

## Elaboration of Japan's Negotiating Proposal:

Export enhancing measures

## 1. Background

*(Proposal in December 2000[G/AG/NG/W/91])*

*23. In view of redressing the imbalances of the rights and obligations between importing and exporting countries, and of maintaining the food security of food-importing countries, rules and disciplines on export-promoting and export-restricting measures should be established. (See examples described in 4.1 and 4.2 below.)*

*24. Negotiations on these future rules and disciplines on exports should be conducted, by making sure that an appropriate balance can be achieved with the outcome of negotiations on imports, in order to reach a fair and equitable agreement that can be accepted by both exporting and importing countries alike.*

*(Elaboration)*

1. The current disciplines on export enhancing measures and export prohibitions/restrictions are not rigorous enough compared with disciplines applied on import measures. Japan has made its proposal with a view to redressing imbalance in rights and obligations between exporting and importing countries while ensuring food security of importing countries. The basic idea of the proposal is to introduce disciplines on export measures that are symmetrical to those on import measures.

## 2. Export subsidies

*(Proposal in December 2000[G/AG/NG/W/91])*

- 25. To reduce further the amount of export subsidies and the volume of subsidized exports;*
- 26. To strengthen disciplines on measures taken during the implementation period, such as rollovers;*
- 27. To bind the level of the unit value of the export subsidy, which will then be progressively reduced during the implementation period;*
- 28. To strengthen disciplines on the export subsidy on the products and the markets in which developing countries are interested;*

*(Elaboration)*

2. Further reduction of the amount of export subsidies and the volume of subsidised exports is proposed, recognizing the reform process is an ongoing-process.
3. In view of redressing the imbalance between disciplines on exports and imports, further reduction of export subsidies should be implemented in equal instalments. Provisions such as Article 9.2(b) that allow measures such as roll over should be abolished.
4. Another imbalance between disciplines on exports and imports is that while the bound tariff rate stands for the maximum tariff for every single shipment of imports, the current disciplines on exports refer only to the total amount of export subsidy and total subsidised volume. This is the background for proposing the discipline on the unit value of export subsidy: the level that equals to 64% of the average unit value of export subsidy during the period '86 to '90 is used as the base level for further progressive reduction during the implementation period after the current negotiations. The reduction will be made according to each category of products that was agreed in the Uruguay Round.
5. In order to strengthen disciplines on the export subsidy on the products and the markets in which developing countries are interested, the consultation will be held during the negotiations in response to requests from developing countries for the products and markets for which they want additional disciplines. Any additional disciplines on a specific market will require the consent of the Member to which the market belongs.

## 3. Export credits

*(Proposal in December 2000[G/AG/NG/W/91])*

*29. To strengthen disciplines on the export credit, bearing in mind the discussions held in the OECD;*

*(Elaboration)*

6. With regard to export credits, an urgent implementation of Article 10.2 is needed, taking into account the discussion held in other international forums

including the OECD. In parallel, the negotiations will be conducted in order to establish disciplines on export credits that will have binding effects similar to those on export subsidies. These disciplines on export credits should not hinder the implementation of food aid for humanitarian purposes.

#### 4. Export-enhancing domestic support

*(Proposal in December 2000[G/AG/NG/W/91])*

*30. To strengthen disciplines on the domestic support that has a similar effect as that of export subsidies, thus putting them under the export disciplines.*

*(Elaboration)*

7. To strengthen disciplines on the domestic support that has a similar effect as that of export subsidies and put them under the export disciplines. The subject to these disciplines will be the products more than X% of whose domestic production is exported and which is covered by a measure that has export-enhancing effects such as deficiency payment. These measures continue to be subject to disciplines on domestic support, but the amount of support to the exported volume will be at the same time subject to disciplines on exports. For the latter, the base level for further reduction will be 79% of the average volume and 64% of the average amount of support during the period 1986 to 1990.

#### 5. Special and differential treatment

*(Proposal in December 2000[G/AG/NG/W/91])*

*40. When strengthening the rules and disciplines on exports and state trading, measures to exempt or ease obligations should be taken so as not to cause an excessive burden on developing countries.*

*(Elaboration)*

8. As for Special and Differential treatment, the current flexibility for developing country Members (Article 9.4) will be maintained. Flexibility for developing country Members should also be ensured in the new disciplines on export credits: The differential treatment for LDCs and NFIDCs should be ensured in accordance with Paragraph 4 of the Marrakesh Decision.