

Committee on Agriculture  
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## SIXTH SPECIAL SESSION OF THE COMMITTEE ON AGRICULTURE 22-23 MARCH 2001

### Statements by ASEAN

#### G/AG/NG/W/101 (Proposal by Norway)

I am speaking on behalf of the ASEAN Member countries of the WTO.

1. ASEAN would like to welcome the proposal of Norway and its commitment to substantial progressive reductions in support and protection in agricultural reform.
2. This proposal of Norway does contain some interesting elements particularly as regards provisions relating to treatment of developing countries and we wish to thank Norway for incorporating these elements.
3. However, this proposal contains several ideas on Non-Trade Concerns (NTCs) and on multifunctionality. I will not dwell on this subject as our position is quite well understood already. Suffice to say that Norway which has already benefited immensely from free and non-subsidised trade in other sectors namely industrial and services should not use the multifunctional character of agriculture as an excuse for according protectionism to the sector.
4. There are some other elements in the Norwegian proposal with which we have serious concerns.

These include:

- in the area of **export competition**: the Norwegian proposal talks of equal treatment in all forms of export competition. Whilst all these forms of export subsidies need to be addressed, they must be addressed in a **comprehensive manner**. We are of the understanding that the term equal treatment infers linkages between the various forms; and we are concerned that a stalemate in the reform of one element would result in a net stalemate in all forms. We urge Members to revisit the Cairns Group proposal on export competition, (G/AG/NG/W/11) dated 16 June 2000 on how in our view, these export subsidies shall be treated.
  - **in the area of market access**: the proposal that suggests that "modalities on further market access commitments must be designed to allow Members to make only **limited MFN tariff** reductions on their **key agricultural products**."
5. If this proposal were to be accepted, and each WTO Member were free to limit tariff reductions on its key agricultural products, one can only imagine what would happen to world agricultural trade when a large number of agricultural products are exempted from the full effects of liberalization.
  6. Therefore, to us, as per the Cairns Group proposal, tariff reduction commitments shall be based on a comprehensive approach and **each tariff line be subjected to reduction commitments**.

7. In the area of domestic support: the proposal that the AMS should be divided into two categories; and ensuing from this, that the domestic support to agricultural production destined for the domestic market be subject to less stringent reduction commitments. This proposal is flawed on 3 aspects:

- a) the proposal fails to recognise that the market access opportunities of other WTO Members who have export interests in the form of competing products would have been impaired as a result of the provision of more freely available domestic support for such agricultural produce.
- b) what guarantee is there that such produce would not find its way into the export markets?
- c) what constitutes a domestic market in the context of a customs Union or Free Trade Area?

8. We oppose the maintenance of the Blue Box of domestic support measures. Only a few developed countries have utilized this Blue Box, which is trade-distorting. It is best that this Blue Box be eliminated.

9. The net effect of Norway's proposal as regards limiting products subjected to tariff reductions, and domestic support reduction comments on products destined only for the domestic market; on "**key agricultural products**", would, going by Norway's proposal, be exempted from the reform process, as it would have been exempted from the full effects of tariff reductions; as well as from reduction commitments in domestic support.

10. Thus, once again, we wish to reiterate the importance of a comprehensive approach to domestic support reform. Only measures taken by developing countries for poverty alleviation, rural development and diversification of agriculture should be exempted from any reduction commitments.

11. We wish to remind Norway that:

- a) when the Peace Clause ends at the end of **Year 2003**, agriculture will no longer be exempted from the full provisions of the Subsidies and CVM Agreement.
- b) as a matter of consistency and norm in this House, we do not believe that developing countries should be classified into different levels by adding the "more developed of developed countries" category, as in the Norwegian proposal. If you go along this line, we may very well classify developed countries into different categories as well. This is a slippery slope, and we should avoid dwelling on this aspect. The agricultural negotiations are already complicated. I am sure it is not the intention of Members to further complicate the negotiations.

#### **G/AG/NG/W/103 (Proposal by Poland)**

ASEAN has read with interest the proposal made by Poland and wishes to offer the following comments:

We take positive note of Poland's proposal that all forms of export subsidies should be dealt with in the negotiations. However, we believe the level of ambition behind this proposal is too modest to implement effective reforms in trade in agriculture. Moreover, while we support the call for effective disciplines on other forms of support for exports, ASEAN wishes to remind that we should not lose sight of the fact that urgent attention should be given to export subsidies, which is considered to be the most trade-distorting measure.

As Poland's submission has rightly pointed out, the objective of the reform process is to achieve a fair and market-oriented agricultural trading system. In our view, any proposal to exempt from disciplines the Blue Box, which is trade-distorting, is not consistent with the objective of the reform process. As such, ASEAN has difficulties in subscribing to the proposal that would allow the maintenance and introduction of the present Blue Box.

Poland observed in its proposal that after six years of implementation of the Agreement, the exports of agricultural products remain in the hands of a limited number of countries. ASEAN believes this is due to the imbalances in the agreement in favour of those who are largely responsible for the distortions in the world market for agriculture. Thus, we deem it somewhat preposterous that countries, which continue to enjoy trade-distorting measures, should be awarded minimum access, especially in markets of non-trade-distorting producing countries. Moreover, the proposal to secure minimum access for least-developed and net-food-importing countries is empty if these countries' production potentials are denied by the continued application of trade-distorting measures by those who can afford to maintain such policies.

In accordance with Article 20, ASEAN recognize the need for the negotiations to take into account non-trade concerns, but would also stress that the same is expected with respect to the objective of fair and market-oriented agricultural reform. In light of this, ASEAN believes that non-trade concerns should be addressed through non-distorting policy instruments.

#### **G/AG/NG/W/105 (Proposal by Morocco)**

The characteristic of ASEAN agriculture has much in common with the agricultural sector of Morocco. Both are predominantly small scale, labour intensive and largely dependent on rainfall. Thus, it will not be surprising that we also encounter similar problems, as well as share common views on how to address them.

We agree that on market access the developed countries are to undertake a more substantial and rapid tariff reduction commitments and that developing countries should be accorded transitional period, a more marked asymmetry and greater flexibility in utilizing the safeguard clause. For instance, developing countries should be entitled to a special mechanism to protect their agricultural sectors from sudden import surge and unfair competition from subsidized imports of agricultural products.

We also share the view that developed countries should make further substantial AMS reduction commitments; the Blue Box should be eliminated; and the Green Box should be revised to include only non-trade-distorting measures and to take into account particular concerns of developing countries. Export subsidies should be eliminated and subsidies by product type limited.

The proposal on non-trade concerns is legitimate, positive and constructive in its attempts to attain the policy objectives with non-trade-distorting measures. It is disappointing that developed country proponents of multi-functionality, which have abundant financial resources appear reluctant to address their own non-trade concerns in the same positive manner but rather, seems to seek exemptions from reduction in support and protection.

#### **G/AG/NG/W/106 (Proposal by Turkey)**

ASEAN welcomes with much interest the proposal put forward by Turkey, which in our view mirrors in many respects ASEAN's earlier submission. Allow us to mention briefly what we view are some main points of convergence between ASEAN's approach to this negotiations and the proposals contained in Turkey's paper.

1. As with Turkey, ASEAN has on many occasions stressed that substantive commitments by developed countries on domestic support and export subsidies necessary to correct the gross imbalance in the agreement would be a pre-requisite to any commitments that may be expected from developing countries in the area of market access.

2. Going into the three pillars, Turkey's proposal echoes our objective for these negotiations to result in improved market access for developing countries through substantive reductions in tariffs, and the elimination of tariff peaks and tariff escalation for products of interest to developing countries.

3. On domestic support, we agree with Turkey's observation that the provision for *de minimis* level of support has allowed many trade-distorting measures in developed countries to escape from reduction disciplines. In agreeing with Turkey, we take the opportunity to stress our proposal that this additional flexibility should no longer be allowed for developed countries, considering especially that they continue to enjoy high levels of AMS.

ASEAN also endorses Turkey's proposal that Article 6.2 of the Agreement should remain in the reform process, as this is an indispensable tool in the agricultural development programs of developing countries.

Moreover, ASEAN joins Turkey in its proposal to review the Green Box in order to ensure that measures under this category comply with the fundamental criteria of non-trade-distorting, and that the relevant policies of developing countries are sufficiently covered therein.

4. We share the view of Turkey that export subsidies of developed countries should be eliminated; we endorse the suggestion that food aid be given in grant form; we further support the call that disciplines on export credits be developed on an urgent basis within the WTO to fulfill the mandate of Article 10.2 of the Agriculture Agreement.

5. Lastly, we believe that ASEAN's attitude on non-trade concerns resembles Turkey's approach to this issue. While we fully recognize the need for the negotiations to take into account non-trade concerns, ASEAN is of the firm view that non-trade concerns should not in any way be used to justify exemptions from substantive commitments in support and subsidies, nor perpetuate trade-distorting policies.

#### **G/AG/NG/W/107 (Proposal by Egypt)**

ASEAN welcomes the comprehensive proposal by the Arab Republic of Egypt and notes that agriculture has a very important role in the Egyptian economy, as it is the case in many other developing and least-developed countries. Particularly, we support the call for developed countries to substantially reduce domestic support on disaggregated product-by-product basis and phase out all forms of export subsidization over an agreed period of time.

ASEAN shares a number of fundamentals and main objectives contained in its proposal. Like Egypt, ASEAN believes that S&D provisions in the AoA should not only be strengthened, expanded and provided more flexibility, but should also be made concrete and operational. ASEAN wishes to underline that those specified provisions should enable the developing countries to further trade reforms, promote fairness and be facilitative of development aspirations.

Furthermore, the idea that greater flexibility should be granted to developing countries to increase their levels of domestic support within the framework of Green Box measures is in line with the proposal of some developing country Members on "development box" or "food security box" which would constitute an important means for developing countries to address their legitimate concerns in order for them to meaningfully participate, contribute and benefit from furthering the reform process.

ASEAN fully supports Egypt's view that all S&D provisions should be discussed within the context of the three main pillars of trade liberalization, as S&D is an integral component of the reform process.

Lastly, ASEAN would also like to commend the Egyptian initiative for positive and concrete proposal to operationalize the Marrakesh Decision by, among others, creating an effective mechanism to address the concerns of NFIDCs and LDCs on food import. We sincerely hope that this initiative will receive wide support from Members, especially those from the developed countries.

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