

ANNEX: NEGOTIATIONS ON AGRICULTURE
Possible Framework to be agreed at Cancún

<p style="text-align: center;">CHAIRMAN'S TEXT, ANNEX A <i>(JOB(03)/150/Rev.1)</i></p>	<p style="text-align: center;">JOINT US-EU PROPOSAL <i>(JOB(03)/157)</i></p>	<p style="text-align: center;">G-19 PROPOSAL <i>(JOB(03)/162)</i></p>
<p>Participants reaffirm their commitment to the mandate on agriculture as set out in paragraph 13 of the Doha Ministerial Declaration. Participants recognize that reforms in all areas of the negotiations are inter-related and agree to conclude the work to establish modalities for the further commitments, including provisions for special and differential treatment, within the timeframe specified in paragraph 4 of the Cancún Ministerial Text, on the basis of the following framework:</p> <p><i>Note: Perez del Castillo said that an addendum with language on the NTCs will be circulated, most likely as proposed by the US and the EC.</i></p>	<p>Members reconfirm the objectives as established in paragraphs 13 and 14 of the Doha declaration, including the objective to establish a fair and market-oriented system through fundamental reform in agriculture. Members recognize that reforms in all areas of the negotiations are inter-related, that special and differential treatment for developing countries will be an integral part of the negotiations, and that non-trade concerns should be taken into account.</p>	<p>Members reconfirm the objectives as established in paragraphs 13 and 14 of the Doha declaration, including the objective to establish a fair and market-oriented trading system through fundamental reform in agriculture. Members recognize that reforms in all areas of the negotiations are inter-related, that operationally effective special and differential treatment for developing countries will be an integral part of the negotiations, and that non-trade concerns should be taken into account <u>as provided for in the Agreement on Agriculture</u>.</p>
	<p>Ministers agree to intensify work to translate the Doha objectives into reform modalities, including by adopting the following approaches for reduction commitments and related disciplines on key outstanding issues on market access, domestic support and export competition.</p>	<p>Ministers agree to intensify work to translate the Doha objective into reform modalities, including by adopting the following approaches for reduction/elimination commitments and related disciplines on key outstanding issues on market access, domestic support and all forms of export subsidies and stress their commitments to submit comprehensive draft schedules in time to conclude negotiations by 1/1/2005.</p> <p>In that context, Ministers agree as follows:</p>

CHAIRMAN'S TEXT, ANNEX A (JOB(03)/150/Rev.1)	JOINT US-EU PROPOSAL (JOB(03)/157)	G-19 PROPOSAL (JOB(03)/162)
DOMESTIC SUPPORT		
1. The Doha Ministerial Declaration calls for "substantial reductions in trade-distorting domestic support". All developed countries shall achieve reductions in trade-distorting support significantly larger than in the Uruguay Round, that will result in Members having the higher trade-distorting subsidies making greater efforts.	1. The Doha declaration calls for "substantial reductions in trade-distorting domestic support". All developed countries shall achieve reductions in trade distorting support significantly larger than in the Uruguay Round, that will result in Members having the higher trade distorting subsidies making greater efforts.	1. The Doha declaration calls for "substantial reduction in trade-distorting domestic support". All developed countries shall achieve substantial reduction in trade distorting support with Members having the higher trade distorting subsidies making greater efforts.
Reductions shall take place under the following parameters:	Reductions shall take place under the following parameters:	1.1. Substantial reductions shall take place under the following parameters:
1.1. Reduce the Final Bound Total AMS in the range of [...] % - [...] %.	1.1. Reduce the most trade-distorting domestic support measures in the range of [] % - [] %.	(i) Reduce all trade-distorting domestic support measures in the range of [] % - [] %, on a product specific basis. The difference between the upper and lower limits shall be no greater than [] % points. Products which benefited from levels of domestic support, above the average, during the period [...] shall be subject to the upper levels of reduction. Regardless of the percentage reduction applied in each case, a first cut of not less than [%] of such reduction shall be applied to all trade distorting domestic support measures within the first 12 months of the implementation period. (ii) For products benefiting from domestic support which are exported and which have accounted, on average over the last [...] years, for more than [%] of world exports of that product the domestic support measures shall be subjected to the upper levels of reduction, with a view to elimination.
1.2 Reduce <i>de minimis</i> by [...] %.	1.3. reduce <i>de minimis</i> by [] %.	(iv) Reduce <i>de minimis</i> by [] % for developed countries
1.3 Article 6.5 of the Agreement on Agriculture will be modified so as Members may have recourse to the following measures:	1.2. Members may have recourse to less trade distorting domestic support under the following conditions:	(iii) Eliminate article 6.5 of the Agreement on Agriculture.

CHAIRMAN'S TEXT, ANNEX A (JOB(03)/150/Rev.1)	JOINT US-EU PROPOSAL (JOB(03)/157)	G-19 PROPOSAL (JOB(03)/162)
(i) direct payments if: - such payments are based on fixed areas and yields; or - such payments are made on 85% or less of the base level of production; or - livestock payments are made on a fixed number of head.	(i) for direct payments if: - such payments are based on fixed areas and yields; or - such payments are made on 85% or less of the base level of production; or - livestock payments are made on a fixed number of head.	
(ii) support under 1.3(i) shall not exceed 5% of the total value of agriculture production in the 2000-2002 period by [...]. Subsequently, such support shall be subject to an annual linear reduction of [...] % for a further period of [...] years.	ii) support under 1.2.(i) shall not exceed 5% of the total value of agriculture production by the end of the implementation period.	
1.4 The sum of allowed support under the AMS, support under paragraph 1.3(i) and <i>de minimis</i> shall be reduced in the first period referred to in paragraph 1.3(ii) so that it is significantly less than the sum of <i>de minimis</i> , payments under Article 6.5, and the final bound AMS level, in 2000.	(iii) the sum of allowed support under the AMS, support under 1.2.(i) and <i>de minimis</i> shall be reduced so that it is significantly less than the sum of <i>de minimis</i> , payments under Article 6.5, and the final bound AMS level, in 2004.	
		(v) The sum of AMS support and <i>de minimis</i> shall be subject to a cut of at least []%
1.5 Green Box criteria remain under negotiation.		1.2. Green box direct payments (paragraphs 5 to 13 of Annex 2 of the AoA) shall be, as appropriate, capped and/or reduced for developed countries. Additional disciplines shall be elaborated and agreed upon.
1.6 Having regard to their development, food security and/or livelihood security needs, developing countries shall benefit from special and differential treatment, including lower reductions of trade-distorting domestic support under paragraphs 1.1, 1.3 and 1.4 above, longer implementation periods and with respect to the provisions of Article 6.2 of the Agreement on Agriculture and of the Green Box.		1.3. The scope of art. 6.2. of the Agreement on Agriculture shall be expanded, so as to include focused and targeted programmes.
1.7 Developing countries shall be exempt from the requirement to reduce <i>de minimis</i> trade-distorting domestic		1.4. Maintain <i>de minimis</i> at the existing levels for developing countries

CHAIRMAN'S TEXT, ANNEX A (JOB(03)/150/Rev.1)	JOINT US-EU PROPOSAL (JOB(03)/157)	G-19 PROPOSAL (JOB(03)/162)
support.		
MARKET ACCESS		
2. The Doha Ministerial Declaration calls for “substantial improvements in market access.” Negotiations should therefore provide increased access opportunities for all and in particular for the developing countries. To achieve this, commitments shall be based on the following parameters:	2. The Doha declaration calls for “substantial improvements in market access.” Negotiations should therefore provide increased access opportunities for all and in particular for the developing countries most in need and take account of the importance of existing and future preferential access for developing countries. To achieve this, commitments shall be based on the following parameters:	
2.1 The formula applicable for tariff reduction by developed countries shall be a blended formula under which each element will contribute to substantial improvement in market access. The formula shall be as follows:	2.1. The formula applicable for tariff reduction shall be a blended formula under which each element will contribute to substantial improvement in market access. The formula shall be as follows:	2.1. The formula applicable for tariff reduction in developed countries shall be a blended formula, under which each element will contribute to substantial improvement in market access for all products, in an effective and measurable way. The formula shall be as follows:
(i) [...] % of tariff lines shall be subject to a [...] % average tariff cut and a minimum of [...] %; for these import-sensitive tariff lines market access increase will result from a combination of tariff cuts and TRQs.	(i) [] % of tariff lines subject to a [] % average tariff cut and a minimum of [] %; for these import sensitive tariff lines market access increase will result from a combination of tariff cuts and TRQs.	i) [] % of tariff lines subject to a [] % tariff cut. With a view to addressing tariff escalation, a factor of [] will be applied to the tariff rate cut of the processed product, in case its tariff is higher than the tariff of the product in its primary form;
(ii) [...] % of tariff lines shall be subject to a Swiss formula coefficient [...].	(ii) [] % of tariff lines subject to a Swiss formula coefficient []	(ii) [] % of tariff lines subject to a Swiss formula coefficient [];
(iii) [...] % of tariff lines shall be duty-free.	(iii) [] % of tariff lines shall be duty-free.	(iii) [] % of tariff lines shall be duty-free.
		2.1.1 The total average tariff cut of items I) and ii) above shall be at least [] % and, in any event, significantly higher than the tariff cut in I).
2.2 For the tariff lines that exceed a maximum of [...] % developed-country participants shall either reduce them to that maximum, or ensure effective additional	2.2 For the tariff lines that exceed a maximum of [] % Members shall either reduce them to that maximum, or ensure effective additional market access through a	2.2 For the tariff lines that exceed a maximum of [] % Members shall reduce them to that maximum.

CHAIRMAN'S TEXT, ANNEX A <i>(JOB(03)/150/Rev.1)</i>	JOINT US-EU PROPOSAL <i>(JOB(03)/157)</i>	G-19 PROPOSAL <i>(JOB(03)/162)</i>
market access in these or other areas through a request-offer process that could include TRQs.	request:offer process that could include TRQs.	
2.3 The issue of tariff escalation will be effectively addressed.		
		2.3 Tariff rate quotas shall be expanded by []% of domestic consumption and in quota tariff rates shall be reduced to zero. Strict rules for their administration will be agreed to. Larger expansion or creation of TRQs could be the result of a request and offer process.
2.4 The use and duration of the special agricultural safeguard (SSG) remains under negotiation.	2.3. The use of the special agricultural safeguard (SSG) remains under negotiation.	2.4 The Special Agricultural Safeguard (SSG) for developed countries shall be discontinued.
2.5 Having regard to their development, food security and/or livelihood security needs, developing countries shall benefit from special and differential treatment, including lower tariff reductions and longer implementation periods.	2.6 Having regard to their development and food security needs, developing countries shall benefit from special and differential treatment, including lower tariff reductions and longer implementation periods.	2.6 Having regard to their rural development and food security needs, developing countries shall benefit from special and differential treatment, including lower tariff reductions and longer implementation periods, as well as from the establishment of Special Products (SP), under conditions to be determined in the negotiations.
<p>(i) [...]% of tariff lines shall be subject to a [...]% average tariff cut and a minimum of [...]%; for these import-sensitive tariff lines market access increase will result from a combination of tariff cuts and TRQs. Within this category, developing countries shall have additional flexibility under conditions to be determined to designate Special Products (SP) which would only be subject to a linear cut of a minimum of [...]% and no new commitments regarding TRQs.</p> <p>(ii) [...]% of tariff lines shall be subject to [...]% average tariff cut and a minimum of [...]%.</p> <p>(iii) [...]% of tariff lines shall be subject to [...]%</p>		<p>The formula applicable for tariff reductions shall be as follows:</p> <p>(i) all tariff lines subject to a []% average tariff cut and a minimum cut of []%;</p> <p>(ii) there will be no commitments regarding TRQ expansion and reduction of in quota tariff rates for developing countries;</p>

CHAIRMAN'S TEXT, ANNEX A <i>(JOB(03)/150/Rev.1)</i>	JOINT US-EU PROPOSAL <i>(JOB(03)/157)</i>	G-19 PROPOSAL <i>(JOB(03)/162)</i>
average tariff cut and a minimum of [...]%. <i>or in place of (ii) and (iii) above</i> (ii) [...] % of tariff lines shall be subject to a Swiss formula coefficient of [...].		
2.7 The applicability and/or extent of the provisions of paragraph 2.2 above to developing countries remain under negotiation, taking into account their development needs.		
2.8 A special agricultural safeguard (SSM) shall be established for use by developing countries subject to conditions and for products to be determined.	2.4. A special agricultural safeguard (SSM) shall be established for use by developing countries as regards import-sensitive tariff lines.	2.7. Under conditions to be determined in the negotiations, a special safeguard mechanism (SSM) shall be established for use by developing countries, the scope of which would depend on the impact of tariff cuts as per 2.6 above.
2.9 All developed countries will seek to provide duty-free access for at least [...] % of imports from developing countries through a combination of MFN and preferential access.	2.5. All developed countries will seek to provide duty-free access for at least [] % of imports from developing countries through a combination of MFN and preferential access.	2.5 All developed countries shall provide duty-free access to all tropical products and others mentioned in the Preamble of the Agreement on Agriculture as well as to other agricultural products representing at least [] % of imports from developing countries.
2.10 Participants undertake to take account of the importance of preferential access for developing countries.		4.1 Under conditions to be determined in the negotiations, the question of preference erosion shall be addressed.

CHAIRMAN'S TEXT, ANNEX A (JOB(03)/150/Rev.1)	JOINT US-EU PROPOSAL (JOB(03)/157)	G-19 PROPOSAL (JOB(03)/162)
EXPORT SUBSIDIES		
<p>3. The Doha Ministerial Declaration calls for “reductions of, with a view to phasing out, all forms of export subsidies.” To achieve this, disciplines shall be established on export subsidies, export credits, export state trading enterprises, and food aid programs. Reduction commitments shall be applied in a parallel manner according to the following parameters:</p>	<p>3. The Doha mandate calls for “reductions of, with a view to phasing out, all forms of export subsidies.” To achieve this, disciplines shall be established on export subsidies, export credits, export state trading enterprises, and food aid programs. Reduction commitments shall be applied in a parallel manner according to the following parameters:</p>	
<p>3.1 With regard to export subsidies:</p> <ul style="list-style-type: none"> - Members shall commit to eliminate over a [...] year period export subsidies for the following products of particular interest to developing countries [...]; - for the remaining products, Members shall commit to reduce, with a view to phasing out, budgetary and quantity allowances for export subsidies. 	<p>3. 1 With regard to export subsidies:</p> <ul style="list-style-type: none"> – Members shall commit to eliminate over a [] year period export subsidies for the following products of particular interest to developing countries [...]; – for the remaining products, Members shall commit to reduce budgetary and quantity allowances for export subsidies. 	<p>3. 1 With regard to export subsidies budgetary and quantity allowances:</p> <ul style="list-style-type: none"> – -Members shall commit to eliminate over a [x] year period export subsidies for the products of particular interest to developing countries [...]; – -Members shall commit to eliminate over a [y] year period export subsidies for the remaining products.
<p>3.2 With regard to export credits:</p> <ul style="list-style-type: none"> - Members shall commit to eliminate, over the same period as in the first indent of paragraph 3.1 the trade-distorting element of export credits through disciplines that reduce the repayment terms to commercial practice ([...] months), for the same products in the second indent of paragraph 3.1 in a manner that is equivalent in effect; - for the remaining products, a reduction effort, with a view to phasing out, that is parallel to the reduction in the second indent of paragraph 3.1 in its equivalent effect for export credits shall be undertaken. 	<p>3.2 With regard to export credits:</p> <ul style="list-style-type: none"> – Members shall commit to eliminate, over the same period as in 3.1-1st indent the trade distorting element of export credits through disciplines that reduce the repayment terms to commercial practice ([...] months), for the same products in 3.1-1st indent in a manner that is equivalent in effect; – for the remaining products, a reduction effort that is parallel to the reduction in 3.1 2nd indent in its equivalent effect for export credits shall be undertaken. 	<p>3.2 With regard to officially supported export credits, guarantee and insurance programmes, disciplines shall be implemented on a rules based approach, without prejudice to existing disciplines on the prevention of circumvention of export subsidies commitments and taking into account paragraph 4 of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed Countries and Net Food Importing Developing Countries. The rules based approach shall, <i>inter alia</i>, identify and eliminate the subsidy component.</p>
<p>3.3. Without prejudging the outcome of the negotiations, reductions of, with a view to phasing out, all forms of</p>	<p>3.3. Without prejudging the outcome of the negotiations, reductions of, with a view to phasing out, all forms of</p>	

CHAIRMAN'S TEXT, ANNEX A <i>(JOB(03)/150/Rev.1)</i>	JOINT US-EU PROPOSAL <i>(JOB(03)/157)</i>	G-19 PROPOSAL <i>(JOB(03)/162)</i>
export subsidies mentioned in paragraphs 3.1 and 3.2 will occur on a schedule that is parallel in its equivalence of effect on export subsidies and export credits.	export subsidies mentioned in 3.1 and 3.2 will occur on a schedule that is parallel in its equivalence of effect on export subsidies and export credits.	
3.4 The provisions related to the reductions of, with a view to phasing out, all forms of export subsidies under paragraphs 3.1, 3.2 and 3.3 above shall apply equally to all forms of export subsidies related to or provided, directly or indirectly, to, by or through export state trading enterprises.	3.5. Disciplines, including ending single desk export privileges, prohibition of special financing privileges, and disciplines on pricing practices shall be established for export state trading enterprises.	
3.5 Additional disciplines shall be agreed in order to prevent commercial displacement through food aid operations.	3.4. Disciplines shall be agreed in order to prevent commercial displacement through food aid operations.	3.3. Additional disciplines shall be agreed in order to prevent commercial displacement through food aid operations.
3.6 The question of the end date for phasing out of all forms of export subsidies remains under negotiation.		
3.7 Strengthening of Article 12 of the Agreement on Agriculture on export prohibitions and export restrictions will be addressed in the negotiations.		
3.8 Developing countries shall benefit from longer implementation periods for reductions of, with a view to phasing out, all forms of export subsidies.		
3.9 Until such time as the phasing out of all forms of export subsidies is completed, developing countries shall continue to benefit from the special and differential treatment provisions of Article 9.4 of the Agreement on Agriculture.		3.4. The provisions on paragraph 9.4 shall be continued.
3.10 Participants shall ensure that the disciplines on export credits to be agreed shall make appropriate provision for differential treatment in favour of least-developed and net food-importing developing countries as provided for in paragraph 4 of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on		

CHAIRMAN'S TEXT, ANNEX A <i>(JOB(03)/150/Rev.1)</i>	JOINT US-EU PROPOSAL <i>(JOB(03)/157)</i>	G-19 PROPOSAL <i>(JOB(03)/162)</i>
Least-Developed and Net Food-Importing Developing Countries.		
OTHER		
4. Least-developed countries shall be exempt from reduction commitments. The objective of duty-free and quota-free market access for products originating from least-developed countries shall be expeditiously pursued.		4.2. The particular concerns of recently acceded members and Least Developed Countries shall be effectively addressed.
5. The particular concerns of recently acceded Members shall be effectively addressed.		
	4. As far as S&D treatment for developing countries is concerned, the rules and disciplines will need to be adjusted for significant net food exporting countries.	
6. Subject to the provisions of the framework set out in paragraphs 1 to 5 above, relevant parts of the Revised First Draft of Modalities and the related questions specified in the report of the Chairman of the Committee on Agriculture Special Session to the TNC (TN/AG/10 refers) will serve as reference documents for the further work on modalities, including with respect to the following issues of interest but not agreed: product-specific commitments in domestic support, terms of expansion/opening of TRQs, in-quota tariff rates, single desk export privileges, export taxes, proposals for flexibility for certain groupings, certain non-trade concerns, implementation period, sectoral initiatives, inter-pillar linkages, peace clause, continuation clause, GIs, and other detailed rules.	5. Issues of interest but not agreed: Peace clause, non-trade concerns, implementation period, sectoral initiatives, continuation clause, GIs, and other detailed rules.	