

**Committee on Agriculture
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WTO NEGOTIATIONS ON AGRICULTURE

Cairns Group* Negotiating Proposal

Market Access

Argentina, Australia, Bolivia, Brazil, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay submit the following proposal which deals with market access issues in the WTO negotiations.

INTRODUCTION

Access to markets is an essential element of establishing a fair and market-oriented agricultural trading system. Currently, there are considerable differences between the market access conditions applying to agricultural products and those applying to other products. Such differences include the high and disparate levels of border and other forms of market access protection; and the special agricultural safeguard provisions. Average tariffs on agricultural products are more than eight times higher than tariffs on industrial products and tariffs of more than 300 per cent are not uncommon.

The agricultural negotiations must result in real and substantial increases in market access for all agricultural and agrifood products covered by the Agriculture Agreement, including those at the value-added end of the processing chain. The negotiations will need to consider all aspects of market access, including all tariffs, tariff peaks, tariff escalation, tariff quota volumes, and tariff quota administration and other rules applying to market access commitments. A comprehensive, practical and ambitious approach is required in order to provide tangible improvements in access and fulfil the objective of substantial progressive reductions in agricultural support and protection, resulting in correcting and preventing distortions in world agricultural markets.

Distorted world markets for agricultural products penalise countries which have liberalised and discourage countries from implementing further liberalisation. Those countries which have liberalised cannot compete against heavily and unfairly subsidised producers in other countries. High levels of export and trade-distorting subsidies, and market access barriers, affect both domestic competitiveness and access to export markets, particularly for developing countries. This undermines efforts to become more competitive and export oriented and reduces the potential to gain from world trade. The Cairns Group is convinced that better market access conditions in a world free of trade-distorting subsidies is essential for the development of developing countries. It is necessary to address export subsidies and trade-distorting domestic support if developing countries are expected to participate fully and fairly in delivering market access reform.

*Canada's proposal to improve market access for all agricultural and food products is set out in G/AG/NG/W/12 of 19.06.00.

PROPOSAL

The Cairns Group proposes that WTO Members deliver, in an agreed timeframe, vastly improved market access opportunities for all agricultural and agrifood products. The result must ensure commercially viable and non-discriminatory access on conditions no worse than those applying to other goods, while ensuring that existing access conditions are not undermined. This should be achieved by a general approach augmented by special and differential treatment provisions for developing countries.

The general approach must ensure real market access improvements for all products and should involve:

- deep cuts to all tariffs using a formula approach which delivers greater reductions on higher level tariffs, including tariff peaks, and eliminates tariff escalation, and establishes maximum levels for all tariffs;
- additional steps to eliminate tariffs and other duties and charges, where possible;
- tariff reduction commitments on the basis of final bound tariffs;
- additional provisions to make tariff regimes simpler and more transparent; no bound duties containing specific minimum entry price schemes; tariff commitments expressed in ad-valorem terms;
- substantial increases in all tariff quota volumes;
- additional or strengthened rules and disciplines to ensure that tariff quota administration does not diminish the size and value of the market access opportunities provided by such tariff quotas. This should involve close examination of all administrative practices and other measures which act to prevent the full realisation of existing and expanded market access opportunities, including a mechanism to review and correct the cause of significantly under-filled tariff rate quotas;
- elimination of access to the special agricultural safeguard mechanism contained in Article 5 of the Agreement on Agriculture.

In order to ensure that the reform process continues during the course of the WTO negotiations, a substantial market access downpayment should complement downpayments already proposed by the Cairns Group for export competition and domestic support and should be made in the first year of the implementation period by Members who complete their Uruguay Round market access commitments. This downpayment should comprise:

- a) a substantial tariff reduction consistent with the levels which would have been required if the Uruguay Round reform process had continued at the same pace.
- b) a substantial tariff quota volume expansion consistent with the levels which would have been required if the Uruguay Round reform process had continued at the same pace.

Those Members who during the negotiations continue to implement tariff reductions and quota volume expansion on the same basis as agreed for the Uruguay Round implementation period, will be exempted from the downpayment in tariffs and tariff rate quotas.

During the course of negotiations, Members should show restraint and avoid increasing tariffs or otherwise worsening the conditions of access to their markets.

Special and Differential Treatment

The Cairns Group notes that access to markets is an essential part of ensuring that developing countries, including the least developed and net food-importing developing countries, obtain a stimulus to their economic growth to facilitate rural development and poverty elimination. Therefore it is important to ensure that the WTO negotiations take fully into account the particular needs and conditions of developing countries with regard to access to markets.

In light of this, the Cairns Group proposes (a) concrete and operational special and differential treatment provisions for developing countries; and (b) a greater improvement of opportunities and terms of access for agricultural and agrifood goods produced in, and exported from, developing countries, including the fullest liberalisation of trade in tropical products and for products of importance to the diversification of production from the growing of illicit narcotic crops. The final provisions should provide developing countries with effective market access to assist their economic growth, and appropriate tools to help them adapt to change, and cushion the impact of the reform process, especially on small and subsistence farmers. Provisions should include:

- faster and deeper cuts in, or elimination of, tariffs on all agricultural products, including value added products, produced in and exported by developing countries;
 - tariff quota administration rules which provide improved opportunities for exports from developing countries;
 - differential treatment and related modalities as appropriate in the area of market access;
 - the preservation of the current special safeguard for developing countries to assist with domestic and international agricultural reform efforts and in countering subsidised competition.
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