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Statements by Sri Lanka

G/AG/NG/W/90 (Proposal by the EC)

1. My delegation would also like to join the others in thanking the delegation of the European Communities, for submitting a comprehensive proposal which is important in that while contributing to the proposals already submitted, it also highlights the fact that consequent to negotiations in the agriculture field, all members should fully benefit from the expansion of trade.

2. As regards the proposed S&D provision for developing countries, we agree that the EC is by far the largest market for export of agricultural products from developing countries and in large part as a result of preferences granted to developing countries. We also agree that to ensure all Members, in particular the developing countries, to benefit fully from the expansion of world trade, the key is to create opportunities for increased market access. However, believe that recognition by the EC that developing countries need to maintain protection in order to have adequate time for adaptation in itself will not be sufficient to address specific concerns of many developing countries. While providing such long time frames should be an important element of S&D treatment, we believe that concrete and operational special and differential treatment is needed, by developing effective instruments to provide greater flexibility to achieve developmental objectives of developing countries.

3. On the issue concerning non-trade concerns, we share the view that each country has specificities relevant to its agriculture. However, we believe that non-trade concerns of developing countries have distinct characteristics which include small scale subsistence farming, rural development, rural employment, production and access to food, poverty alleviation etc. and that the contribution of agriculture to GDP, foreign exchange earnings, and employment is far higher in developing countries compared with that of developed countries. Hence, developing countries' non trade concerns are distinctly different to those of developed countries. Therefore, developing countries need greater flexibility to address their specific concerns.

In this context, the EC's suggestion that the present framework of rules and disciplines under the AoA constitute the right framework and advocating its continuation is of concern since they are inequitable and do not provide a level playing field for developing countries. However, the EC's proposal under S&D treatment that measures aimed at achieving developmental needs where appropriate be exempt from reduction commitment and other ways are examined to provide flexibility to developing countries to address these concerns such as food security concerns as a means of poverty alleviation, notably through a revision of the *de minimis* clause for developing countries are indeed welcome.

As far as the review of the Green Box is concerned, it must be undertaken with the specific objective of (a) limiting the misuse of some of these provisions by the developed countries and (b) to provide additional flexibility to developing countries to achieve their non-trade concerns. Such review of the Green Box and revision of *de minimis* and other measures to meet important

developmental goals of developing countries could form the basis for creating a Development Box as proposed by the Group of Eleven countries including Sri Lanka.

4. On the proposal on market access, that formula for tariff reduction should be a commitment to overall average reduction of bound tariff, my delegation is of the view that such a proposed tariff cutting formula which aims to harmonise tariffs, should address high tariffs, tariff peaks and tariff escalation and that such a tariff cutting formula should not apply to developing countries whose tariffs are below an agreed lower threshold, since a number of developing countries already have bound their tariffs at a lower level and they do not have flexibility to reduce further. My delegation also believes that the envisaged negotiations on liberalisation of agricultural tariffs be conducted on the basis of parameters set forth in Article XXVIII bis, so that developing countries whose tariffs are bound at low levels will not be required to undertake further reduction commitments in their tariff levels as the existing bindings that are at low levels can be recognised as a concession equivalent in value to the reduction of high tariffs. While we agree that granting significant tariff preference to needy developing countries and making them stable and predictable are important positive proposals, such measures should be accompanied by addressing in a meaningful manner eliminating of tariff peaks, tariff escalation and full liberalisation of tropical products. We also believe trade preferences/access opportunities could be rendered a stable and predictable by incorporating them into the EC's Schedule of Commitments.

5. On the proposal on food aid we support the view that food aid to least-developed countries and net food-importing developing countries should be in fully grant form and in ways which do not damage local food production and marketing capacities of developing countries. In this context it is equally important the Marrakech Decision on the possible negative effects of the reform programme on LDCs and NFIDCs should be operationalised, by establishing a fund to provide technical and financial assistance to implement projects to develop infrastructure and increased agricultural productivity in these countries, as in the long term such measures would help developing countries to be less dependent on food aid.

Furthermore, revision and strengthening of rules of the food aid in Article 10 of AoA should be addressed in order to achieve the objectives of the Marrakech Decision on the possible negative effect on LDCs and NFIDCs. On the EC proposal that specific WTO rules and disciplines should cover export credits, we believe that such rules and disciplines to be developed should provide special and differential treatment to LDCs and NFIDCs as specifically stated in paragraph four of the Decision on Measures concerning the Possible Negative Effects of the Reform Programme on LDCs and NFIDCs.

6. We also support the EC proposal that appropriate provisions be implemented to protect the right to use geographical indications or designations of origin and to guarantee effective protection against usurpation of names for agricultural products and foodstuffs.

7. On the EC proposal on Special Safeguard Clause for the continuation of a similar instrument in the Agreement on Agriculture, my delegation is of the view that something similar to current SSG provisions, or a separate instrument, should be made available to all developing countries under S&D provision in particular to address their food security concerns when cheap imports threaten domestic production and developing countries should be able to invoke such SSG provisions based on low prices or excess import volumes. Furthermore, criteria could be developed, whereby developing countries whose bound tariff is below an agreed threshold should be able to automatically invoke the SSG provisions.

G/AG/NG/W/96 (Proposal by Mauritius)

1. My delegation would also like to join the other delegations in thanking the delegation of Mauritius for submitting a negotiating proposal thus making a valuable contribution to the negotiating process.

2. While we agree as stated in the proposal that small island developing states have not effectively benefited from the Uruguay Round, my delegation shares the view that it is not only small island developing countries but also most of the other developing countries as a whole have not been able to benefit from the Uruguay Round and therefore all developing countries should be afforded concrete operational and commercially meaningful measures in the context of the negotiations.

3. While we recognise that there are specific problems faced by small island developing countries, my delegation holds the view that problems faced by SIDS are also similar to problems being faced by "small developing countries" like Sri Lanka in terms of limited size of their domestic market reducing the scope for exploitation of economies of scale, dependence on a limited range of export crops, and narrow industrial base. In this context, my delegation would wish to refer to paragraph 11 of the Communiqué of the World Bank Development and Finance Committee dated 17 April 2000, related to report of the Commonwealth Secretariat/World Bank Joint Task Force on Small States where it states, I quote –

"Ministers welcomed the report to the Development Committee and its analysis of the special characteristics of small states that make them particularly vulnerable, while noting that a number of larger states shared some or all of the same characteristics".

-Unquote-

4. They also noted the Report's recommendation that the circumstances of small states should be taken into account in the policies and programmes of the multilateral trade, finance and development organisations. In this context, we believe that problems highlighted by SIDS have also been noted in the World Bank Development and Finance Committee Communiqué as problem that are similar to small developing economies. Therefore, while we support SIDS in their proposals, we urge to take into account concerns of small developing countries like Sri Lanka, as well, in the ongoing negotiations in the sphere of agriculture.

5. As regards the issue concerning food security, we agree that food security can be best achieved through a combination of measures as enumerated in paragraph 2 (a) to (e) of the proposal, in particular measures to ensure stable and export earnings to build up foreign exchange earnings for the purchase of food on reasonable terms and conditions, allow for the establishment by donor countries of an international reserve for food and also that they should have access to relevant agricultural technology including new seeds and plant varieties.

6. On the Special and Differential treatment we share the view that to date S&D provisions have been generally formulated so as to provide a longer time frame to developing countries to undertake reform as compared to developed countries and that while this aspect should remain an important element on S&D provision, an effective instrument to address concerns of developing countries to achieve high level of competitiveness should be evolved. We also support, as proposed by Mauritius, that there should be exemptions from reduction commitments for any measures aimed at poverty alleviation and making available appropriate technology with a view to enhancing agricultural competitiveness.

7. On Market Access, we share the view that certain sensitive products should be excluded from the ambit of commitments in respect of market access, domestic support and export competition and any commitments to be undertaken, should be on the basis of bound rates. On the SSG provision, we

hold the view that the special safeguard mechanism should be available to all developing countries. On the issue concerning export credits, we endorse the view that such disciplines to develop should be provided for differential treatment in favour of LDC and NFIDCs.

8. My delegation also fully endorses the Mauritius statement that the negotiations on agriculture would be incomplete if they were not accompanied by improvement in respect of geographical indications as there is a need to extend the coverage of agricultural products and food stuffs that may be protected by indication of their geographical origins.

G/AG/NG/W/97 (Proposal by Small Island Developing States) and G/AG/NG/W/100 (Proposal by CARICOM)

1. My delegation would like to thank the delegation of Grenada for presenting the negotiating proposal on behalf of CARICOM and also to the delegation of St. Lucia for presenting a proposal earlier, on behalf of Small Island Developing States. While we welcome the two proposals, we would wish to state that these two proposals not only address concerns and problems faced by SIDS and CARICOM small developing countries, but also problems and concerns of many small developing countries.

2. We also observe that the SIDS proposal is submitted on behalf of seven small island states and that the CARICOM proposal, on behalf of eleven small developing economies in which a number of SIDS are included. It is also noted that problems that have been identified and special characteristics referred to of the small island developing states, are also common to most of the small developing economies of the CARICOM. In this regard, we recognise as stated in the proposal that small island developing states as well as small developing economies have not sufficiently benefited from the Uruguay Round. However, we wish to add that my delegation shares the view that it is not only small island developing countries and the small developing economies of CARICOM who were not benefited from the Uruguay Round, but it is also true for most of the developing countries.

While we recognise that there are specific characteristics of SIDS, which are also similar to a large number of small developing countries as stated in the CARICOM proposal, my delegation wishes to state that those problems faced by small developing economies of CARICOM are also similar to the problems being faced by small developing countries like Sri Lanka in terms of limited size of their domestic market reducing the scope for exploitation of economies of scale, dependence on a limited range of export crops and narrow industrial base.

In this context, my delegation wishes, as it did yesterday on the Mauritius proposal, once again to refer to paragraph 11 of the communiqué of the World Bank Development and Finance Committee dated 17 April 2000 related to report of the Commonwealth Secretariat/World Bank Joint Task Force on Small States where it states I quote -

"Ministers welcomed the report to the Development Committee and its analysis of the special characteristics of small states that make them particularly vulnerable, while noting that a number of larger states shared some or all the same characteristics".

Unquote

3. In this context, while we welcome any measures that could be extended to SIDS and smaller developing economies to provide greater market access and support the proposals contained in the submissions of SIDS and CARICOM, we urge to take into account concerns of small developing countries like Sri Lanka, as well, in the ongoing negotiations in the sphere of agriculture. Sri Lanka too is a smaller developing economy which has undertaken extensive autonomous liberalisation and a country heavily dependent on external trade.

4. On specific proposals by SIDS my delegation supports the proposal on market access, that non reciprocal preferential tariff rates provided to developing countries in the agricultural sector should be improved and bound under the framework of the AoA, and agree with the view on food security that the relief expected from the implementation of the Marrakech Decision has not occurred. My delegation also endorses the proposals under food security that small farmers in LDCs and NFIDCs and other developing countries need to be protected against import surges, and that Marrakech Decision on possible negative effect of the reform programme on least-developed and net food-importing developing countries should be provided with separate mechanisms for operationalising provisions of financial and technical assistance.

5. My delegation shares the view that as submitted in the proposal by SIDS that under AoA structural adjustment programmes for developing countries should be allowed to receive a higher *de minimis* level on domestic support measures.

6. My delegation also endorses the proposals contained in the CARICOM submission as most of these proposals are also contained in the proposals submitted by many developing countries including Sri Lanka. We in particular endorse:

- that substantial cut in bound tariffs of developed countries particularly for products of export interest using a formula approach that discount higher tariffs and tariff peaks relatively more than lower tariffs and eliminates tariff escalation.
- However a mechanism similar to that contained in Article 5 of the AoA should be available to facilitate adjustment of small developing countries; we believe it should be available to all developing countries to be protected against import surges, particularly when the latter effect production of key/sensitive products which are critical to domestic food production and consequently to food security, rural development and poverty alleviation.

We also support that appropriate provision should be developed with respect to products of interest to developing countries for inclusion in the disciplines in the area of geographical indications.

7. My delegation welcomes the two proposals submitted by SIDS and the CARICOM and believes that these proposals will take forward the negotiation proposals already submitted by many developing countries to address their concerns and to bring greater market access opportunities and tangible benefits to the small developing economies consequent to reform process in the agriculture.

G/AG/NG/W/102 (Proposal by India)

1. My delegation wishes to join the other delegations in thanking the delegation of India, for the significant contribution made by presenting a comprehensive proposal that is indeed important since they also reflect concerns and problems, which are very much relevant to most of the developing countries. We believe, these proposals will take forward the proposals already submitted by the Group of Eleven Developing Countries, including Sri Lanka for creation of a Development Box under S&D provisions and also on market access.

2. The proposal on food security clearly identifies that non-trade concerns of developing countries are distinctly different from non-trade concerns of developed countries. This fact has been highlighted by many developing countries including Sri Lanka, since agriculture is not just another sector in developing countries and it is a way of life; it contributes to rural development, poverty

alleviation, providing stable income to subsistence small farmers, whereas in developed countries it supports high income farmers which consists only a small percentage of the population.

Furthermore, the proposal also highlights with which we agree that developing countries are not responsible for the current distortion in the international market as most of these countries do not provide subsidies and their participation in international trade too is marginal and that cheap or subsidised imports could have negative effects on food production and income levels of rural subsistence farmers, in a liberalised trade policy framework. Therefore, developing countries need flexibility.

3. Regarding India's proposal on "Food Security Box", we believe the proposals submitted by Group of Eleven Developing Countries including Sri Lanka, for creation of a Development Box and Food Security Box proposed by India are conceptually the same as both aim to achieve the same objective. We share the view that developing countries should have flexible instrument and measures to increase agriculture production and productivity. We, ourselves, have stated earlier that most of the existing Green Box measures are not tailored to the needs of developing countries as they were based on conditions prevailing in developed countries. Therefore, we endorse India's proposal that the Green Box should have a provision for the general development of agriculture including its diversification in developing countries and that measures such as input subsidies given to crops by developing countries wherein productivity levels are below the world average to be covered under the Green Box. It has been also proposed that under the food security box all measures taken by developing countries for developmental needs such as poverty alleviation, rural development, rural employment, diversification of agriculture should be exempted from reduction commitment.

India has proposed the continuation of all provisions of Annex 2 of AoA except paragraphs 5, 6 & 7 as an integral part of food security measures and that in addition to the provisions contained in Article 6.2 of the Agreement on Agriculture, relating to agriculture investment and input subsidies, product-specific support given to low income and resource poor farmers should also be excluded from AMS calculations. All these proposed measures to be included in the Food Security Box are indeed the measures that could be included either in the Food Security Box or the Development Box. Therefore, the Food Security Box and the Development Box aims to achieve the same developmental objectives of many developing countries.

4. The Group of Eleven Developing Countries have proposed that *de minimis* level be increased from 10 - 20% for developing countries, enabling them to provide domestic support to achieve food security concerns and to increase agriculture production and productivity, as well as measures taken for developmental needs. The Indian proposal also envisages to achieve the same objective by proposing exemptions for such domestic support measures. Therefore, my delegation believes that the proposals by India and the Group of Eleven Developing Countries including Sri Lanka aim to achieve broadly the same objectives.

5. On the proposal on SSG provision, while we would support creating a separate safeguard mechanism on the line of specific safeguard provision under Article 5 of AoA including provision for the imposition of quantitative restrictions under specific circumstances, my delegation believes that either a separate safeguard mechanism should be made available or the current safeguard mechanism should be extended to all developing countries.

6. On the proposal on tariffs, Sri Lanka supports an appropriate formula with a cap on tariff binding should be evolved to effect substantial reduction in all tariffs including tariff peaks and tariff escalation in developed countries. We also endorse the view that developed countries should make a down payment by way of bringing down tariff bindings as on 1.1.2001 by 50% by the end of the year 2001, and that as a special and differential measure, developing country Members should be allowed to maintain appropriate levels of tariff bindings keeping in mind their developmental needs and high distortions prevalent in the international markets.

7. My delegation also supports the abolition of the Peace Clause under Article 13 of AoA in respect of developed countries and as a special and differential provision, measures taken by developing countries under the Annex II of Green Box or the proposed Development Box, domestic support measures conforming to Article 6 of AoA should be exempt for a period of ten years from imposition of countervailing duties under the SCM Agreement and Article XI of GATT 1994.

8. On the proposal for revision of the Article 10.4 of the AoA, on international food aid, my delegation firmly believes that such a review should take into account the objectives of the Marrakech decision on NFIDCs and such revision should lead to achieve the objectives of that decision.

9. Finally, my delegation wishes to state that we support the proposal that product coverage of the Agreement on AoA requires rationalisation by including primary agriculture commodities such as rubber, primary forest produce, jute, coir, sizzle etc., which are much more agricultural than hides and skins which are already covered under the AoA.
