of preference erosion shall be addressed.

4.2. The particular concerns of recently acceded members and Least Developed Countries shall be effectively addressed.
