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**Committee on Agriculture  
Special Session**

**SUMMARY REPORT ON THE TENTH MEETING OF THE SPECIAL SESSION  
HELD ON 7 FEBRUARY 2002**

Note by the Secretariat

1. As agreed by the General Council at its meeting of 7-8 February 2000, the negotiations for continuing the reform process under Article 20 of the Agreement on Agriculture are being conducted in Special Sessions of the Committee on Agriculture (WT/GC/M/53, paragraph 12 refers). The tenth formal meeting took place on 7 February 2002. The meeting was chaired by Ambassador Apiradi Tantraporn (Thailand).

2. The agenda as contained in WTO/AIR/1708 was adopted.

**ITEM A: WORK PROGRAMME FOR THE SECOND PHASE OF THE NEGOTIATIONS**

*Item A(i): Summary Report by the Chairperson on the In-Depth Work Undertaken at the 4-6 February Informal Special Session Meeting*

3. In accordance with the agreed arrangements for the second phase of the negotiations (G/AG/NG/7, paragraph 4 refers), the following report was made by the Chairperson on the main features of the in-depth work carried out thus far in the informal Special Session held on 4-6 February 2002:

"Under the Work Programme for the second phase of the agriculture negotiations Members agreed that the Chair would report on the informal Special Sessions to the formal meetings (G/AG/NG/7). The following report covers the discussions at the last informal Special Session of Phase 2 that took place earlier this week on 4 to 6 February 2002. Once again, I would like to stress that this report, which I submit on my own responsibility, is not meant to be a comprehensive and exhaustive account of the discussions but a very brief summary of some of the main points raised in the informal Special Session.

"At the informal meeting work was carried out on the development box, single commodity producers, small island developing countries, special and differential treatment and on some additional issues that Members raised. The discussions were based partly on elaborated proposals and papers submitted by Members. I will not try to summarize these submissions. They have been made available to participants and are the only authoritative source of the positions of these Members. This report must therefore be read in conjunction with the submissions by these Members and various statements that were circulated during the informal meeting.

***"Development Box***

"On the Development Box, submissions were made by a group of developing countries that included Cuba, the Dominican Republic, El Salvador, Honduras, Kenya, Nigeria, Pakistan,

Sri Lanka and Zimbabwe as well as by Switzerland and an additional submission was made by Mauritius\*.

"The importance given to development in the Doha Development Agenda was widely noted and it was suggested that one way to turn this recognition into practice could be through a Development Box. The proposed objective of the Box was to enable developing countries to address concerns relating to agriculture such as food security, poverty alleviation and rural development. The reasons put forward to justify the proposal included the different levels of development in different countries and the different problems they faced, the high levels of support and protection in some wealthy countries and the different nature of agriculture in developing compared to developed countries. It was suggested that least-developed and net food-importing developing countries would particularly benefit by being able to enhance domestic production through support and protection and so improve food security and reduce rural poverty. It was proposed that the policy coverage of the Development Box could include measures related to market access, domestic support, export competition and technical and financial assistance. It could also include reform in other countries, such as improved market access for exports from developing countries.

"Although many Members supported in principle the concept of a Development Box there were different views relating to which Members should be able to use it, the measures that it would contain and the issues that could be addressed.

"Some Members proposed that the Box should give developing countries significant flexibility in a number of ways including in deciding what products would be subject to commitments, the commitments they would make and in the rules and disciplines that would apply. Among the specific measures suggested were the revision of tariff bindings on certain products, access to the special agricultural safeguard for all developing countries and that each developing country should be able to select which agricultural products would be subject to WTO commitments. In addition it was noted that greater technical and financial assistance was needed as well as improved market access to developed country markets.

"Other Members noted that different countries were at different stages of development in different sectors and some developing countries had well developed and competitive agricultural sectors. Such countries, it was suggested, might not need the flexibility of a Development Box. Some Members went on to suggest that a graduated approach was needed that could enable different groups of countries to have access to different measures. However, opinions differed on whether this meant flexibility within a single set of rules for all countries with some exceptions within the rules either for all developing countries or for certain categories of developing countries, or if it meant separate rules for different categories.

"A number of developing country Members stated that the Development Box should not enable any Member to harm the trade interests of other developing countries - indeed trade between developing countries should be encouraged. They stated that the main cause of inequity in the world agricultural trading system was the high levels of support and protection many developed countries were entitled to use through their commitments under the Agreement on Agriculture and that focusing on these issues in the negotiations was the most promising way forward. In this context it was, for example, pointed out that flexibility under domestic support for developing countries was of limited use as they could not afford high levels of subsidies and anyway they could not compete with the high levels of support wealthy developed countries could afford to use. Some of these Members suggested that measures that could be taken under a Development Box should be targeted at specific issues

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\* These and other submissions by Mauritius were made orally during the informal Special Session and circulated after the meeting.

such as rural poverty or food security, should be no more than minimally trade distorting and should not result in discrimination between developing countries.

"Some Members also stated that the objectives of the reform programme had been clearly established by Ministers in Doha and that these objectives applied to all Members. Some of the measures proposed, such as exempting products from disciplines or raising tariff bindings, would take those Members that applied them in the opposite direction and were not acceptable. In their opinion, all Members would have to make commitments to continue reform and it was stated that any exemptions to this would reduce the willingness of other Members to undertake further liberalization. Furthermore, while development issues had to be addressed in the negotiations and reflected in the outcome of the negotiations, the same rules should apply to all Members without creating any new categories.

"It was also stated that some of the issues that the Development Box could address, such as food security and environment, were of concern to all Members. In addition some other groups of countries, such as transition economies and/or recently acceded WTO Members, stated that they were also going through difficult reforms and needed some form of flexibility to address their concerns.

#### ***"Single Commodity Producers***

"The African Group made a submission on single commodity producers and an additional submission was made by Mauritius in the course of the discussion.

"It was noted that many developing countries depended on single commodities for their export earnings. For these countries, low commodity prices, price fluctuations and difficulties getting market access or in developing food processing industries or diversifying their economies made them vulnerable to economic shocks. It was proposed that these problems could be addressed by a number of measures including improved market access, elimination of tariff escalation, better transfer of technology and rules for private corporations with market power similar to those that applied to state trading enterprises.

"The difficulties facing single commodity producers were widely recognized and a number of Members agreed with some of the proposals such as removal of tariff peaks and tariff escalation and improved technical and financial assistance, particularly to meet SPS and TBT related standards in export markets. Some Members also noted the importance of preferential market access for some single commodity producers and the problems that could be caused by the erosion of preferences.

"The failure of commodity agreements in the past was noted and it was suggested that this meant they were unlikely to succeed in the future. Some developing countries also pointed out that they had managed to diversify their economies away from reliance on a small number of commodities both into other agriculture sectors and into other economic sectors such as tourism and manufacturing. Any new rules or commitments should not discriminate against them or other developing countries in favour of any other category of developing countries. It was also noted that domestic reform was often needed for any country to avail of new trade opportunities.

#### ***"Small Island Developing States***

"A submission was made by a group of small island developing states including the Commonwealth of Dominica, Fiji, Jamaica, Madagascar, Mauritius, Papua New Guinea, St. Lucia, St. Vincent and the Grenadines and Trinidad and Tobago, and an additional submission was made by Mauritius.

"It was pointed out that small island developing states were unlikely to benefit from trade liberalization as they could not achieve economies of scale, were often remote from export markets and were frequently subject to natural disasters that often affected the entire area of a small island state. To address their particular needs a number of proposals were made including better market access for their exports through such measures as tariff preferences, allocation of tariff quotas and by waiving their WTO obligations temporarily in certain circumstances, such as when recovering from natural disasters. It was pointed out that the small size and small share of world trade meant such measures should not adversely affect other countries. Some small island developing states also stated that they were not seeking to avoid commitments or participation in agriculture reform but they needed recognition of their specific situation and flexibility to address their concerns.

"Other Members sympathized with the small island developing states and some agreed that better technical and financial assistance was needed although there were different opinions about how this assistance could be achieved. They noted the similarities between small island developing states and the single commodity producers that had been discussed earlier and some pointed out that the Work Programme for Small Economies could be a useful forum for pursuing this issue.

"Some developing countries pointed out that they too had experienced natural disasters and were remote from their main export markets and some countries outlined their efforts in diversifying their economies. It was also noted that the preferential access that some countries had enjoyed for some years had not resulted in greater market share for their exports. Other countries, however, noted the importance of preferences and suggested that general tariff reductions should take erosion into account while others pointed out that the negotiation should not result in new distortions to trade that harmed or discriminated against other developing countries.

"It was also noted by some Members that the benefits from trade liberalization need not necessarily occur in the agriculture sector and that other sectors, such as tourism, could benefit from improved access to imported agricultural products.

"As in other areas discussed during the informal Special Session there were differences of opinion concerning flexibility for specific groups of countries. Some Members stated that a "one size fits all" approach could not be applied to agriculture as each country needed to be able to address its specific concerns. On the other hand others stated that the WTO should not create new categories of Members with different rules applying to each category as such an approach would result in fragmentation of trade rules.

### ***"Special and Differential Treatment***

"General presentations on special and differential treatment were made by India and by a group of developing countries including the African Group, Cuba, the Dominican Republic, El Salvador, Honduras, Kenya, Pakistan and Sri Lanka. In addition Colombia and Bolivia made presentations on special and differential treatment related to diversification from production of illicit narcotic products and an additional submission was made by Mauritius.

"On special and differential treatment generally it was suggested that developing countries needed significant flexibility to address concerns including their low level of development, food security, poverty alleviation and rural development. The objectives of such treatment included the need to reduce inequities in agricultural trade rules and to enable developing countries to encourage domestic production and address concerns such as food security and poverty alleviation. It was stated that existing special and differential treatment, which related mainly to longer implementation periods and reduced commitments, was insufficient. In

addition the provisions relating to developing countries were often of little value or, where they related to commitments by developed countries, had not been implemented.

"A number of specific proposals were made including better access to export markets, protection of domestic markets for some products by re-evaluating current tariff bindings and flexibility to support and encourage domestic production. It was also proposed that developing countries should have access to a special safeguard to address import surges, although other developing countries suggested that it would be better to use a form of countervailing duty to react to imports the production or export of which had been subsidized.

"Many Members noted that the Doha Development Agenda gave a high priority to special and differential treatment and that it was an integral part of the negotiations that was to be duly reflected in the new commitments of Members and in the rules and disciplines for agricultural trade.

"Some Members also noted that the Ministerial Declaration set special and differential treatment in the context of the overall objective of achieving a fair and market orientated agricultural trading system. This overall objective was to be achieved by substantial improvements in market access, substantial reductions in trade-distorting domestic support and reductions, with a view to phasing out, all forms of export subsidies. Thus all Members would have to participate in reform. Indeed to benefit from trade they would have to participate as benefits came from imports as well as exports. Within the reform process special and differential treatment would be needed and some scope given for assisting adjustment to a more liberal trading regime. However, special and differential treatment should not cause harm to other developing countries and it should not result in discrimination between different categories of developing countries. In this context, it was noted that South-South trade, which already was a significant part of trade in agricultural products, should not be impeded but rather encouraged.

"It was pointed out that many developing countries already had significant flexibility as they applied tariffs well below bound rates and their actual subsidy levels were much less than the limits they had accepted in the Uruguay Round. In addition, to fully benefit from new trading opportunities, both for imports and for exports, domestic reform was often needed.

"It was also pointed out that developing countries' agricultural producers had to compete with subsidized producers from some developed countries and that access to those developed countries was often difficult because of high tariffs, tariff peaks and tariff escalation. Therefore, special and differential treatment would be best achieved by reducing the inequities in agricultural trade rules by reducing support and protection in those wealthy countries. Some Members stated that they could not consider tariff reductions unless developed countries reduced or eliminated their high levels of domestic support and export subsidies. It was also noted that the implementation period for developed countries had ended and, therefore, some form of down payment should be made at the start of their next implementation period.

"A number of countries stated that the concerns raised by some developing countries to justify special and differential treatment, such as food security, the viability of rural areas and protection of the environment, were also held by other countries. The rules and commitments for agricultural trade would have to take into account the needs of all countries and allow all countries to address their specific concerns.

"On the specific issue of diversification from the production of illicit narcotic products a number of measures were proposed to enhance national efforts to encourage diversification. These could include tariff and quota free access to markets for alternative products and

flexibility for all domestic support measures related to diversification. It was pointed out that all countries involved in the production to consumption chain shared responsibility to eradicate production of and demand for illicit narcotic crops and this could be best achieved by encouraging production of legitimate agricultural products.

"A number of Members supported the general objectives of diversification and the idea of shared responsibility. However, some Members expressed concern that the proposals as put forward could hurt production and exports in other developing countries.

### ***"Other Issues***

"Submissions were made on the Green Box and Food Aid by some members of the CARICOM group countries including Antigua and Barbuda, Barbados, Belize, the Commonwealth of Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Vincent and the Grenadines, Republic of Trinidad and Tobago, and Suriname. A submission on the expansion of tariff quotas was also made by New Zealand and an additional submission was made by Mauritius on the Green Box.

"On the Green Box it was noted that this category should only contain those subsidies that were, at most, minimally trade distorting. However, the high level of spending in some developed countries under the Green Box provisions on direct payments to farmers and the shift in support from the Amber and Blue Boxes to the Green Box meant that the wealth and income effects could significantly distort production and trade. On the other hand developing countries could not afford significant levels of subsidies and the trade distorting effect of these subsidies was very small. It was therefore proposed that developing countries should have greater flexibility under the Green Box and that some definition of minimally trade distorting was needed to assist implementation.

"It was pointed out by some Members that subsidies had to be at most minimally trade distorting to qualify under the Green Box and any shift in support to the Green Box should be welcomed. Furthermore, notification of a subsidy as being in the Green Box was not sufficient to give it protection under the Peace Clause and other Members could challenge such classifications in notifications. Other Members stated that many of the concerns raised were common to all Members, such as food security and poverty alleviation, and all Members should be able to address them in the Green Box with additional provisions for developing countries.

"On the issue of Food Aid, concerns were expressed that some Members used food aid more for disposal of surpluses and for market expansion than for humanitarian assistance. Better rules were needed to prevent abuses of food aid and to ensure it was not used to circumvent export subsidy commitments.

"A number of other Members agreed with this analysis although it was also pointed out that food provided on concessional terms could be a useful element of food security and that food aid should not be delayed due to international trade rules.

"In considering tariff quota expansion it was pointed out that many agriculture markets were protected by very high tariff rates. In these cases the tariff quota effectively acted like a quantitative restriction. Unless the out-of-quota tariff rates were reduced significantly there would be no substantial improvement in market access as required by the Doha Ministerial Declaration. Therefore, it was proposed that tariff quotas should be increased and a number of suggestions were put forward in this regard.

"A number of Members stated that the current lack of legal clarity surrounding tariff quota administration meant the negotiations should concentrate on developing clearer rules before considering expansion of quotas. It was also noted that countries that were currently operating quotas with low fill rates might not be affected by quota expansion as imports could continue to be restricted by the administration method while those that had high fill rates would see imports rise to the limit of the tariff quota. Other Members however stated that numerous factors could affect tariff quota fill rates and that they could not be used as an indicator of the efficiency of administration.

"It was also stated that in some cases Members had opted for special treatment under Annex 5 of the Agreement on Agriculture. These Members now found themselves with larger quotas than if they had undertaken tariffication. It was pointed out, however, that this was a choice that countries had taken during the Uruguay Round and that the consequences of Annex 5 special treatment had been clear at that time.

"While agreeing that tariff quota administration had to be addressed other Members stated that tariff reductions alone, unless they were significant, would not achieve substantial improvements in market access. Their long-term aim was to have no tariff quotas and to have real market access opportunities through applied tariffs. However, in the medium term tariff quotas were needed to allow some level of market access and substantial improvements in market access required tariff quota expansion and a number of suggestions were made as to how this could be achieved."

4. Commenting on the Chairperson's report, which it considered was balanced and factual, Malaysia, supported by Paraguay, stated that provisions relating to special and differential treatment should not discriminate between developing countries and that the negotiations should not result in the creation of any sub-categories of developing countries. In particular, the Enabling Clause (BISD 26S/203) should not be reopened. In reply Mauritius, supported by Grenada, noted that Members should not prejudge the outcome of the negotiations. Grenada also stated that a successful outcome for the negotiations should mean that all Members would benefit. This could mean an extension of the Enabling Clause or other measures and, at this stage of the negotiations, no proposal should be ruled out.

*Item A(ii): Review of Progress of the Negotiations and Conclusion of the Work Programme for the Second Phase (G/AG/NG/9, paragraph 5, refers)*

5. It was agreed that the second phase of the negotiations was now completed.

#### ITEM B: OTHER BUSINESS

6. It was noted that the main Secretariat background notes in the areas of market access, domestic support, and export subsidies were to be revised and updated; that a background note on auctioning tariff quotas was in preparation; and that the Secretariat would be consulting with those delegations which had suggested additional background notes.

7. The next formal Special Session is scheduled to be held, in conjunction with the regular meeting of the Committee on Agriculture, in the week of 25 March 2002. The convening airgram will give the specific date.

ITEM C: CHAIRPERSON'S OUTLINE OF HER REPORT TO THE GENERAL COUNCIL

8. The Chairperson outlined the general content of the report she would be making to the General Council (G/AG/NG/10 refers).

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