

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Special Safeguards (SSGs)

*Communication from MERCOSUL
(Argentina, Brazil, Paraguay and Uruguay)*

The following communication, dated 22 September 1999, has been received from the Permanent Mission of Brazil.

Proposal

1. That, as part of the agriculture negotiations and with the aim of bringing trade in agricultural products under the same WTO rules and disciplines as trade in other goods, Members agree to eliminate the special safeguard mechanism.

Background

2. Article 5 of the Agreement on Agriculture allows Members to apply an additional duty for products that were, during the Uruguay Round, subject to tariffication and included for that reason in the Members' schedule. The special safeguards come in a quantity-triggered and a price-triggered form, but only one of them can be invoked at any time.

3. Special safeguards provisions were included in the Agreement on Agriculture to address concerns that tariffication would bring about massive increase of imports and decrease in prices of domestic goods.

4. SSGs provisions are another exception to the general rule governing trade in goods. Agricultural goods are not, therefore, subject to existing safeguard mechanisms provided for in Article XIX of GATT 1994 and in the Agreement on Safeguards. Under the Agreement on Agriculture, SSGs can be easily invoked for there is no requirement for injury tests.

5. According to available data, only six Members have notified the use of SSGs so far. The limited use of this instrument has been attributed to the excessively high duties that resulted from tariffication.

6. In conclusion, this exception has proved to be unnecessary since the feared massive increase of imports never materialized and prices were not negatively affected. Its existence creates uncertainties and is a permanent menace to competitive producers.
