

**Committee on Agriculture
Special Session**

G-10 POSITIONS ON DOMESTIC SUPPORT

Communication from G-10

I. OVERALL TRADE DISTORTING SUPPORT

1. In Hong Kong, Members agreed on a formula structure for reductions in overall support with three bands where EU will be placed in the highest band, Japan and USA in the middle band and other countries in the lowest band.
2. The G-10 proposes reductions by 75% in the highest band, 65% in the middle band and 45% in the lowest band.
3. The G-10 is in favour of S&D treatment in the form of lower reduction rates and longer implementation periods. The reduction rate for developing countries should be less than the cut for developed countries in the lowest band. Developing country Members with no AMS commitments will be exempt from reductions in the overall support as agreed in Hong Kong.

II. AMS

4. In Hong Kong, Members agreed on a formula for AMS reductions with three bands where EU will be placed in the highest band, Japan and USA in the middle band and other countries in the lowest band.
5. The G-10 proposes reductions by 70% in the highest band, 60% in the middle band and 40% in the lowest band.
6. G-10 Members with high relative support (Japan, Switzerland, Norway and Iceland) have indicated willingness to make an additional effort in AMS reductions.
7. The caps of product-specific AMSs at their respective average levels should as a rule be calculated as the arithmetic mean of the notified levels during the UR implementation period, excluding the highest and lowest entries. Where product-specific support has been introduced within a Member's Total AMS only after the UR implementations period, this methodology should be adapted to more recent years, as appropriate. In other cases of non-existent product-specific AMSs during the UR implementation period or where product-specific AMSs have been below the de minimis level, the caps should be expressed as X% of the production value of each product.
8. The G-10 is in favour of S&D treatment in the form of lower reduction rates and longer implementation periods. The reduction rate for developing countries should be less than the cut for developed countries in the lowest band.

III. DE MINIMIS

9. Substantial reductions in *de minimis* domestic support for developed countries. In general, the cuts for developing countries should be less than the cut for developed countries. Flexibility should be provided for recently acceded Members. Developing country Members with no AMS commitments will be exempt from reductions in *de minimis* as agreed in Hong Kong.

IV. THE BLUE BOX

10. The importance of the Blue Box for the overall reform process is clearly spelt out in paragraph 13 of the Framework. The Blue Box shall be less trade distorting than the Amber Box. It is our view that this concern has been adequately accommodated by the specific criteria relating to production-limiting programmes.

11. The issues related to any additional Blue Box criteria remains unsolved and further technical work is immediately required among all affected parties based on various proposals on the table. The G-10 recalls the guidelines laid out in Para 14 of the Framework, in particular the reference to the balance of existing rights and obligations, and the need to avoid undoing ongoing reforms.

12. Transparency of the Blue Box measures should be increased through improved notification requirements.

V. INFLATION

13. In a few special cases, exchange rate fluctuations and inflation rates may have caused extraordinary situations which should be dealt with separately and on a pragmatic case-by-case basis, as provided for in Article 18.4 of the Agreement on Agriculture.

VI. THE GREEN BOX

14. The G-10 objects to proposals that will change the character of or cap the Green Box, and recalls the limited mandate for this exercise.

15. The G-10 is ready to discuss the inclusion of new elements tailored to the needs of developing countries ensuring that programmes of developing country Members cause not more than minimal trade-distortion.
