

WORLD TRADE ORGANIZATION

RESTRICTED

G/AG/R/9

17 January 1997

(97-0161)

Committee on Agriculture

SUMMARY REPORT OF THE MEETING HELD ON 28 NOVEMBER 1996

Note by the Secretariat

1. The Committee on Agriculture held its ninth meeting on 28 November 1996. On the basis of the consensus reached in informal consultations undertaken by the Chairman of the Council for Trade in Goods following the resignation of the Ambassador Danai Tulalamba (G/AG/R/8 and WT/L/31 refer), the Committee appointed Mrs. Apiradi Tantraporn of Thailand as Chairperson of the Committee, under Rule 14 of its Rules of Procedure, from the present meeting up to and including the March 1997 meeting of the Committee.

2. The agenda of the meeting, contained in WTO/AIR/494, was adopted.

Part I: The Review Process

3. The Committee reviewed the following notifications as listed on the agenda:

- (i) on the administration of tariff and other quota commitments (Table MA:1): from Canada (G/AG/N/CAN/10) and Tunisia (G/AG/N/TUN/4);
- (ii) relating to imports under tariff and other quota commitments (Table MA:2): from Canada (G/AG/N/CAN/9), Iceland (G/AG/N/ISL/4) and the Philippines (G/AG/N/PHL/4/REV.1);
- (iii) in the context of the special safeguard (Tables MA:3 to MA:5): from Japan (G/AG/N/JPN/11 and 13), the Philippines (G/AG/N/PHL/5), Poland (G/AG/N/POL/6) and Tunisia (G/AG/N/TUN/5);
- (iv) relating to domestic support commitments (Table DS:1): from Australia (G/AG/N/AUS/7/REV.1), Brazil (G/AG/N/BRA/6), Korea (G/AG/N/KOR/7), South Africa (G/AG/N/ZAF/5) and Tunisia (G/AG/N/TUN/3);
- (v) in the context of new or modified support measures exempt from reduction (Table DS:2): from Korea (G/AG/N/KOR/10);
- (vi) relating to export subsidy commitments (Tables ES:1 to ES:3): from Honduras (G/AG/N/HDN/2), Japan (G/AG/N/JPN/12), Korea (G/AG/N/KOR/8), South Africa (G/AG/N/ZAF/6), Switzerland (G/AG/N/CHE/5/REV.1) and Tunisia (G/AG/N/TUN/2).

4. Specific points raised during the meeting with respect to the notifications listed in paragraph 3 above are summarized in the Annex to this report.

5. The following notifications were subject to preliminary review and are to be reverted to at the next meeting in accordance with paragraph 9 of the Committee's Working Procedures:

- (i) on the administration of tariff and other quota commitments (Table MA:1): from Mexico (G/AG/N/MEX/1);
- (ii) relating to imports under tariff and other quota commitments (Table MA:2): from Mexico (G/AG/N/MEX/2);
- (iii) in the context of the special safeguard (Tables MA:3 to MA:5): from Mexico (G/AG/N/MEX/3);
- (iv) relating to domestic support commitments (Table DS:1): from Honduras (G/AG/N/HDN/3) and Turkey (G/AG/N/TUR/3);
- (v) in the context of export subsidy commitments (Tables ES:1 to ES:3): from Israel (G/AG/N/ISR/3/REV.1) and Mexico (G/AG/N/MEX/4).

6. With respect to points concerning notifications raised at previous meetings that have been pursued bilaterally, the representative of the United States informed the Committee that in response to the United States questions posed at the October 1996 meeting of the Committee on Agriculture regarding domestic support for dairy and sheep that was exempted from reduction commitments, Iceland reported that the support was covered by Article 6.5 of the Agreement on Agriculture (direct payments under production-limiting programmes). However, the United States considered that the information provided did not support a claim of exemption under Article 6.5. Iceland's AMS calculation appeared to merely classify 80 per cent to 85 per cent of the direct payments made to producers as exempt from inclusion in the AMS and only classified the residual as direct payments under the AMS calculation. The 85 per cent of base period production criterion was a threshold which had to be met to claim the exemption. It was not intended to be deducted from support that exceeded the threshold. The United States believed that the amounts claimed in Supporting Table DS:3 should be transferred to Supporting Table DS:6 and added to the Total Current AMS. The representative of Iceland stated that his authorities believed the issue to be limited to only one of the two programmes in question as the sheepmeat payments seemed to conform to the 85 per cent base period production criterion. As far as the dairy programme was concerned, there seemed to be at least a technical problem of presentation. The representative of Iceland stated that the issue was still under review with the United States, and assured the Committee that should Iceland have to issue a corrigendum to its Domestic Support notification, Iceland would still be within its Total AMS commitment.

7. The Committee noted that no counter-notifications had been received under Part I D of the agenda.

Matters Relevant to the Implementation of Commitments under the Reform Programme: Article 18:6

8. The following matters relating to the implementation of commitments under the reform programme were raised pursuant to Article 18:6 of the Agreement on Agriculture:

- (a) **New Zealand: Lack of domestic support and export subsidy notifications; lack of responses to written questions**

9. The representative of New Zealand expressed concern at the number of overdue domestic support and export subsidy notifications and called on the delegations concerned to submit their notifications

as soon as possible. The representative of New Zealand also noted that it was a matter of general concern that there were many instances where delegations had indicated that they would respond subsequently to questions addressed to them at previous meetings but had not done so. It was suggested that this was a systemic issue which needed to be resolved in a practical manner. In general, written answers should not be required where an adequate oral response was forthcoming at the meeting concerned, although written copies of such replies should be made available to delegations requesting them. But where delegations indicate that they will revert to a matter raised under Article 18:6 the general procedure should be that the answers be provided in writing and within a reasonable time following the meeting at which they were raised.

10. The representatives of Australia, Canada and the United States supported the points made by New Zealand and the view that concrete proposals should be developed to improve the process so as to ensure that deferred answers to matters raised under Article 18:6 were promptly provided to the Committee. The representative of Australia stated that there were also many examples of situations where domestic policies had been changed, or where new policies had been developed, but no details of these changes were being made available to enable an assessment to be made of the direction of these policy changes and how they fitted in with the rules under the Agreement on Agriculture. While this was partly a problem of lack of timely and full notifications and of the failure to respond, or to adequately respond, to matters raised under Article 18:6, there were also some aspects of the notification requirements in respect of certain policy changes that might need to be looked into. Suggestions were also made concerning the desirability of making the detailed versions of Article 18:6 matters raised in summary form in advance of meetings available to other interested delegations prior to the meeting at which these matters were to be considered.

(b) United States: Tariffs applied to dairy products by Egypt

11. The representative of the United States stated that the tariffs applied by Egypt in 1996 in respect of certain dairy products (in particular for tariff items: 0402.10.99; 0404.10.91; 0406.20.10; 0406.30.10; 0406.40.10; and 0406.90.10) appeared to be in excess of the relevant bound rates. The representative sought details of the rates applied for these products by Egypt and, in the event that scheduled commitments had been exceeded, asked Egypt when it intended to bring its applied tariffs on these products into conformity with its WTO commitments.

12. The representative of Egypt indicated that the United States request for information regarding its applied tariffs on these products had been received on 20 November 1996 and that there had been consultations on the matter. The representative stated that Egypt was committed to its obligations under the WTO. The questions raised to the United States had been referred to the Egyptian authorities for checking and to provide any further clarifications.

(c) United States: Import ban on poultry meat into Egypt

13. The representative of the United States indicated that the United States continued to be very concerned at Egypt's complete ban on imported poultry products, which should have been eliminated as of 1 January 1995. The representative asked when Egypt intended to eliminate the ban in accordance with its WTO commitments.

14. The delegation of Thailand also expressed serious concerns over the continuing Egyptian ban on imports of poultry products, a matter which Thailand had raised in the first instance at the March 1996 meeting of the Committee, and about the failure of the Egyptian authorities to respond to written requests seeking clarification on the matter. On 26 November 1996, information had been received by Thailand from the Ministry of Trade in Cairo that the timing of the promulgation of a new regulation to give effect to Egypt's announced intention to open its poultry market still remained to be determined.

This continuing uncertainty was affecting the opportunity for Thai exports of poultry products to the Egyptian market. Thailand accordingly reiterated its request that Egypt withdraw its measures or bring them into conformity with its obligations under the WTO on an expeditious basis.

15. The representative of Egypt indicated that the matter raised by the United States and Thailand had been under full review for some time in Cairo. It was hoped that, shortly, a definite date for the removal of the ban would be established. The Members which had raised this matter and the WTO would be advised accordingly.

(d) United States: Compliance with export subsidy commitments by Hungary

16. The representative of the United States, having noted that the issues involved in relation to Hungary's compliance with its export subsidy commitments were not new and did not need to be reiterated, requested the delegation of Hungary to report on Hungary's plans for bringing its export subsidy policies into compliance with its WTO obligations. The representative of Hungary stated that it reconfirmed its deep interest in reaching, as soon as possible, a mutually satisfactory conclusion of the consultations under Article XXII of the GATT 1994, and assured Members of the Committee that for its part Hungary would make all the necessary efforts to achieve this end.

(e) United States: Status of the implementation of tariff quotas in the Philippines

17. This matter was discussed under Part I A of the Committee's agenda (see Annex, page 14).

(f) United States: Use of export subsidies on beef by Switzerland

18. The delegation of the United States stated that it understood that Switzerland was granting export subsidies for beef in violation of its WTO commitments, and sought information on how the subsidies in question were being provided and on what measures were being taken by Switzerland to stop these subsidized exports. The representatives of Australia and New Zealand associated themselves with the question raised by the United States and pointed out that it was difficult to see how, given internal market prices that were much higher than world market prices, Switzerland could export beef without the assistance of export subsidies.

19. The representative of Switzerland made the following points in response to the matter raised: (i) that although Switzerland was not a traditional exporter of meat it had regularly shipped small amounts over the last ten years; (ii) that the beef exports in question came from the stocks of a parastatal organization which was responsible for the orderly management of the Swiss meat market; (iii) that for the first time in many years it had become necessary, in the course of orderly stock rotation, to offer meat for sale not only to the Swiss market but also to private companies engaged, inter alia, in export trade; (iv) that the amount actually exported, as of the end of the previous week, was 1,350 tonnes and consisted mainly of frozen, boneless bovine meat; and (v) that no such exports were envisaged for 1997.

20. The representative of Switzerland confirmed that there was no commitment on meat in Switzerland's schedule of export subsidy commitments, and indicated that the Swiss authorities were looking into the matter in order to determine the legal nature of the shipments, in particular as to whether any export subsidy in terms of the Agreement on Agriculture was involved. At the present stage it appeared that the parastatal organization concerned was benefitting from various governmental subsidies, in the form of both grants and reimbursable credits, which were considered as "internal support" funds. Any possible additional export contribution could therefore only have been provided through voluntary exporters' contributions. Moreover, the fact that the prices at which the amount of meat offered for sale on the domestic market by the parastatal organization (9,000 tonnes) were equal to or below those

offered to exporters, would seem to confirm the conclusion that what was involved was simple stock rotation and not an export subsidy.

21. The representative of Switzerland also pointed out that Switzerland had witnessed a dramatic deterioration of its domestic and external cattle and beef markets, at least partly as a consequence of the BSE disease in various parts of Europe. This situation had led to stocks of frozen meat of such volumes that the channelling of the meat into new markets had become imperative. The Swiss authorities and the Swiss meat industry were also concerned by a series of sanitary measures taken by other countries which had contributed significantly to worsen Switzerland's problems. The Swiss authorities considered that some of these measures may constitute violations of the WTO obligations of the Members concerned, and reserved the right to raise these issues in the appropriate forum at the appropriate time.

22. The representative of Australia indicated that, while the response provided by Switzerland to the questions raised was appreciated, it was somewhat less than convincing. In this regard the representative of Australia questioned whether the parastatal organization referred to was not in fact a state trading enterprise and enquired whether it had been notified to the Working Party on State Trading Enterprises. The representative noted in this regard that "the sale or disposal for export by governments or their agencies of non-commercial stocks of agricultural products at a price lower than the comparable price charged for the like product to buyers in the domestic market" was covered by Article 9:1(b) of the Agreement on Agriculture. The export subsidy commitments were of major importance to the Australian government and the breaches which had occurred in this area over the two-year life of the Agreement were matters of serious concern. Australia would therefore expect, as with other similar cases, that in the foreseeable future a full explanation would be provided regarding the conformity of these beef exports with Switzerland's commitments under the Agreement on Agriculture. The representative of New Zealand queried whether the conclusion to be drawn from the fact that the prices charged to domestic users were equal to or lower than those charged to exporters was that Swiss internal beef market prices were more or less on a par with export prices, which was clearly not the case, or whether certain domestic users had been granted a favourable price so that, for example, beef could be exported in processed products. In either case it was considered that an export subsidy was clearly involved and it was to be hoped that a written explanation of the operations of the parastatal organization would be submitted to the Committee. The representative of Argentina agreed that it was necessary to clarify whether the activities of the parastatal organization were covered by Article XVII of the GATT 1994 and also that it should be demonstrated that the operations of this body were consistent with Article 9:1 (b) of the Agreement on Agriculture.

23. The representative of the European Communities noted that every WTO Member had its own obligations to live up to. Switzerland had specific obligations to live up to in its Schedule as regards export subsidy commitments, both in relation to meat as well as to live bovine animals. The representative of the European Communities questioned the relevance of what had been said by the representative of Switzerland regarding measures taken by the European Communities on sanitary matters consistently with its commitments under the SPS Agreement. The representative of the Communities considered that in these circumstances it was a bit of a red herring to throw the sanitary measures taken by the European Communities on beef into a debate in the Committee on Agriculture in response to questions raised in relation to Switzerland's export subsidy commitments on beef. Every issue had to be dealt with in the appropriate body. Switzerland had the right if it wished to do so to raise matters concerning the EC's policy in the SPS Committee. In the view of the representative of the European Communities what was not acceptable was raising such matters in the Committee on Agriculture as an explanation of the measures taken by Switzerland as regards exports to third country markets.

24. The representative of the United States said that it wished to express the highest degree of concern over the issue. What was involved was not a misunderstanding about implementation, nor a case of overshooting a scheduled export subsidy commitment level, but a demonstrable lack of regard for

a rule that had been signed on to. The representative of the United States also agreed that, while the defensive statements made regarding the SPS restrictions placed on Swiss meat products could be understood, there were appropriate procedures to deal with these kinds of problems. In the view of the United States it was certainly not appropriate that such SPS restrictions should be used as a pretext for breaking a substantive rule on export subsidies. The United States would therefore be pursuing the matter raised through all available avenues, including further bilateral discussions.

25. The representative of Switzerland said that the concerns expressed by Members on this matter were understood and agreed that Switzerland's commitments under the WTO stood independently of actions and commitments of other Members. The remarks that had been made concerning the restrictions imposed by third countries on meat products were intended as background information to illustrate the difficult situation in the Swiss meat market. As regards the points raised concerning the parastatal organization, the position was that this body had had no involvement in importing or exporting and had not therefore been notified as a state trading enterprise under Article XVII. The representative of Switzerland also confirmed that the prices offered for export were not lower than for the 9,000 tonnes made available, at the retail level, on the Swiss domestic market and were competitive with the prices of exports from neighbouring countries, if not with world market prices. As regards procedure, Switzerland would duly report these operations and total operations for the year in accordance with its notification obligations, and would be ready to provide further information on request.

26. The representatives of Australia and New Zealand indicated that they remained of the view that the transactions in question involved subsidized exports, and expressed their interest in participating in any further discussion with Switzerland on this issue.

(g) **United States: Prohibition on poultry imports and imposition of discretionary import licensing restrictions on imports of fruits in Ecuador**

27. The representative of the United States said that in early November Ecuador had announced a prohibition on poultry imports, whose purpose appeared to be to protect domestic producers from lower cost imports. The United States was deeply concerned by this measure and also by reports that fruit importers in Ecuador were having difficulties in obtaining import licences. In the view of the United States these measures appeared to be inconsistent with Article 4:2 of the Agreement on Agriculture, which prohibited quantitative import restrictions and discretionary import licensing. The representative indicated that written questions concerning these measures had only recently been submitted to the delegation of Ecuador.

28. The representative of Ecuador indicated that the United States questions had been referred to Quito and that the United States and the Committee would be informed of the response thereto as soon as this was received. However, in precedent cases, the prohibition was related to sanitary problems and import licences were subject to the approval of the SPS authorities.

Other Matters Relating to the Review Process

29. No matters relating to the review process were raised under Item F of the agenda.

Part II: Other Matters within the Purview of the Committee

Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries

30. The Chairperson noted that under Article 16:2 of the Agreement on Agriculture, the Committee is required to monitor, as appropriate, the follow-up to the Marrakesh Ministerial Decision on Measures

Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net-food-Importing Developing Countries. In accordance with paragraph 6 of the Committee's Working Procedures, this Monitoring exercise is undertaken at the regular November meetings of the Committee. The monitoring exercise is conducted on the basis of the contributions by Members, including notifications in the NF series concerning actions taken within the framework of the Net Food-Importers' Decision. Seven Members had, so far, submitted notifications in the NF series (Australia, Brazil, Canada, Korea, New Zealand, the United States and Uruguay). An updated version of the data on international food aid in the Secretariat background note G/AG/W/20 was also available as a room document. The Chairperson noted that the Committee's recently adopted report for the Ministerial Conference on the Net Food-Importers' Decision (G/L/125) was an important feature of the general follow-up to the Decision.

31. The representative of the European Communities assured the Committee that the European Communities was greatly attached to the implementation of the Ministerial Decision. The representative stated that more detailed elements would be provided on food aid and technical assistance in addition to the extensive data that was already available, and noted that the European Communities supplied roughly half of international food aid. A substantial proportion of such aid went to the least-developed countries and net food-importing developing countries included in the list established by the Committee. As regards those ACP countries under the Lomé Convention which are included in this list, the European Communities carried out extremely detailed country programmes which included the agricultural field, regional cooperation and sustainable development, with a lot of the technical and financial assistance being provided to the African members. The same programmes were run in other countries on the list such as Afghanistan and Bangladesh, Morocco, Tunisia, and Egypt. The European Communities had recently adopted a very broad ranging and new programme which would increase technical assistance to these latter countries.

32. The representative of the World Bank stated that the Bank monitored the situation of Least-Developed and Net Food-Importers both in the context of world food markets and through its regular country dialogue, technical assistance and lending programmes. Developments over 1995-96 had confirmed the Bank's assessment that the price shock due to the Uruguay Round would be small, and make the establishment of a special Uruguay Round adjustment facility unwarranted. The World Bank Group was working to raise agricultural productivity in least-developed and net food-importing developing countries by encouraging rural development through lending and technical assistance programmes which include: (i) encouraging appropriate policies and strategies; (ii) enhancing food supplies through intensification of production systems and sound natural resource management; (iii) improving access to food; and (iv) improving utilization of food. In fiscal year 1996, Bank lending for agriculture and rural development was one of the largest single lending sectors, with commitments totalling \$2,576.7 million (in 1992 prices) with nearly one-third of the total going to low-income countries.

33. The representative of the FAO stated that during 1995/96, the cost of cereal imports by Low-Income Food-Deficit Countries (LIFDC's), a group which includes most of the least-developed and net food-importing developing countries, was estimated to have risen by \$4.2 billion, reflecting not only the sharp rise in nominal prices, but also a further decline in food aid. The global food supply situation as forecast by FAO for the 1996/97 year is, however, slightly improved with a good recovery in global cereal output, and a small rebuilding of global stocks. The Plan of Action approved at the recently concluded FAO World Food Summit committed countries to ensure that trade policies were conducive to fostering food security through a fair and market oriented trading system. During the Summit, several donor countries and international organizations had pledged financial assistance for implementing the Special Programme on Food Production in Support of Food Security in LIFDC's. The FAO expected the programme to be extended next year to 10 more LIFDC's, bringing the total of beneficiary countries to 25. In addition to the assistance FAO provides to least-developed and net food-importing developing countries there was also an FAO assistance policy which took into account

the new trading environment evolving since the conclusion of the Uruguay Round. During the past year several countries and regions had been assisted in analysing the Agreements and Decisions relating to agriculture and their implications for national policies and programmes. A comprehensive Plan for providing future technical assistance relating to the Uruguay Round was under preparation and would be forwarded to the WTO Secretariat for consideration. Finally, the representative of the FAO noted: (i) that a number of technical studies were completed or planned; (ii) that a revised Catalogue of Transactions under the FAO Surplus Disposal and Consultative Obligations taking into account the Agreement on Agriculture was to be submitted to the FAO Committee on Commodities at its February 1997 Session; and (iii) that an analysis of the transmission of international price increases to domestic markets and of public policy responses would become available shortly.

34. The representative of the World Food Programme (WFP) noted that in 1995 some 63 per cent of WFP expenditures were targeted to Least-Developed countries, with about 7 per cent going to poor people in 13 of the 16 countries falling under the WTO category of "Net Food-Importing Developing Countries". WFP could play an important role in using targeted food aid to protect vulnerable people in countries that might be negatively affected by the reform programme through: (i) assessment of food aid needs; (ii) design of cost-effective food aid delivery systems; (iii) monitoring, coordination and logistical organization of food aid; and (iv) the possibility of combining direct food transfers with the building of productive assets. However, the representative of WFP stressed that at the time of higher world food prices, WFP food aid deliveries to the 16 recognized net food-importing developing countries fell by almost 60 per cent from 1.6 million tons to 700,000 tons, with the share of food aid in total cereal imports dropping from more than 6 per cent in 1994 to less than 3 per cent in 1996.

Annual Consultation with respect to Members' Participation in the Normal Growth of World Trade in Agricultural Products within the Framework of the Commitments on Export Subsidies under the Agreement on Agriculture (Article 18:5)

35. The Chairperson noted that Article 18:5 of the Agreement on Agriculture provided for Members to consult annually in the Committee with respect of their participation in the normal growth of world trade in agricultural products within the framework of the commitments on export subsidies. The Committee's Working Procedures stipulated that this annual consultation was to be undertaken at the regular November meetings of the Committee. The Chairperson noted that this was the first occasion on which these Article 18:5 consultations were being held. One of the main bases for these consultations, since they are to be undertaken "within the framework of the commitments on export subsidies", would be the full picture notifications which cover not only subsidised exports and related budgetary outlays but also total food aid and total export volumes. Since the Committee did not yet have a complete range of such notifications at its disposal, the Article 18:5 consultations on this occasion would of necessity be more general in character than might otherwise be the case.

36. The representative of the European Communities underlined the importance it attached to Article 18:5 of the Agreement on Agriculture and noted that extensive efforts were being made to respect the notification deadlines. As regards the organization of future consultations under Article 18:5, the representative of the European Communities, while noting that further discussions were needed and that full notifications would constitute an important basis, suggested: (i) that it would be useful to reflect on the sources of data to be used, since a single source of statistics might give rise to various issues as regards the information provided; (ii) that a decision was necessary as to whether there would be a systematic evaluation for all countries and products; (iii) that Members who do not subsidize exports but whose market share nevertheless was 5 per cent or more in some products ("significant exporters") should be included in the debate; (iv) that the use of a reference period against which to measure trends in exports and world market shares could be helpful; and (v) that the Secretariat could play a role by providing material for the future consultations under Article 18:5.

Other Business

37. The representative of the United States informed the Committee that there were growing problems with the European Communities on a range of agricultural issues which had the potential to shortly threaten an important amount of trade. These problems related to bilateral and multilateral commitments made on grains, and would add to the increasing tensions which already existed in the livestock area. The United States would continue to work intensively to try to resolve these issues but, failing some immediate resolution, would raise these issues on the agenda of the 3 December 1996 meeting of the Dispute Settlement Body (DSB). The representative of the European Communities regretted that the United States had chosen to put a request for the establishment of a panel on the European Communities' import regime for grains on the DSB agenda. The representative of the European Communities stated that the European Communities attached great importance to all its WTO commitments, and would continue to maintain contacts and discussions with the United States on a number of issues. However, the representative of the European Communities pointed out that the United States request for a panel raised important procedural points which would have to be addressed in the appropriate forum. The representative of Thailand expressed concerns similar to those of the United States as regards the non-implementation by the European Communities of a negotiated agreement on rice, and emphasized the great importance Thailand placed on the matter which it intended to pursue vigorously in due course.

38. The representative of Argentina, with reference to the provisions of Article 10:2 of the Agreement on Agriculture regarding the development of disciplines on the use of agricultural export credits, stated that work on this subject was progressing at a less than satisfactory pace, as a result of a lack of political will and of obstacles put in the way of reaching a reasonable understanding by certain participants. The representative of Argentina urged all delegations participating in this process and particularly those that were blocking progress to reconsider very quickly their positions. The representatives of New Zealand, Australia and Canada associated themselves with the observations made by Argentina on the importance of a speedy conclusion to the work on export credits. The representative of the European Communities stated that the European Communities had also been working actively in the framework of the OECD to make progress on the important question of export credits and supported the calls for greater progress in the area.

39. The Chairperson indicated that in a letter dated 28 November the Chairman of the Council for Trade in Goods (CTG) had drawn her attention to the decision of the CTG to request the Committee on Agriculture to consider the modified notification formats contained in the draft revision to document G/AG/2, as set out in document G/NOP/W/15 (paragraph 43 of document G/L/112, refers). As proposed by the Chairperson, the Committee agreed to take note of this request on the basis that, in the first instance, the matter would, as appropriate, be taken up through informal consultations. It was also noted that, at its next meeting in March 1997 the Committee would take up the question of according regular observer status to those international intergovernmental organizations which currently enjoyed observer status on an ad hoc basis.

40. The representative of Australia stated that it had been suggested that a way should be found by members of the Committee to mark their permanent recognition and remembrance of Ambassador Tulalamba's contribution to the work of the Committee on Agriculture. A golf trophy subject to annual competition between the Secretariat and the Committee would therefore be created, bearing Ambassador Tulalamba's name, and members of the Committee were invited to contribute to the purchase of an appropriate trophy.

Date of Next Meeting

41. The next regular meeting of the Committee on Agriculture will be held on 13-14 March 1997. The airgram convening this meeting and the draft agenda will be issued on Friday, 28 February 1997.

ANNEX

Review of Notifications by the Committee on Agriculture at its Meeting on 28-29 November 1996

Summary of Specific Points Raised and Responses Thereto

Table MA:1 Notifications

| Canada G/AG/N/CAN/10 Tariff Quota Administration (Table MA:1) | |
|--|---|
| Points raised by other Members | Response by Notifying Member |
| United States - Can Canada explain why the butter tariff quota allocated to New Zealand has increased from 1,200 to 1,360 metric tons? Does that reduce tariff quotas opened for other countries? | The Canadian Schedule states that the butter tariff quota allocated to New Zealand increases from 1,200 tons (initial) to 2,000 tons (final). Tariff quotas allocated to other countries expand in exactly the same proportion. Therefore, the MFN tariff quota has expanded from 764 tons in 1995/96 to 866 tons in 1996/97. |
| New Zealand - Clarification sought regarding the decision to allocate the tariff quota for butter entirely to the Canadian Dairy Commission (CDC) in 1996-97. Clarification sought regarding an exporter who wishes to sell butter directly to the Canadian Market. How will the Canadian Department of Foreign Affairs and International Trade consider an application for an import permit? Are there any eligible entities besides the CDC? | The decision to allocate tariff quotas and to issue import permits is taken by the Minister of Foreign Affairs. The Minister might consider an application for permits from other bodies than the CDC. |
| Australia - When did Canada open the tariff quota for butter? | Tariff quota for butter was opened on 1 August 1996. |
| Switzerland/European Communities - What is the duty rate applied on imports of butter from New Zealand? | Canada applies the duty rate provided for in the Canada/New-Zealand Trade and Economic Agreement. |
| New Zealand - Are imports of kosher margarine counted against tariff quota commitments? | Kosher margarine was imported within the tariff quota. |

| Tunisia G/AG/N/TUN/4 Tariff Quota Administration (Table MA:1) | |
|--|--|
| Points raised by other Members | Response by Notifying Member |
| United States - Requested information on the quota fill for beef and whether measures other than tariffs were applied. | Tunisia has not applied any non-tariff restrictions on imports of beef. The Tunisian market continues to be supplied normally. In 1996 tariff quota imports exceeded 2,500 tons. However, the Committee on Agriculture and Public Health was required to give more attention to preventing the spread of diseases that are endemic in the bovine meat sector of other countries. |

Table MA:2 Notifications

| Canada G/AG/N/CAN/9 | | Tariff Quota Fill (Table MA:2) | |
|---|--|--|--|
| Points raised by other Members | | Response by Notifying Member | |
| <p>European Communities/United States/New Zealand/Argentina - Why were the tariff quotas for the following products not filled: wheat, barley, cream and dry whey?</p> <p>European Communities - Are the various wheat products coming in at the same rate of duty?</p> | | <p>Tariff quotas for wheat and barley were not filled due to the competitiveness of Canadian grains on the Canadian market. The applied tariff may vary depending on the trade arrangements, FTA and NAFTA. As regards cream, the tariff quota quantity was set in a period in which imports were high. Imports of cream stabilized over the last five years to a more normal level and amount to 300 tons per year. With respect to dried whey, the under-utilization of tariff quotas was due to commercial reasons. On the one hand, most whey ingredients and products were imported under other tariff classifications, which are not subject to the tariff quota regime, and this tended to keep the price of whey as an ingredient in the food process down. On the other hand, due to the competitiveness of Canadian prices with imports prices, imports of whey are concentrated in areas where there is not much Canadian production.</p> | |
| <p>New Zealand - Did Canada record any imports of butter outside the tariff quota?</p> | | | |

| Iceland G/AG/N/ISL/4 Tariff Quota Fill (Table MA:2) | |
|--|---|
| Points raised by other Members | Response by Notifying Member |
| <p>United States/Argentina/Australia - Sought an explanation for the under-utilization of tariff quotas, in particular for meats, grains and certain vegetables? How does Iceland intend to ensure full implementation of its commitments in the future?</p> <p>Argentina - Expressed the view that the import ban on beef is not necessary and that quarantine could ensure in a better way the protection of national livestock's health. Argentina intends to raise this issue at the Committee on Sanitary and Phytosanitary Measures.</p> <p>Uruguay - How can Iceland justify the ban on imports from countries which do not have sanitary problems?</p> | <p>The notification contains a few errors with respect to in-quota imports. A corrigendum to the notification will be forthcoming. Tariff quotas for grains were not filled due to the decrease in meat and dairy production following the implementation of production limiting programmes in the agricultural sector. As regards vegetables, no quantitative restrictions are applied on current access imports, meaning that demand dictates import quantities. As shown in the MA:1 notification, tariff quotas are seasonal and the applied rates of duty are within commitments. In some months applied tariffs may be zero. Imports can fluctuate quite substantially between years depending on domestic supply. In recent years, domestic producers have increased their share of the national market as a result of advances in greenhouse production techniques. With respect to meats, Iceland still maintains an import ban on fresh and frozen meat for sanitary reasons as stated at the last regular meeting (G/AG/R/7, page 18 refers). The ban should not be seen as condemnation of the sanitary situation prevailing elsewhere. Scientific evidence has supported this as the only practical way of protecting Iceland's unusually fragile livestock, which has not acquired congenital immunity to many diseases common in other countries. During this first implementation year, the Minister of Agriculture allowed the import of some poultry and pork products on the basis of the chief veterinary officer's recommendations. Under- or non-utilization of tariff quotas for pork and poultry were i.a. due to favourable prices on the domestic market, with sanitary regulations inevitably having some deterring effect. Iceland believes that all measures were taken to enable importers to take advantage of the import possibilities under tariff quotas.</p> |

| Iceland G/AG/N/ISL/4 Tariff Quota Fill (Table MA:2) | |
|--|--|
| Points raised by other Members | Response by Notifying Member |
| Australia - Clarification sought on whether the system of auctioning was implemented for imports which exceed the tariff quota, particularly for cheese. | As stipulated in notification MA:1, Iceland may resort to auctioning in the allocation of tariff quotas, although its application has been limited in practice. An auction system has been used to allocate all minimum access quotas and in a few cases quotas in Chapter 6. The system has been applied equally to imports within and in excess of the relevant tariff quota quantities. |
| Australia - Clarification sought on the products that are not subject to any tariff quota restrictions. | The products that are presently not subject to any quota restrictions are listed on the cover page of G/AG/N/ISL/1. |
| United States - Clarification sought on the seasonal tariff quotas applied for vegetables. | There are no quantity restrictions involved. Seasonal quotas mean that imports do not take place at the same rate equally throughout the year. |

| Philippines G/AG/N/PHL/4 Tariff and Other Quota Fill (Table MA:2) | |
|---|---|
| Points raised by other Members | Response by Notifying Member |
| <p>United States/Argentina/Australia/New Zealand - Why was the tariff quota for beef not filled? Clarification sought regarding the accounting method for beef imports.</p> <p>United States - Stated that the US is considering requesting formal dispute settlement consultations with the Government of the Philippines due to the seriousness of the matter and prolonged delays in implementation of tariff quotas.</p> <p>Australia - Confirmation requested on whether the Philippines was imposing any additional burdens on imports.</p> <p>Australia/New Zealand - Indicated that they will pursue the matter bilaterally.</p> <p>European Communities - Indicated that they might revert to the notification after a more detailed examination.</p> <p>United States - Reiterated a point made at the September and October meetings of the Committee regarding the implementation of tariff quotas for pork and poultry. What is the quantity of pork that has been imported to date and that can reasonably be expected to be imported by 31 December 1996? When will the Philippines announce an extension of the import licence?</p> | <p>The revised beef figure excludes imports of frozen beef (HS 0202) for which the Philippines has not undertaken a tariff quota commitment. Imports of frozen beef are only subject to a bound rate of 60%. Imports of fresh and chilled beef are a function of demand. The importation has been liberalized since 1992 and the allocation of tariff quotas is based on historical market shares. The Philippines took note of the statement by the United States with regard to possible consultations. The Philippines acknowledged the right of the United States to this recourse and hoped that a mutually agreed resolution to the issue could be reached in order to avoid such a formal process.</p> <p>During the last three months, the Philippines had imported 1,020 metric tons of pork and total imports had reached 2,367.19 metric tons by the end of November. As regards the under-utilized tariff quotas for pork as well as for other products, they are a result of the domestic demand situation. Regarding the extension of import licences, the government was looking into the matter and will inform the Committee of its decision as appropriate.</p> |

Tables MA:3 to MA:5 Notifications

| Japan G/AG/N/JPN/11 Volume-based Special Safeguard (Table MA:3) | |
|---|---|
| Points raised by other Members | Response by Notifying Member |
| <p>New Zealand/Australia - Reiterated their concerns about the application of the special safeguard (SSG) when the tariff quota is not filled. Could Japan indicate the period for which the volumes have been calculated and a breakdown of the quantity over this period? Question raised as to whether the trigger level for milk and cream with a fat content between 1 and 6% is in conformity with the provisions set out in Article 5:4 of the Agreement on Agriculture.</p> <p>Australia - Clarification sought on whether Japan is currently applying the SSG.</p> <p>New Zealand/Australia/European Communities - Considered that the SSG can not apply for a product until the tariff quota for the product in question is filled.</p> <p>Australia/European Communities - Clarification sought regarding the invocation of the SSG for each tariff line when tariff quota commitments apply for a group of products.</p> <p>Canada - Is there any provision to refund any extra duty levies if it is proven that tariff quota quantities have not been imported at the end of the year?</p> | <p>Japan considered that there was not a problem in invoking the SSG while tariff quotas have not been filled and considered their action to be in full conformity with Article 5 of the Agreement on Agriculture. As Japan did not record any imports of milk and cream (0< fat< = 6%) in the past three years, the trigger level for SSG is zero. Current imports of milk and cream cover the period from April to August 1996, and all the imports were made under out-of-quota tariff rate.</p> <p>Japan is currently applying the SSG.</p> <p>As the Agreement on Agriculture does not provide any provisions regarding the SSG invocation unit, SSG may be invoked for tariff lines covered by a tariff quota commitment.</p> <p>Japan does not have a system to refund it.</p> |

| Poland G/AG/N/POL/4 Price-based Special Safeguard (Table MA:4) | |
|--|---|
| Points raised by other Members | Response by Notifying Member |
| <p>European Communities - Stated that the EC will pursue matters bilaterally.</p> <p>New Zealand - Noted that the notification contains two different ranges of dates of application. What do the dates represent in term of SSG's implementation?</p> | <p>The two tariff lines which are subject to the SSG are seasonal tariff quotas. They relate to the same product but are applied at different periods, therefore different trigger prices were calculated for each product.</p> |

Table DS:1 Notifications

| Brazil G/AG/N/BRA/6 Domestic Support (Table DS:1) | |
|--|---|
| Points raised by other Members | Response by Notifying Member |
| Canada - Noted that the total AMS in Supporting Table DS:7 was below the <i>de minimis</i> level. Could Brazil provide data to support this <i>de minimis</i> claim for wheat in the marketing year 1995/96, in particular the total production and the total value of production. Could Brazil provide a breakdown of the support allocated to wheat through "production and marketing credit" and "EGF equalization" (Supporting Table DS:7, page 11 refers)? What are the prices used to calculate the external reference price in Supporting Table DS:7 (page 8 refers)? | Brazil undertook to provide a response. |

| Korea G/AG/N/KOR/7 Domestic Support (Table DS:1) | |
|---|--|
| Points raised by other Members | Response by Notifying Member |
| New Zealand - Noted that Korea's Schedule contains two sets of figures regarding annual and final bound commitment levels. Which set is accurate? | The figures in brackets correspond to Korea's real annual commitment level, using the 1993 base period for rice and the 1989-1991 base period for other products, as indicated in the footnote of Korea's Schedule LX. The said calculation and annual commitment level of AMS were already reviewed and agreed upon by Member countries in March 1994. The other set of figures corresponds to the annual commitment using the base period of 1989-1991 for all the products. |

| Korea G/AG/N/KOR/7 Domestic Support (Table DS:1) | |
|---|---|
| Points raised by other Members | Response by Notifying Member |
| <p>Australia - Noted that the Supporting Tables in the notification contain differences to those included in G/AG/AGST/KOR: green box measures are less detailed (Supporting Table DS:1); Korea applied the <i>de minimis</i> clause for new products (Supporting Table DS:4, pages 6-7 refer); two new measures are added in the calculation of non-product-specific support, "subsidy for farmland improvement associations" and "loan programme for agricultural marketing" (Supporting Table DS:9, page 11 refers). Could Korea provide some information on these changes? Information was also requested regarding the "support for improving farmers' living conditions" and the operation of "the buffer stock management fund" referred to in Supporting Table DS:1 (item (l), page 4 refers) and the "loan interest subsidy" referred to in Supporting Table DS:7 (pages 9-10 refer).</p> <p>Canada - Clarification sought regarding the "investment subsidies generally available to agriculture" referred to in Supporting Table DS:2 (item a, page 5 refers).</p> | <p>Korea undertook to provide responses upon receipt of written questions.</p> <p>Korea undertook to provide responses upon receipt of written questions.</p> |

| South Africa G/AG/N/ZAF/5 Domestic Support (Table DS:1) | |
|---|--|
| Points raised by other Members | Response by Notifying Member |
| <p>Australia - Noted that new green box measures are added in Supporting Table DS:1 compared to those included in G/AG/AGST/ZAF, under items 1 "general services" and 6 "other" (pages 3 and 5 refer). Could South Africa provide more information on these measures?</p> | <p>South Africa undertook to respond in writing.</p> |

| Tunisia G/AG/N/TUN/3 Domestic Support (Table DS:1) | |
|--|---|
| Points raised by other Members | Response by Notifying Member |
| <p>Australia - Noted that two measures are added in the amber box compared to G/AG/AGST/TUN, "chemical fertilizer subsidy" and "irrigation water subsidy" (Supporting Table DS:9, page 8 refers).</p> <p>Argentina - Will submit questions in writing.</p> | <p>It was difficult to identify the support provided for each input when Tunisia made its offer. As reflected in the notification Tunisia is now able to calculate for "chemical fertilizer subsidy" and "irrigation water subsidy" the support provided.</p> |

Table DS:2 Notifications

| Korea G/AG/N/KOR/10 New or Modified Support Measures Exempt from Reduction (DS:2) |
|---|
| Points raised by other Members |
| <p>Canada/New Zealand/United States/Argentina - How does Korea claim that the two programmes are compatible with the criteria set out in paragraph 6 of Annex 2 to the Agreement on Agriculture? What are the requirements for participating in these programmes and the benefits they provided to farmers?</p> <p>New Zealand - Clarification sought regarding the "assistance to farmers suffered from the disaster". Does 1 January reflect the date of implementation of a new scheme or a modified scheme?</p> <p>Australia - Clarification sought regarding the "farmers and fishermen's pension insurance programme". On what basis is the grant made?</p> |
| Response by Notifying Member |
| <p>These two programmes were established in 1995 and 1996 and are aimed at increasing welfare to producers. The programmes are fully consistent with the provisions of paragraph 6 of Annex 2 to the Agreement on Agriculture. Payments are not related to volume or to price of production. The "farmers' and fishermen's pension insurance programme" was established when the pessimistic outlook and concern for the future of farming became widespread following the conclusion of the Uruguay Round negotiations. It is aimed at supporting farmers and fishermen who are unable to provide for themselves in old age and is an extension of the "national pension programme". The monthly support amounts to 2,220 won per person and represents 3% of the minimum basic monthly income of 220,000 won. No conditions such as volume of production, prices, production factors or obligations of agricultural production are required.</p> <p>The "farmer disaster assurance" programme was initiated in 1996 and consists of two kind of insurance: farming accident security insurance and farm machinery accident insurance. Both of these programmes are operated by agricultural cooperatives. The farming accident insurance programme pays a premium on agricultural machinery accidents, insecticide intoxication, death and physical injury incurred during farming activities. The farm machinery accident insurance programme pays a premium in case of death or injury due to farming related accidents. Farmers over the age of 18 possessing or managing farm machinery are eligible. In both cases, the government supports 50% of the insurance premium charged to the farmers. This support constitutes a kind of welfare programme compensating losses incurred against accidents.</p> <p>Korea undertook to provide further information upon receipt of written questions.</p> |

Tables ES:1 to ES:3 Notifications

| Japan G/AG/N/JPN/12 Export Subsidies (Table ES:3) | |
|---|---|
| Points raised by other Members | Response by Notifying Member |
| <p>New Zealand/Australia/United States - Clarification sought regarding the end-use of rice imported under Japan's minimum access commitment.</p> <p>The United States stated that Japan had violated the spirit of the Agreement on Agriculture and had impaired the value of the concessions that have been negotiated by not allowing imported rice to have effective access to the Japanese market.</p> | <p>The government of Japan has been promoting the sale of government marketed rice to the domestic market. Government marketed rice is rice which the Food Agency purchases and sells, and includes domestic production and imports under the minimum access commitment. Government marketed rice stocks continue to accumulate reflecting bumper crop and declining consumption induced by hot summer weather. Countries suffering from food shortages asked Japan for rice aid. On 26 November the government decided to use government marketed rice as food aid. Japan will grant a sum of 2.85 billion yen (representing about 60 per cent of 100,000 tonnes of marketed rice) to 9 recipient countries. Japan considers that it complies with the principles of the Agreement on Agriculture.</p> |

| Korea G/AG/N/KOR/8 Export Subsidies (Tables ES:1 and ES:3) | |
|---|---|
| Points raised by other Members | Response provided by Notifying Member following the meeting |
| <p>Canada/New Zealand - Data requested regarding exports of fruit and flowers at the HS six-digit level and information on the programmes involved?</p> | <p>Subsidies are designed to reduce the marketing costs for exporters who purchase from small-sized producers. The goal of this programme is to enhance the quality of exports and to ease the transportation burden induced by scattered production regions and long-distance overseas markets. The volume of such subsidized exports is minimal and are exceptional given that Korea is a larger agricultural importer. As a developing country, Korea exercised its rights according to Article 9:4 of the Agreement on Agriculture.</p> |

| South Africa G/AG/N/ZAF/6 Export Subsidies (Table ES:1) | |
|--|--|
| Points raised by other Members | Response by Notifying Member |
| Australia/New Zealand/Argentina - Concern expressed with respect to South Africa's implementation of its Uruguay Round export subsidy commitments in volume terms for other milk products, animal fats and beer and wine products, and in value terms for tea and cocoa and cocoa preparations. How does South Africa intend to remedy these violations? | The General Export Incentive Scheme (GEIS) constitutes the primary budgetary instrument for subsidising exports. The benefits of the scheme are a mixture of cash payments and tax credits. The GEIS makes the close monitoring of expenditures within a given period difficult. As a result of changed domestic economic priorities and taking account of Uruguay Round commitments, the government has decided to phase out the system completely by the end of 1997. In the interim the benefits have been scaled down. |

| Switzerland G/AG/N/CHE/5/Rev.1 Export Subsidies (Tables ES:1 to ES:2) | |
|---|--|
| Points raised by other Members | Response by Notifying Member |
| Australia/New Zealand - Explanation sought on the changes being made to prevent further breaches of Switzerland's export subsidy commitments in cattle. | Measures have been adopted so that export subsidies will no longer go beyond the commitment level. Even this year, the overshoot has been compensated so that the level of export subsidies will not reach the level authorized in the Schedule. |