

**Committee on Agriculture
Special Session**

CONTRIBUTION BY THE G-10

The following communication, dated 16 June 2006, is being circulated at the request of the G-10.

I. THE SPECIAL SAFEGUARD PROVISIONS

1. The Special Safeguard Clause of (SSG) is an integral part of the agricultural reform process enshrined in the Agreement on Agriculture (AoA). Article 5.9 of the existing AoA establishes that "*The provisions of this Article shall remain in force for the duration of the reform process as determined under Article 20.*" The reform process as determined under Article 20 is the long term-objective of "*...substantial progressive reductions in support and protection resulting in fundamental reform...*". The reform process is still ongoing and any modification of the present SSG would thus require a consensus decision.

II. TROPICAL PRODUCTS

2. An additional effort on tropical products should be taken, in conformity with the commitment taken by Ministers in Hong Kong and with the Framework Agreement.

3. The magnitude of efforts with regard to the treatment of tropical products depends on the coverage and on the final shape of the general reduction formula.

4. With regards to coverage, a more realistic approach should be taken to narrow down the scope of products.

5. In any case, the principle of self-designation of sensitive products will also apply to tropical products.

III. BOUND IN-QUOTA DUTIES

6. According to paragraph 35 of the Framework Agreement, the issue of in-quota tariffs is an element that shall contribute to reaching a final balanced outcome. The extent of reductions, if any, in in-quota tariffs will be dependent on the outcome of the formula and the number and treatment of sensitive products. We are therefore ready to discuss such a treatment in connection with other components of market access, in particular with the scope of TRQ commitments in paragraph 33 of the Framework.

7. In any case, an across-the-board elimination of in-quota duty rates is not acceptable.

IV. TARIFF ESCALATION

A. INTRODUCTION

8. The Framework states that the issue of tariff escalation remains under negotiation, and the G-10 is ready to engage in this discussion with the aim of solving it as part of an overall balanced

outcome in the market access pillar. The application of the tiered formula will resolve a significant part of this issue.

B. TREATMENT

9. The G-10 proposes the following treatment for tariff escalation:

10. When the bound duty¹ on a processed agricultural product is greater than that of the relevant primary product, and:

- (a) if the tariff lines for both products are in the same tier (except for the highest tier), the bound duty for the processed tariff lines shall be reduced by the cut rate that would otherwise be applied for the tier immediately above, as long as the tariff rate on the processed product will not fall below the tariff rate for the primary products.
- (b) if they both belong to the highest tier, the bound duty for the processed tariff lines shall be subject to an additional reduction of [] per cent compared to the reduction which would have been otherwise required under the tiered formula, as long as the tariff rate on the processed product will not fall below the tariff rate for the primary products.

C. SELECTION

11. G-10 thanks Canada for its efforts in developing a list of products which potentially are subject to tariff escalation. However, the G-10 has some concerns regarding the selection of products and the methodology applied. We are still in the process of analyzing the Canadian contribution. This includes options for revising the list proposed by Canada, proposals for criteria for the selection, or leaving the selection issue to the schedule negotiations.

V. TARIFF QUOTA ADMINISTRATION

- (1) Tariff quota commitments shall be administered in a manner which is transparent and predictable, and ensures that the market access opportunities represented by such commitments are made fully and effectively available.
- (2) Tariff quotas represent export opportunities, not export guarantees. A host of exogenous factors may cause fill rates to vary. The main objective of reviewing the TRQ administration methods should therefore be to allow for quota fill under competitive market conditions and prevailing terms of trade. This should be understood as a contribution to the objective of substantial improvements in market access.
- (3) Meaningful S&D shall be provided to developing countries, *inter alia* in the area of trade-related technical assistance, in order to enable developing countries to capture the trading opportunities that are flowing from Members' TRQ regimes. In fact para. 6 of TN/AG/W/1/Rev.1 provides appropriate language on S&D for further work.
- (4) The G-10 understands that the scope of the discussion on TRQ administration is limited to paragraph 35 of the Framework. The issue of TRQ commitments specified in the schedules is not within the scope of this paper.

¹ The G-10 objects to use AVEs as the basis for calculations, as the AVE-conversion was intended only to place non-*ad valorem* tariffs in the tariff formula tiers.

- (5) To this end the following general principles shall apply:
- (a) A tariff quota commitment shall not be administered in a manner which precludes the importation of any product or tariff line within the tariff-rate quota (TRQ).
 - (b) Members shall provide timely initial allocations of import licenses and mechanisms for re-allocation or tradability of tariff quota allotments to facilitate that the annual tariff quota quantity is imported within the quota year.
 - (c) Members shall not impose unfavorable commercial terms or requirements which act to restrict products eligible for importation under a TRQ such as:
 - domestic purchasing requirements;
 - non-viable quota allotments; and
 - export or re-export requirements which restrict imports.
 - (d) Members may credit preferential imports, including existing preferential TRQs, against scheduled WTO tariff quota commitments, where additional TRQ quantities scheduled as a result of Market Access negotiations in the Doha Round will be allocated on an MFN basis.
 - (e) Members shall publish all relevant information sufficiently in advance in relation to their administration of tariff quota commitments, including information regarding administrative requirements and procedures, the contact details of importers to whom tariff quota allocations have been attributed and current tariff quota fill rates.
 - (f) Members shall establish a mechanism of redistribution of unused licenses in order to ensure that the system is operating according to its intentions. Reallocated quota shares must be valid until the end of the quota period in question.
 - (g) S&D provisions to be developed using para. 6 of TN/AG/W/1/Rev.1 as a reference.
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CONTRIBUTION BY THE G-10

Addendum

The following communication, dated 21 June 2006, is being circulated at the request of the G-10. The addendum concerns the communication from the G-10, JOB(06)/192, dated 16 June 2006.

To be added to the communication from the G-10, dated 16 June 2006.

PREFERENCE EROSION

Recognizing the importance of long-standing preferences, the G-10 is of the view that there should be both trade and non-trade related solutions to address the problems of preference erosion. In this regard, para. 30 of the Chairman's consolidated reference paper on Market Access, of 9 June 2006, provides a good basis to effectively addressing the problems of preference erosion in the agricultural negotiations. In addition Members should also have the possibility to designate products relating to long-standing preferences, as sensitive product.

TARIFF SIMPLIFICATION

AVE calculations were made in order to place all products in bands for the purpose of the tariff reduction formula. There is no commitment to bind those AVEs.

By "simplification" the G-10 understands the need to have transparent, calculable and foreseeable tariffs. This objective can be achieved both by *ad valorem* and specific duties.
