

**Committee on Agriculture  
Special Session**

**SUMMARY REPORT ON THE TWENTY-FOURTH MEETING  
OF THE COMMITTEE ON AGRICULTURE SPECIAL SESSION  
HELD ON 25 JUNE 2004**

Note by the Secretariat<sup>1</sup>

1. The Special Session of the Committee on Agriculture, which was established by the General Council (WT/GC/M/53), is pursuing negotiations under paragraphs 13, 14 and other relevant provisions of the Doha Ministerial Declaration. The twenty-fourth formal meeting was held on 25 June 2004 under the chairmanship of Ambassador Tim Groser of New Zealand.

2. The agenda as contained in WTO/AIR/2338 was adopted.

ITEM A (i): STATEMENT BY CHAIR

3. The statement by the Chairman was made in informal mode.<sup>2</sup>

ITEM A (ii): STATEMENTS BY PARTICIPANTS

4. The representative of Oman, on behalf of six recently acceded countries (Albania, Croatia, Georgia, Jordan, Moldova and Oman), stated that like other Members, Oman welcomed the restart of the negotiations. Oman observed that the negotiations were maturing and reaching the framework stage. As there was less than one month left before the end-July deadline, Oman hoped that the draft text would be made available soon to allow time for the review of specific issues. Oman was mostly concerned with the recognition of the extensive market access and domestic support commitments made on accession and requested real and meaningful flexibility provisions for recently acceded countries in line with their negotiating proposals (JOB(03)/170, refers). Political ownership, by Members, of the results of the negotiations would depend on real and meaningful flexibility along with transparency and inclusiveness for all.

5. In its intervention (attached in the Annex), Argentina concluded that its position was tied to substance and not to dates.

6. The representative of China stated its support for Oman's request to include real and meaningful provisions for recently acceded Members in the framework. These Members had already made contributions to the multilateral trading system during their accession. Indeed, China had eliminated all export subsidies, had zero AMS and its applied rates were equal to its bound rates which were already much lower than those of many developed Members. China opposed any attempt to reduce or limit the options available to address the particular concerns of recently acceded

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<sup>1</sup> This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights or obligations under the WTO.

<sup>2</sup> Copies of the statement by the Chairman are available to Members and Observer Governments upon request from the Secretariat.

Members. The representative of China thanked the Chairman for his efforts to make progress in the framework, China had a firm commitment to the DDA and would continue to participate constructively and actively in the negotiations on its individual capacity and as member of the G-20. Any means used to try and meet the mandate was welcomed. China believed that the Doha mandate had to be carried out in a comprehensive and balanced manner, indeed, while some Members emphasized substantial improvement on market access, China believed that equal emphasis had to be given to the balance between the three pillars. Therefore, China reiterated that S&D in market access had to be sufficient to offset the distortions faced by developing countries in the export subsidies and domestic support pillars. Adequate S&D provisions were also needed to meet the rural development and food security needs of developing country Members.

7. Nigeria, speaking on behalf of the African Group, stressed the need to focus on issues of importance to the Group, some of which had not received enough attention. On process, the African Group understood the need to work in small groups but ownership required the participation of all and while it appreciated the inclusion of some African countries, the Group sought a stronger representation by Africa. Finally, Nigeria stressed that the issues of LDCs exemptions from reduction commitments and duty-free and quota-free market access, NFIDCs, preferences, SPS, TBT and other barriers, the SP and SSM concepts, export competition and domestic support effects on exports, as well as cotton had to be addressed and to feature in any framework on agriculture.

8. Switzerland, speaking on behalf of the G-10, noted that although it appreciated the effort, the slow progress among a small number of participants in critical areas for the G-10 raised problems of transparency and of involvement by the large group of Members requiring flexibility. Switzerland also emphasized the following points: (i) the need for flexibility did not mean status quo, however, for the G-10, the Uruguay Round formula for tariff cuts had to remain the rule; (ii) the perception that agriculture liberalisation had to be rapid was wrong as most Members wanted some flexibility which should be reflected in the areas of market access and domestic support; (iii) the development dimension and non-trade concerns as well as other specific sensitivities had to be addressed and a Sensitivity Box could meet all those concerns; (iv) the G-10 would participate constructively in the negotiations and suggested that any framework-related papers be submitted at the latest on 5 July; and (v) a realistic approach was necessary to reach an agreeable framework by the end of July.

9. Tanzania, speaking on behalf of the LDCs, underlined the need for bound duty- and quota-free market access for exports from LDCs. The representative of Tanzania also emphasized the need: (i) to address non-tariff barriers through adequate technical assistance, and (ii) to offset the erosion of preferences with a compensatory mechanism to promote LDCs exports. The LDCs also wanted the phasing out of the Amber and Blue Boxes and the capping of the Green Box. While LDCs appreciated the convergence on the elimination of export subsidies this should not undermine food aid to meet emergency situations, and development and humanitarian objectives. Finally, LDCs requested a faithful implementation of the Marrakesh Decision on LDCs and NFIDCs to address their specific vulnerabilities.

10. Bangladesh, echoing Tanzania, stated that food aid was important for nutritional needs and food aid operations carried out in LDCs had to be preserved in the agricultural framework. As with other assistance programmes, the present non-emergency food aid operations were tailored to needs, including technical assistance and training for lasting benefits such as irrigation canals. The representative of Bangladesh also noted that food aid by Members was necessary to meet emergency situations, humanitarian and development objectives, and to address the chronic food deficit situations in LDCs and hence had to be preserved in the framework

11. The representative of Kenya supported the statement made by Nigeria on behalf of the African Group and underlined the need to move forward in a transparent and inclusive manner. Kenya noted the need for consultations on S&D as it was still not sure how the question was being

addressed. Kenya could envisage on the issue of S&D a repeat of the Harbinson proposals but no dilution thereof. Kenya hoped that the framework approach would recognize the sensitivities and the special agricultural circumstances in developing countries and include for instance the recent initiative to allow weak and vulnerable economies to undertake modest commitments. In Kenya's view, the same level of specificity should be applied to S&D in the three pillars. The representative of Kenya also stressed the importance of preferential access and the role of tariffs in some countries which would hence need a special package regarding market access. Finally, Kenya noted that non-tariff barriers should be given the same treatment as tariffs with regard to reduction commitments in the framework.

12. The representative of Chile noted that results showed that the negotiations were moving forward slowly and were still far from being concluded. Regarding the issue of transparency in the negotiations, Chile was of the view that transparency could be obtained through groups and their co-ordinators and through the Chair. However, too much transparency, at this stage, on sensitive issues would not work.

13. The representative of Indonesia, after noting that transparency and inclusiveness were critical for real progress, stated that as per the Doha mandate, S&D was an integral part of all elements of the negotiations. The different level of development, capacities and problems that existed between developed and developing countries had to be taken into account. Whilst developing countries had to contribute in the negotiation, they had to do so in a proportional manner to ensure a fair and equitable outcome to the negotiations. Regarding market access, Indonesia noted that some developed countries had asked that their sensitivities be addressed. This should, in no way, lead to providing S&D to developed countries or undermine the concept of S&D for developing countries. Sensitive products for developed countries had to be differentiated from the Special Products for developing countries, which were related to food security, rural development, and poverty alleviation in developing countries and any framework should support effective language which would make the SP and SSM truly operational.

14. Sri Lanka supported the statement made by Indonesia on behalf of the SP/SSM alliance. These two concepts were crucial for food and livelihood security and rural development and should be a stand-alone category. Special Products should not be subject to tariff reduction, they should benefit from the SSM and should be self-elected by developing countries. On non-emergency food aid and subsidised export credits, Sri Lanka, like Mongolia (see statement in the Annex), was of the view that while structured disciplines were needed, the appropriate organization to deal with this work was not the WTO but rather the FAO and its CSSD, a work which should be undertaken in accordance with the provisions of the Food Aid Convention. Like previous speakers on the issue of food aid, Sri Lanka stressed that the disciplines should not leave out the interests of the weak and vulnerable.

15. The representative of Guatemala stressed the need for flexibility. In addition, Guatemala was of the view that all three pillars of the Agreement on Agriculture had to be subject to reform with S&D being an integral part of each of the pillars. Guatemala's main concerns were an adequate reference in the framework to tropical products and the full liberalisation of trade in tropical products.

16. The representative of Costa Rica expressed the hope that delegations would get a draft framework text they could send back to capitals for consideration and assured the Chair that Costa Rica would continue to participate and contribute to the negotiations. Regarding market access, Costa Rica was of the view that flexibility in a formula should not exclude any product entirely from reform as Members had to meet the objective set by the Doha mandate. Special treatment for sensitive or special products had to be exceptional and not an excuse for improvement of the results of the negotiations. The representative of Costa-Rica further noted that S&D seemed to be concentrating only on importers' defensive views while exports were probably more important for development.

Hence, the framework should include the interests of exporting developing countries, including the full liberalisation of trade in tropical products by developed countries.

17. The representative of Bolivia noted that negotiations were at a critical stage and the preparation of a framework document required transparency and the participation of all Members. Some developing country Members had spoken about offensive interests. Bolivia wished to stress the need to ensure the full liberalisation of trade in tropical products. Finally regarding market access, Bolivia stated that, in line with the Doha mandate, the DDA should result in substantial improvements in market access for developing countries preferably in line with the proposals made by the G-20 in paragraph 5 of its document dated 28 May.

18. The representative of Colombia stated that agriculture was a core issue for Colombia. Colombia had been undertaking a number of reforms in the area of market access and hoped that meaningful reform would also take place under the domestic support and export subsidies pillars. Finally, Colombia wished to stress its strong interest in a long-standing issue, namely the full liberalisation of trade in tropical products.

19. The representative of Turkey noted that negotiations had reached a critical stage and that Members had to have a realistic, positive and flexible approach in order to reach an acceptable outcome to the negotiations. Transparency and inclusiveness were of high importance and Turkey expressed its full trust in the Chair to conduct the negotiation process in a transparent and inclusive manner. Finally, Turkey stated its support for the statement by Indonesia on the SP and SSM concepts and on the issue of sensitive products.

20. The representative of Mauritius stated Mauritius' support of the statements made by the G-10, the African Group and Indonesia. Mauritius was of the view that S&D should include a number of elements including those in paragraph 2.10 of Annex A of the Derbez Text. Although Mauritius believed that paragraph 2.10 already represented a delicately balanced text, Mauritius was ready and willing to engage in consultations on its content with the Membership. Finally, regarding the Doha mandate the representative of Mauritius pointed out that "phasing out" only referred to the export subsidy pillar.

21. The representatives of Argentina, Cuba, the Dominican Republic, Ecuador, El Salvador, Honduras, Mongolia, Nicaragua and Switzerland (on behalf of the G-10), requested that their statements made at the informal and/or formal Special Session form an integral part of the record of the 24<sup>th</sup> formal Special Session (see Annex).

#### ITEM B: OTHER BUSINESS

##### *Chairman's Report to the Trade Negotiations Committee*

22. The Chairman stated that, on his responsibility as Chairman, he would be reporting to the Trade Negotiations Committee on this meeting.

##### *Date of the next Special Session*

23. The Chairman informed the Committee that the next meeting of the Special Session would take place on 14-16 July 2004.

## Annex

### Statements by Members at the Informal and Formal Special Sessions of the Committee on Agriculture Held on 23 and 25 June 2004

#### Statement by Argentina

Allow me to express the Argentine delegation's gratitude for the efforts being made to move ahead with these negotiations. Although we did not take the floor at previous meetings, on this occasion we would like to highlight the following:

1. The substance of the "framework" to be agreed must be consistent with the mandate. It is thus necessary to improve on the disciplines and commitments agreed in the Uruguay Round. We can not run the risk of weakening them. Neither can we allow the definitions in the existing disciplines to be altered to include issues that are not within the mandate.

2. Fulfilling the mandate taking the existing disciplines as a point of departure has the advantage that no member can question these disciplines because all the ministers agreed to them. The political decisions should respect the technical aspects approved in the Agreements.

3. As regards compliance with the mandate in each of the three pillars:

- (a) Export subsidies: without prejudice to existing WTO disciplines, commitments on phasing out export subsidies should be equally as stringent as new and special additional disciplines in order to prevent their circumvention.

These disciplines must not allow any "step backwards" nor legitimize practices that, according to the current rules, constitute prohibited export subsidies because this would mean increasing such subsidies.

We must ensure that all export subsidies are phased out, but only those measures considered as such.

- (b) Domestic support: the mandate states that all distorting support must be substantially reduced, but does not distinguish between "more" or "less" distortion. This means that the overall reduction of the amber, *de minimis* and Article 6.5 of the Agreement on Agriculture subsidies must comply with the mandate. Additional disciplines and commitments, for example, separate reductions by product, must be applied to each of the categories of distorting subsidies.
- (c) Regarding market access, we support the elements recently put forward by the G-20 on an informal basis. Although there are differences among members, negotiations on this pillar are on a clearer basis.

4. In some of the few informal meetings in which we have participated, we have noted that there is still not sufficient convergence among some members. In addition, Mr Chairman, not all the other members have had an opportunity to express their concerns so as to allow you to draw up a proposal without running the risk of eroding the mandate. As we are not tied to any date, but to the substance and despite the fact that the current situation is prejudicial to developing countries, we consider that any proposal will have a better chance of being accepted later on.

To summarize, Mr Chairman, after four years of negotiation there is no reason to be tied down to a fixed timetable because the objective is the substance and we should not cede to pressure imposed by a date.

Statement by Cuba

First of all, my delegation would like to join others in congratulating you on the work you have carried out in order to make progress in these negotiations.

In this connection, Cuba would like to express its support for the statement made by the Ambassador of Tanzania as coordinator of the informal group of developing countries and would also like to endorse the position of the G-20.

Mr Chairman, for Cuba, any commitment on agricultural trade must take account of compliance with the Doha mandate and, consequently, improve access to markets, including the elimination of tariff and non-tariff barriers. We once again underline the need to abolish restrictions on imports of food and agricultural products in general. We cannot conceive of consensus on a new Agreement on Agriculture without the elimination of these restrictions and strengthening of the rules in Article 12.1 of the Agreement on Agriculture.

It is also essential to agree on provisions on special and differential treatment that allow least developed countries to take a more active part in international trade. Such commitments should not be used to exert pressure on least developed countries to make greater tariff concessions. In the particular case of special products, our interest is that they should not be subject to reduction. In this connection, it should be emphasized that this instrument, together with the new safeguard mechanism for least developed countries, are essential in order to achieve the development objectives set in the agricultural chapter of the Doha Agenda.

Cuba also considers it essential to take full account of the interests of net food importing developing countries and the least developed countries, while at the same time the agreement reached in the Marrakech Declaration in favour of this group of countries should be given effect as soon as possible.

Lastly, we support the statement made by Argentina to the effect that discussions during the negotiations should focus on the substance and no pressure should be exerted because of the dates agreed or the timetables fixed.

Our delegation requests that this statement be included in the minutes of the formal meeting of this Committee.

Statement by Dominican Republic

First of all, we should like to re-emphasize the Dominican Republic's position, namely that the agreement we are seeking in July should determine as a priority and as special and differential treatment the right of developing countries to select a percentage of tariff lines as special products to be exempt from the commitments on tariff quotas and tariff reduction. These special products should be a separate category in the overall tariff reduction formula and developing countries should not be obliged to compensate for this special and differential treatment for special products.

There should also be a special safeguard mechanism for developing countries, which could also be used for special products.

In addition, regarding the question of food aid, we should like to underline its importance for small net food importing developing countries such as the Dominican Republic, which mainly receives bilateral non-emergency food aid. As a result of this aid, the Government of the Dominican Republic has been able to implement social programmes and a school meals programme that feeds thousands of children from families with scarce resources.

It is important for this delegation that any agreement reached in July allows the possibility of continuing bilateral non-emergency food aid programmes in countries such as the Dominican Republic and that their flexibility should not be restricted. It is our view that these programmes should not be considered as export subsidies because their objective and purpose are completely different and at the same time they ensure that thousands of impoverished people receive food.

Lastly, we request that this statement be recorded in the formal minutes of this meeting.



Statement by Ecuador

My delegation acknowledges the strenuous efforts you have made as Chairman of this Special Session of the Committee on Agriculture in order to achieve a framework agreement during July 2004. In this connection, Ecuador wishes to reiterate its view that not only must the validation of this negotiating process be based on transparency but especially on the inclusion and participation of all interested delegations, whether through the spokespersons for the groups already set up or above all individually for those of us who do not participate in these groups. Any indication of exclusion from participation in the process could affect the achievement of the consensus needed for the adoption of the framework agreement being negotiated.

I should like to begin by reaffirming Ecuador's commitment to participation in the negotiating process on agriculture on the basis of what was agreed and mandated at the Doha Ministerial Meeting.

My delegation would like once again to express its interest in seeing compliance with the provisions of paragraph 5 of the Preamble to the Agreement on Agriculture as well as the fullest liberalization of trade in tropical products whether in primary or processed form, and for products of particular importance for the diversification of production from the growing of illicit narcotic crops.

This interest has already been expressed previously on a number of occasions and is shared by other Members of the WTO; it has been recognized in several documents considered during these agricultural negotiations.

In addition, in accordance with the provisions on special and differential treatment, Ecuador supports the principle that the framework negotiating document should include special products because of their strategic importance for the economy and trade, development, environment and rural society in developing countries.

During this meeting we have heard a number of speakers from recently-acceded countries. As the Members gathered here know, Ecuador joined the WTO after a process similar to that followed by those who have referred to this matter. Consequently, my delegation would like to know in greater detail what is meant and what should be understood by the concept of "recently acceded". This is a question that concerns my delegation because of its implications and the treatment which this category of countries may seek.

Without prejudice to the views expressed above, I should like to reserve my delegation's right to refer to this and other matters in the agricultural negotiations on other occasions, but exclusively within this Committee. I ask you therefore, to ensure that the views expressed in this statement are recorded in the Minutes of this meeting of the Committee.

Statement by El Salvador

I should like to thank you for your comments.

As the agricultural negotiations are at a crucial stage and in view of the importance of this issue for El Salvador, we deem it essential to take this opportunity to make some comments on our main interests and concerns in relation to these negotiations.

First of all, I should like to make some brief comments on the negotiating process conducted since March this year. Although we recognize the positive aspects of this new methodology, which has led from a stage of defining positions to one during which we listen to and apprehend the interests of other Members, including a negotiating stage, we still have some concerns regarding transparency and involvement in the process, which are essential elements in order to reach an agreement acceptable to all Members.

As regards the substantive issues in the negotiations, El Salvador considers that there must be a balance among the three pillars of the agricultural negotiations. Specifically, as regards market access, we echo the words of the ministers in the Doha Ministerial Declaration concerning the aim of "substantial improvements in market access" and, for this purpose, we agree that a tariff formula that meets this mandate should be applied. Nevertheless, as part of *special and differential treatment* in this pillar of the negotiations, for El Salvador it is essential to have a number of special products in order to safeguard our concerns and also to have a special safeguard mechanism for developing countries.

Regarding the domestic support and export subsidies pillars, we consider that further efforts should be made to reach an agreement beneficial to all. We acknowledge the measures taken by some Members which apply this type of distortion in order to achieve this goal, mainly in the form of high-level political declarations, and we hope that these will be put into effect along the lines set out in the declaration.

In addition, I should like to add that, in recent years, El Salvador has benefited from food aid programmes, which are a valuable tool for combating malnutrition and poverty in rural areas. In this respect, we understand that the main concern of some Members in this regard is to prevent trade distortions, nevertheless we believe it is important to maintain the flexibility needed – both for receiving and donor countries – in order to meet the humanitarian purpose of this activity.

Lastly, I should like to reemphasize our willingness to work intensively during the time remaining in order to achieve significant progress in these negotiations and be able to meet our objective set for this summer.

Statement by Honduras

As we have stated on several occasions, for my country the agricultural negotiations are of the utmost importance. Consequently, in view of the fact that we were not invited to the series of consultations recently held, I should like to take this opportunity to re-emphasize my Government's position regarding these negotiations.

We consider that the future framework agreement to be approved should include in the three pillars of negotiation special and differential treatment in the form of practical decisions so that developing countries can achieve a maximum level of development in the agricultural sector, as well as competitiveness and access for their products to the international market.

In this respect, in the case of market access, the inclusion of the new special safeguard mechanism and special products should not serve as a pretext for requesting developing countries to grant any type of compensation or commitment to make substantial tariff reductions.

It is our position that the framework agreement should include a separate category for special products, which should not be subject to tariff reduction commitments, and each developing country could itself decide which are its special products. The new special safeguard mechanism should also apply to these special products.

As provided in the Agreement on Agriculture, developed countries should take into account the needs and special situation of developing countries and give them more and better opportunities in terms of market access for their agricultural products. In this connection, because many of the crops in my country are tropical products, we consider that the future framework agreement should include language that commits developed countries to granting developing countries access free of tariffs and quotas for their tropical products in primary and processed form, and binding of these commitments on an MFN basis.

Lastly, my delegation supports the reduction of, with a view to phasing out, all forms of export subsidies. Nevertheless, it wishes to emphasize that, when laying down parameters for the negotiation of disciplines on other forms of export support such as food aid, the needs of developing countries must be taken fully into account, especially the aid given to some members in order to deal with situations that are not emergencies but are rather part of programmes to combat and reduce poverty. It should be ensured that this type of programme is not eliminated because they have a humanitarian objective and are intended to remedy food deficits in small countries such as my own, included under the category of net food importing developing countries.

Statement by Mongolia

As establishing the framework on agricultural negotiations reaches the deadline, the Delegation of Mongolia wishes to make a few comments some issues of vital importance to this country.

First of all, I commend Ambassador Tim Groser for his professional and dedicated handling of the current negotiations that are now entering the most critical moment. You have the full support of Mongolia for your endeavours.

Mongolia's interests in agriculture negotiations are taken care of by our like-minded colleagues, such as the G-33 and others. We are forced to exploit the capacity of our friends as Mongolia lacks the necessary manpower.

Nevertheless, I wish to highlight one or two important issues on which we feel we cannot offer our support if Mongolia's unique stand is not taken into account at the agricultural negotiations. I mean, strongly speaking, Mongolia would reserve its right to reopen any issues where she did not take part due to our limited capacity unless we are satisfied with the thrust and the language of the issue I am now going to explain to you.

Mongolia's agriculture is dominantly animal husbandry. Mongolia produces no rice, no sugar and no crops except a small amount of wheat and vegetable. The land is arid, mostly desert and semi-desert, therefore, in general not suitable to crop farming. In addition, Mongolia has had natural disasters every year in row. Climate change takes over to the worse. In other words, she is largely dependent on humanitarian and emergency food aid each and every year. The chronic shortage of the most staple food, except meat and milk products, endangers the nutritional needs and health of the population.

The food aid we have been receiving since the early 1990s has played, I would say, a triple role.

First, the food aid has helped reduce the severe shortage and saved the endangered livelihood of the poor, especially the herdsman. The nomadic people always risk losing their stocks when a severe winter or dry summer hits their animals which, without food aid, the only source of living.

Second, it has produced a vitally important by-product. Here we can see the significant role of the food aid for development, especially for establishing modern sector of industry. The Government of Mongolia earmarked and lent on concessional terms the proceeds from the US food aid in the early 1990s to local entrepreneurs as a start-up capital for pioneering and establishing the IT sector. If we are proud of our today's achievement in the ICT penetration in the country (one in ten is an Internet user, one in eight is a mobile phone subscriber), we owe it to food aid and to the US. We appreciate this and other food aid from donors like Japan for enabling to support national entrepreneurship rather than becoming dependent on foreign operators.

Thirdly, the food aid-generated funds, when well managed and wisely spent, facilitate trade expansion. In the case of Mongolia, the newly-developed ICT sector has since been the engine for two-digit growth rates each year in terms of import and sales of IT products, unseen in other sectors. Siemens, Sony, Compaq-HP, Samsung, Alcatel, Acer and many other corporations should thank food aid for their products being popular in Mongolia.

You may be unaware that there are a few small developing countries who are not a LDC like Mongolia and Sri Lanka, for example (Mongolia is not even a NFIDC). These non-club, if I may say

so, developing countries are often left outside group-to-group negotiations. In addition, Mongolia is the only Member who does not have any FTA. If negotiations do leave a single country or a small number of weak and vulnerable Members outside its embrace, it will definitely fail again. Therefore, I present my views here so that the Committee on Agriculture Members take note.

The standing proposals in our negotiations in their current language threaten to discontinue non-emergency food assistance programmes that promote food security, economic growth and trade facilitation as was illustrated above in the case of Mongolia. It is critical, therefore, that the negotiators protect against any deviation from the Uruguay text of Article 10.4 of the Agriculture Agreement that could place existing food assistance programmes in jeopardy and result in a loss of flexibility in providing aid to the poorest and the weakest.

The Derbez Text states under Annex A, Section 3.5, that "Additional disciplines shall be agreed in order to prevent commercial displacement through food aid operations". As the WTO Agricultural Negotiations Backgrounder (20 April 2004), for which I commend the Secretariat, further explains: "The Derbez draft proposes that an end date for phasing out all forms of export subsidies (i.e. including subsidized export credit and some forms of food aid) should be negotiated". This approach is not acceptable to my Delegation. Any text to a similar effect would jeopardize the willingness of Mongolia to join a consensus.

We agree that a wisely structured disciplining is required. But this should be dealt with not in the WTO. It is the prerogative of the UN Food and Agricultural Organization (FAO) and its Consultative Subcommittee on Surplus Disposal (CSSD) and should be established in line with the provisions of the Food Aid Convention (FAC).

With this, Mr. Chairman, I leave you here. I formally ask you and the Secretariat to circulate my statement as an official document for the Formal Special Session scheduled on Friday and to place it on record.

Statement by Nicaragua

First of all, I would like to thank you for the efforts you have made this week intended at finding solutions to the problems that are well known to us all. I will be brief in this case and request that my statement be placed on the record. Regarding the formula, Nicaragua is in favour of a tariff reduction formula which is ambitious and harmonizes tariff structures and which is also able to substantially reduce tariff peaks by means of a maximum authorized tariff level. Any exception to the formula will have to take into account access for developing countries. The development of our countries requires a real market access for the whole production chain of our exports, especially differential treatment must ensure that products of export interest to developing countries are promoted and therefore we need to make operational the full liberalization for tropical products.

On special and differential treatment, we think that this should be an integral part of any tariff reduction formula. Although Nicaragua recognizes the existence of sensitivities that all Members have, we think that such sensitivities must be taken into account within the general formula. However, developing countries still have specific situations that need to be met by means of special provisions and we have supported therefore the G-33 statements regarding strategic products and the SSM for developing countries.

With regard to food aid, Mr. Chairman, we think that a certain amount of flexibility is required. We must find a balance between satisfying basic needs and emergencies or even for development programmes and situations which cause commercial displacements or interfere with production and the marketing of domestic production.

Statement by Switzerland (on behalf of the G-10)

Thank you for report and signal of alert. Indeed, there isn't much time left. There are two possibilities to push this process forward. Either we have a multilateral process, and that should be where the focus is, or we will have a text coming out from heaven or hell, and that would be a signal for failure. The G-10 certainly doesn't intend to present such a text. We share your concerns and in our view the points of convergence are very preliminary.

The G-10 looks forward to cooperating closely with you and all other Members to work out mutually acceptable solutions. In this regard, we would like to recall that the result of the ongoing process will need political ownership. It is therefore important to ensure transparency and inclusiveness through a combination of open-ended meetings, consultations involving individual Members or groups of Members and discussions between groups.

For the G-10, there are three overarching principles that should shape the Framework for the negotiations on agriculture :

- First, the three pillars are to be treated with a similar level of specificity. If one of the pillar – market access for instance – has to be dealt with in general terms or at the level of principles, this should also be the case for the two other pillars. This means as well that the level of clarity on both ambition and flexibility should be comparable.
- Second, it is of central importance to the G10 that the reform principles established in the Uruguay Round are being respected. The Agreement on Agriculture reads that commitments under the reform programme shall be made in an equitable way among all Members. This means that the balance of results for each Member should be assessed in light of the results achieved on all three pillars.
- Third, special attention must be paid to Members from whom the biggest efforts are expected. So far, this has been achieved through your excellent consultations process. The G-10 is not a deal taker and needs to be part of the discussions concerning a possible draft text.

As regards the three pillars, our position is well known and I will only repeat three points.

- It is true that Market Access is our main focus. Capping, in particular, will not support but block our reform process. Also, it is not necessarily the highest tariffs which alone have the potential to prevent trade.
- But it does not mean that we don't have problems in the other pillars. As a matter of fact, we also need flexibility in the blue and, especially, the Green Box, and we are against capping support to individual products. We therefore need flexibility and safeguards in all three pillars.
- On export competition, the framework should signal where we go, in what stages, with or without exceptions, etc. Here, like elsewhere, practicalities are more important than dogmas. In any case, there should be a balance at the end of the negotiation.

Our position on S&D, special products and on NTCs is equally well known, and here as well we are ready to engage in more technical work.

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