

**Committee on Agriculture
Special Session**

**SUMMARY REPORT ON THE FOURTEENTH MEETING
OF THE COMMITTEE ON AGRICULTURE SPECIAL SESSION
HELD ON 27 SEPTEMBER 2002**

Note by the Secretariat¹

1. As agreed by the Trade Negotiations Committee (TN/C/M/1) the Special Session of the Committee on Agriculture, which was established by the General Council (WT/GC/M/53), is pursuing negotiations under paragraphs 13, 14 and other relevant provisions of the Doha Ministerial Declaration and held its fourteenth meeting on 27 September 2002. Mr. Stuart Harbinson chaired the meeting.

2. The agenda as contained in WTO/AIR/1898 was adopted.

ITEM A(i): REPORT BY THE CHAIRPERSON ON THE MAIN FEATURES OF THE DISCUSSIONS CONCERNING TECHNICAL ELABORATION OF DETAILED POSSIBLE MODALITIES, INCLUDING RULES-RELATED ELEMENTS, IN THE AREA OF DOMESTIC SUPPORT

3. The Chairman presented his summary report of the main features of the informal discussions concerning domestic support. A copy of the report is attached (Annex 1).

ITEM A(ii): STATEMENTS BY MEMBERS

Statements on the Chairman's Report

4. Several delegations made comments on the Chairman's summary of the informal work on domestic support. The representative of Paraguay endorsed the Chairman's conclusions and shared his concerns. Paraguay believed that at this point in the year, more progress should have been made with the mandate agreed at Doha. This mandate should correct what had not been achieved in the Uruguay Round. The time had come to allow agriculture the important role it should play, and to put it on an equal footing with other sectors in the WTO. A fair and equal basis for trade in agricultural products was needed, rather than having industrialized countries have all of the advantages.

5. The representative of Poland shared the Chairman's assessment and noted that very little progress had been made during the last three Special Sessions. Several new proposals had been tabled which were not designed in search for the middle ground on which future agreements could be built. In Poland's view, efforts should concentrate on building on the framework of the existing Agreement on Agriculture, providing the necessary flexibility for Members facing domestic reform, and making improvements where necessary. This approach would help fulfil all requirements of the Doha mandate, including the requirement to take non-trade concerns into account.

¹ This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights or obligations under the WTO.

6. The United States recalled its specific comprehensive proposal to reduce trade-distorting support, reducing the AMS to five per cent of the value of production and then eliminating it by a specified date, and hoped to see it reflected in the Chairman's report. The US proposal would cut over \$100 billion in allowed annual global support when fully implemented. As part of a comprehensive package, the United States was prepared to make substantial reductions in trade-distorting domestic support and looked to other Members to make similarly forthcoming proposals. The United States looked forward to intensification of the negotiating process in coming weeks. On a technical level, the United States looked forward to further informal discussion on subjects including *ad valorem* equivalents, export credits, Green Box criteria, exporting and importing state trading enterprises, transparency in domestic support notifications, and the parameters for reduction commitments in each of the three pillars. But in terms of addressing the Chairman's concern that some Members insisted on monolithic national positions, the United States believed that the first step was for Members to provide specific proposals that identified how they intended to meet the ambitions identified at Doha, particularly as they related to their own trade-distorting measures. Until that happened, other Members would have no sense of how far Members were willing to go to reform their tariffs, export subsidies and trade-distorting support measures. This vagueness and the lack of specificity on other negotiating demands posed a serious threat to Members' shared commitment for the 31 March 2003 deadline.

7. The representatives of Bolivia, New Zealand and Uruguay endorsed the Chairman's conclusions and concerns. New Zealand concurred with the Chairman's assessment that agriculture was at the heart of the Doha Development Agenda, and that meeting the deadlines and ambitions in this area would be of critical importance to the overall negotiations.

8. The representative of Croatia, speaking also on behalf of Lithuania, pointed out that during the informal meetings, both countries had highlighted the particular situation of Members that had recently joined the WTO and had made extensive commitments during the accession process, as recognized in paragraph 9 of the Doha Ministerial Declaration. Croatia and Lithuania had limited possibilities to make further substantial reduction commitments, and had proposed to include flexibility for newly-acceded countries in the modalities to be agreed, and that further reduction commitments on the AMS should be from bound levels. In particular, the level of AMS reductions should be lower for these countries; there should be a longer implementation period for new commitments; implementation of new commitments should be delayed, i.e. there should be some break between the end of implementation of accession commitments and the beginning of implementation of new reduction commitments. Croatia and Lithuania were disappointed that although these positions had been reflected in the Secretariat's summary of the inter-sessional meeting on domestic support held on 4-5 September, they had been omitted from the Chairman's summary.

Proposals and General Statements

9. A number of delegations presented their proposals to the formal Special Session, and several delegations took the opportunity to respond to these proposals and to others made at the informal Special Session. The representative of Australia introduced the Cairns Group's proposal on domestic support.² Argentina, Bolivia, Chile, Malaysia, New Zealand, Paraguay, the Philippines, Thailand, South Africa and Uruguay supported the statement by Australia. Under the proposal, the final bound AMS commitment currently in Members' schedules would be reduced to zero on a product-specific disaggregated basis over five years for developed countries and nine years for developing countries. The Blue Box exemption would be eliminated. Developed countries would make a downpayment by reducing their AMS by 50 per cent in the first year of implementation. *De minimis* support provisions would eventually be eliminated for developed countries. Disciplines to avoid product-specific support

² The proposal was put forward by Argentina, Australia, Bolivia, Brazil, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay. Canada presented a separate proposal on domestic support.

from being classified as non-product-specific support would be strengthened. An overall ceiling would be placed on the level of expenditure allowed on direct payments under the Green Box, and expenditures on certain payments under the Green Box would be reduced. Under special and differential treatment, existing *de minimis* provisions and exemptions under Article 6.2 would be retained for developing countries. There would be no reduction commitments whatsoever for least-developed countries.

10. In response to those who considered the Cairns Group proposal too ambitious, Australia noted that most world leaders and civil society organizations were calling for the elimination of trade-distorting agricultural subsidies. Most recently, the World Summit on Sustainable Development had focused on agriculture and called for concrete action to address the challenges of poverty eradication. Under the Cairns Group proposal, the few rich countries which maintained high levels of support would continue to have access to *de minimis* provisions for an unspecified transition period. Current entitlements to *de minimis* were very substantial, at \$20 billion for the United States, 25 billion euros for the European Communities, and over \$7 billion for Japan. In addition, these countries would continue to be able to use non-trade and -production-distorting support under the Green Box. Although the Cairns Group had proposed to tighten the provisions of the Green Box, place an overall cap on certain expenditure and reduce expenditure in some limited categories, it was not proposing to reduce payments for environmental programmes. These Members would be able to continue with payments for natural disasters and resource or producer retirement programmes. The proposal did not advocate the elimination of support and protection, but substantial reduction phased in over a period of time. The representative of Australia encouraged other delegations to come forward with their own specific proposals.

11. The representative of Canada introduced a proposal elaborating on Canada's goals related to domestic support. These goals were the maximum possible reduction or elimination of production- and trade-distorting support, an overall limit on the amount of Amber Box and Blue Box support and direct payments in the Green Box, as well as a review of the Green Box criteria to ensure that Green Box support did not distort production and trade. Canada also sought permanent international recognition that Green Box support should not be countervailable. Canada had been working with the Cairns Group to develop a joint proposal, but while Canada believed that all Cairns Group countries shared Canada's objective of a substantial reduction of trade-distorting support, it had not been possible to agree on a few details. Therefore Canada did not endorse the paper introduced by Australia and presented its own proposal instead. In Canada's view, significant reductions in domestic support were the key to the reform process. Therefore Canada had put forward concrete and specific proposals to achieve those reductions. Like Australia, Canada also encouraged those that had so far failed to do so to become engaged and indicate how they foresaw achieving the goals set by Ministers at Doha.

12. The representative of the Slovak Republic, on behalf of Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania and Slovenia, stressed that disciplines in the area of domestic support should enable transition economies to continue the transformation process in agriculture. Green Box measures had proved their non-distortive character and efficiency and should be maintained. Most non-trade concerns could be addressed by Green Box measures. The needs of economies in transition should be recognized through the inclusion in the Agreement on Agriculture of specific provisions addressing their concerns, exempting investment subsidies and input subsidies generally available to agriculture, interest subsidies to reduce the costs of financing and grants to cover debt repayments from domestic support reduction commitments. The Blue Box had proved to be an efficient tool for countries moving towards the use of less trade-distortive support measures and should be maintained. The Amber Box was necessary to provide production support related to restructuring. The present AMS calculation on an aggregated basis should be maintained, and further reduction commitments should be made from bound levels, taking into account the specific restructuring situation of this group of countries. The representative of the Slovak Republic stated that the current *de minimis* provided an insufficient level of flexibility for these countries, and

reiterated the related proposal from November 2000 (G/AG/NG/W/56 refers). The group of countries supported special and differential treatment for those developing countries whose circumstances required such treatment, based on economic indicators such as the level of development and the competitiveness of agricultural exports.

13. The representative of the United States welcomed the specific proposals submitted and considered that the level of ambition of most of these proposals was consistent with the spirit of the Doha mandate and would help move the negotiating process forward. The United States was particularly encouraged by the level of ambition in the proposals by the Cairns Group and by Canada and looked forward to discussing them. Many of the proposals presented during the week were calling for a harmonizing result. If also applied to market access and export competition, this approach would yield equitable results and play an important role in delivering on the promise of the Doha Development Agenda.

14. The representative of Switzerland stressed that Switzerland had begun reforms to its agriculture policy and would continue the process. To be able to do this ambitiously as required by some, however, Switzerland needed room to manoeuvre. As far as domestic support was concerned this included in particular the need for measures covered by the existing Green Box to respond to non-trade concerns. More generally, room to manoeuvre also meant that there must be progress in the work on the precautionary principle, on labeling, and on the extension of protection of geographical indications. A certain number of extreme proposals had been made which did not provide for sufficient flexibility and were therefore unacceptable. Switzerland had given this message several times and did not have the impression that it had received due attention.

15. The representative of Iceland made a number of observations on the issue of ambition. Several delegations had presented their proposals and ideals concerning the modalities and outcome of the negotiations, and there was some slight movement away from general discussions towards greater specificity. However, given the somewhat radical nature of some of these positions, it remained difficult to identify the common ground required to fulfill the Doha mandate and schedule of work. A few delegations seemed determined to push forward with trade liberalization proposals they extolled on the basis of their ambition, while positions of delegations including Iceland were criticized for their lack of ambition. In Iceland's view, ambition could take many forms. It had been said that ambition was a poor excuse for not having enough sense to be lazy. Oscar Wilde had boldly claimed ambition to be the last refuge of failure. And Longfellow believed that most people would succeed in the small things if they were not troubled with great ambition. In Iceland's view, the first two of those quotes missed the mark, but a lesson might be learnt from the last one since it was in the preservation of these small things that Iceland's ambition lay.

16. Iceland was fully committed to the Agreement on Agriculture, the reform process and the Doha mandate. Iceland's ambition lay in participating and eventually completing that process without sacrificing a number of core values to which it adhered, alongside trade liberalization. Iceland's ambitions included food security, maintaining the viability of rural areas, promoting environmental values, such as forestation and soil conservation, preserving cultural heritage and agricultural landscapes, and maintaining, throughout the process of reform, a vibrant and viable agricultural sector. This was a pre-requisite to the attainment of Iceland's policy objectives, of which trade liberalization was but one. Iceland emphasized that the Uruguay Round Agreement was a point of departure for the negotiations, and that Iceland's values and positions were covered by the existing Agreement on Agriculture and the Doha Ministerial Declaration. Iceland noted that the WTO was not a free-trade organization, but a rule-making body that maintained a balance of interests. Time was of the essence, both for developing countries, and for developed countries such as Iceland that were disadvantaged in the agricultural sense, to facilitate positive adjustment to the realities imposed by substantial reform.

17. The representative of the European Communities pointed out that EC imports of agricultural products from developing countries were much higher in both relative and absolute terms than those of Australia. He asked when Australia would open its market for all products of least-developed countries, or lift its restrictions on imports of poultry products and fruit and vegetables. In the EC view, the Cairns Group proposal did not respect the Doha mandate. The proposal included elimination of the AMS in five to nine years, elimination of the exemption of the Blue Box, and elimination of *de minimis*, while the Doha mandate aimed at substantial reductions in trade-distorting domestic support. The Cairns Group proposal contained a contradiction, since in one part it proposed to explore disciplines to ensure that reduction in trade-distorting domestic support were substantial although in another part it proposed elimination, not reduction. Concerning the Cairns Group's proposal to cap and reduce Green Box expenditure, the Doha mandate did not contain anything to that effect. Such polarized proposals might provoke equally radical positions in the opposite direction that would not be helpful for the process of building consensus.

18. The representative of Norway stated that every Member should be granted flexibility in national policy design to foster domestic agriculture production and to accommodate non-trade concerns. Norway stressed differences in production conditions between and within countries and the need to sustain domestic production and maintain food security, cultural landscape and viability of rural areas. Countries with a comparative disadvantage needed access to policy measures including the use of production-related support. Norway needed to continue providing Amber Box support. Based on existing bound commitments, the AMS could be divided into two categories. The first category should consist of AMS support to agriculture production destined for the domestic market. Such support should be subject to smaller reduction commitments. The second category would consist of AMS support to production for export. This support should be subject to larger reductions. In addition, Norway proposed that the Blue and Green Boxes be maintained without any cap or reduction commitment.

19. The representatives of New Zealand, Thailand and Uruguay stated that in their view, the Cairns Group proposal was fully in line with the Doha mandate. According to Uruguay, this proposal would contribute to establishing a fair and market-based agriculture trading system. Many countries had criticized the ambition within this proposal. According to Uruguay, this criticism came from the Members who submitted much more ambitious proposals in other negotiating areas including services. Through the Green Box and *de minimis*, developed countries had a lot of room to manoeuvre, a luxury not enjoyed by developing countries. The criticism came from those Members which had made no proposals in the agriculture negotiations and were trying to introduce subjects for which there was no negotiating mandate. The representative of Uruguay cautioned that the Chairman's task would be extremely difficult unless these countries submitted proposals explaining their positions.

20. The representative of Thailand noted that although Thailand was one of the Members who had an AMS, it had agreed to level the playing field by having it reduced to zero in a certain timeframe, given that there would be no more Blue Box support. Some Members had stated that the Green Box should be retained due to its at most minimal trade-distorting effects, and that to reduce it would go beyond the Doha mandate. Thailand noted that although Green Box measures presumably had at most minimal trade-distorting effects, some of Thailand's agriculture products were unable to compete fairly in third markets due to exploitation of the Green Box by major competitors. In this regard, Thailand did not see how subsidies to one particular agricultural product of up to \$1.3 billion and exceeding its total value of production would have least trade-distorting effects. Thailand had not had such experience before the Uruguay Round when this flexibility was allowed to be incorporated into the Green Box. However, Thailand believed that it was time to rectify such trade distortions so as to achieve genuine trade reform in agriculture. Concerning the high level of *de minimis* support provided by existing provisions for developed countries, in some countries exceeding the AMS level, Thailand stated that if developed countries claimed that they could not reduce the *de minimis* level until after the elimination of the AMS, Thailand could use the same argument that it could not move

on tariff reduction or tariff quotas until all trade-distorting support had been eliminated. However, this kind of argument would hamper progress in the negotiations. Therefore Thailand saw no justification to prevent the parallel reduction of the AMS and *de minimis* within the same specified timeframe. As a developing country, Thailand was seeking fair treatment for trade in products that could compete in the world market. Therefore Thailand expected a balanced outcome, not only between the domestic support and market access pillars in agriculture, but also between agriculture and other areas of the negotiations. There could not be a successful conclusion of the Doha Development Agenda without an ambitious outcome in agriculture.

21. Romania considered that disciplines in the area of domestic support should enable transition countries to continue and complete the transformation process in agriculture with a view to alleviating the gap separating them from developed countries or countries with a functional market economy in the agriculture sector. According to Romania, Green Box measures that had proved their value with no or least impact on trade should be maintained without reduction commitments. Article 6.2 was an important tool for developing countries, and Romania favoured maintaining it. Blue Box measures had the merit of lesser distorting effects on trade and Romania supported their maintenance after some refinement. Non-trade concerns represented an important element of many countries' policies and were to be taken into proper consideration, possibly with a view to including them in the Green Box. Amber Box measures still merited to be maintained for their role in restructuring and reforming agriculture. In Romania's view, the AMS calculation on an aggregate basis should be maintained, and AMS reduction commitments should start from Uruguay Round bound levels. As agriculture differed from country to country, the negotiations had to take into consideration diversity and the right to reform and development, as well as the decisions already taken in the previous negotiating round.

22. As a small net food-importing developing country, Jamaica viewed the reform and progressive liberalization of the agriculture sector as a valuable and powerful tool for sustainable development. Jamaica's position was driven by the vulnerabilities faced as a small island developing country, with dependence on trade, dependence on a narrow range of agricultural commodities and preferential trade arrangements for these commodities, and the importance of food imports and domestic production to meet national food security needs. Jamaica stressed the importance of ensuring the stability of traditional trade preferences, reciprocal or non-reciprocal, by binding them in Members' schedules and, where possible, maintaining the preference margin. Injury to preferential arrangements would mean substantial loss of market access opportunities. Jamaica shared the view that all the pillars of the negotiations were inter-connected. As a small country Jamaica expressed concern about the inequalities in the current agricultural trading system. Jamaica believed that a new special safeguard mechanism would be an important instrument to provide temporary relief from imports which threatened the livelihood of low-income and resource-poor farmers. Jamaica highlighted the significance of global climate changes generally, and specifically in the Caribbean, where more frequent droughts, hurricanes and floods had been predicted. These factors must be taken on board in the negotiations on agriculture and small countries should be given the flexibility and the assistance of the wider community to deal with these disasters and their impact on food prices, production and trade.

23. Jamaica had listened to other Members stating that their concessions granted on accession into the WTO should be taken into consideration in the negotiations. Similarly, the significant liberalization undertaken by Jamaica in structural adjustment programmes prior to the establishment of the WTO should be given consideration. In this respect, Jamaica supported the position that irrespective of the reduction method for tariffs eventually agreed on, developing countries should have the flexibility to apply lower rates of reduction and that a limited number of products should be excluded from further liberalization at this time because of development and food security needs. Jamaica supported the proposal that developed countries should provide tariff-free access to products of export interest for developing and least-developed countries. Jamaica also supported that the base rates should be the final bound rates resulting from the Uruguay Round and other bound rates as set down in Members' schedules. Regarding tariff quotas, Jamaica supported the general principles being

advanced regarding accessibility to all potential exporters, especially small suppliers, as well as transparent, equitable and non-discriminatory administration. Jamaica had an interest in tariff quotas administered in traditional export markets for a narrow range of products, particularly sugar and bananas, and hoped its traditional preferential arrangements for these products would continue to be accommodated in the new arrangements.

24. Concerning domestic support, Jamaica supported the continuation of the Green Box and recognized that most of these policies were necessary for the transformation and development of its agricultural sector. However, Jamaica encouraged objective measurement of trade distortion arising from the application of Green Box measures, particularly when applied by developed countries at high levels. In respect of the proposal to extend the measures referred to in paragraphs 2-13 of Annex 2 to cover specific development needs and non-trade concerns, Jamaica cautioned that overloading the Green Box would ultimately be to the benefit of those countries with the resources to use it. Jamaica noted the current disparity in the use of these measures between the developed and developing countries, and the tendency of some developed countries to encourage the use of domestic support rather than tariffs. While increased disciplines on the Green Box were a necessary condition for increased participation of developing countries in global agricultural trade, other measures would also be required, for example border measures, tariffs, and a safeguard measure, as well as other flexibilities in the area of market access.

25. With respect to the Amber Box, Jamaica proposed a reduction in the high level of trade-distorting domestic support currently utilized by many industrialized countries; closing the current gaps in the Agreement on Agriculture permitting the circumvention of reduction commitments; ensuring that some equity was introduced to the system governing all non-exempted support, i.e. some balance between the commitments of the developed and developing countries; and ensuring that in any reform of the Amber Box Jamaica's preferential arrangements for sugar, etc. could continue to be accommodated for a reasonable period of time. The flexibility to use trade-distorting domestic support measures, constrained by the current *de minimis* level, should not be withheld from countries like Jamaica as long as developed countries were able to use these measures. The emphasis in a country like Jamaica was not on trade distortion but on measures to support and assist the diversification and development process in the agricultural sector. Jamaica supported a continuation of an aggregated basis for AMS reductions.

26. The representative of Argentina observed that the substantive debate with regard to domestic support seemed to have run its natural course. Nobody could state in good faith that there were arguments in favour of subsidies and support which distorted trade. Any discussion of this issue would be a repetition of issues discussed in the past. According to Argentina, all Members agreed on the damaging effects of domestic support. Institutions including the International Monetary Fund, the World Bank and the OECD had written reports on this issue. Those very few countries who subsidized had used a series of manoeuvres in order to maintain the status quo, despite commitments undertaken within the scope of the WTO. This type of activity had devastating effects on the majority of the developing world. Looking at the domestic situation of the subsidizing countries, Argentina argued that the benefits given to a small minority of specific interests were given at a cost within those countries themselves. A partnership between protectionist lobbies and some political groups helped maintain this situation.

27. Regarding the macroeconomic implications of domestic support, Argentina emphasized the inefficient resource allocation resulting from distorted prices and trade. Argentina stressed that an IMF report had stated that the benefit to the world economy if these domestic support measures were eliminated would be around \$130 billion, of which \$100 billion would go to developed countries and \$30 billion to developing countries. The countries who applied these types of support measures would benefit the most by eliminating them. The world economy was becoming more vulnerable and could not afford these macroeconomic effects. Argentina expressed disappointment with the lack of progress in the negotiations. The lack of proposals could have dangerous consequences for the future

of the negotiations, and of the macroeconomic situation. Argentina warned that attempts to introduce issues such as geographical indications or links to a reopening of the SPS or TBT Agreements were strategies to change the focus of the discussion.

28. The representative of Bolivia deplored that some Members were accusing those countries which had presented specific negotiating proposals of trying to avoid progress or to change the Doha mandate. Certain developed countries with enormous budgets were asking to preserve their flexibility to enable them to maintain a viable agricultural sector. Since flexibility seemed to mean billions of euros, Bolivia asked who would be willing to grant such flexibility to Bolivian producers who were being affected by developed country subsidies. To be able to build bridges between countries' positions, one needed to start from two solid foundations and build towards a middle point. At the present time, countries seemed to be building in opposite directions. The Cairns Group, the United States, and a group of developing countries had submitted proposals, while a group of developed countries merely presented criticisms. The Doha mandate was clear - substantial reductions in trade-distorting domestic support. There could be no compromise between increasing subsidies and substantially reducing them. In Bolivia's view, delegations not submitting proposals were responsible for the lack of progress in the negotiating process. Bolivia stressed that precisely the weaker nations were asking for fair treatment and for a change to the Uruguay Round situation. Those who applied the law of the strongest were those who did not wish to alter the Agreement on Agriculture and who were not putting forward proposals.

29. The representative of Kenya recalled that the Doha Ministerial Declaration had instructed Members to give greater consideration to the specific needs and concerns of developing countries. This required policy changes in both developed and developing countries, particularly concerning domestic support, including the introduction of policy measures aimed at achieving food security, rural development and alleviation of poverty in developing countries in addition to overcoming their supply constraints. On the other hand, developed country Members that provided excessive domestic support, whether under the Green, Blue or Amber Box, had to consider reducing it because it distorted world markets and hurt poor farmers in developing country Members, particularly those in African countries. Members therefore had to avoid casting aside the WTO's free market principles that were supposedly good for all in the interest of a few when it concerned agriculture. Members also had to stop using strict SPS and other non-tariff barriers to restrict market access for products from Africa. Some non-tariff barriers implied that programmes aimed at assisting developing countries could not be fully utilized. Those barriers must be addressed and removed if the special needs and concerns of African countries were to be taken into account in the current negotiations. Kenya reiterated that the current reductions based on the AMS provided governments with a high degree of discretion in applying these reductions and left room for increasing support in some sensitive areas as long as Members met their overall reduction commitment. Kenya therefore saw a need to instil discipline by using an individual-commodity approach to avoid possible misuse in the future. *De minimis* levels could be exempted in this case. For Africa, effective and meaningful special and differential treatment was extremely important to enable this group of countries to take appropriate domestic policy measures to address food security, poverty and sustained development.

30. The representative of Chinese Taipei agreed with many other Members who wished to adhere to the negotiation schedule to reach a conclusion on modalities before March 2003. Certain Members had presented ambitious proposals with which Chinese Taipei disagreed. At the present stage the negotiations should focus on feasible or reasonable solutions, not ambitious proposals. Hopefully, Members would recognize the economic and political reality in each country and present feasible or reasonable proposals so that a conclusion could be reached earlier.

31. The representative of India had noted with interest certain proposals highlighting the need to seek substantial reductions in distorting domestic support and providing for special and differential treatment for developing countries and least-developed countries. However, India was concerned about obtaining effective market access, particularly in the markets of the developed world. India

questioned whether the proposals would reassure India's large farming population about the advantages of becoming more efficient producers or whether they would lead to higher, more inaccessible walls in these countries on other pretexts.

32. The representative of the Philippines indicated that, in preparing its proposal, the Cairns Group had struggled with the questions some Members had raised, such as what was realistic, what was achievable. But the Cairns Group had also been confronted with the issue of fairness. If the Cairns Group proposal was ambitious, it was because it strove for fairness, especially for developing countries.

33. The representative of Mauritius stressed that the negotiations required flexibility and convergence. Convergence could be obtained through a number of key elements. Firstly, adherence to the letter and spirit of the Doha mandate. Secondly, recognition of the diversity and the requirements of agricultural systems world-wide, ranging from those of multi-commodity-exporting countries to those of small and vulnerable single-commodity exporting countries. Thirdly, a pace of reform which enabled Members to pursue it in a harmonious socio-economic environment. Mauritius had embarked on a major agricultural reform requiring resources and time. Fourthly, a pace of reform which yielded balanced results and did not lead to a situation where a few countries took all the benefits. Lastly, the recognition that preferences were vital for small and vulnerable countries who had no other means to secure resources to fulfil their developmental needs. Special and differential treatment measures should clearly take this dimension on board.

34. The representative of Japan emphasized the importance of continuity with current rules under which Members were reforming their respective domestic policies. Reforms should be gradual and progressive to enable Members to smoothly adjust their respective agriculture to changing world conditions. On domestic support, in particular, the radical departure from the current basic framework of Amber, Blue and Green Boxes and radical reduction or elimination of non-exempt domestic support would jeopardize the smooth implementation of reforms being undertaken. Throughout the negotiations it was important to address non-trade concerns and to properly reflect them in the modalities. It was also important to have a balanced outcome in all three pillars of the negotiations. With these basic considerations, Japan had made some specific proposals on domestic support in the inter-sessional and the informal Special Session. Japan had also made specific proposals on other pillars of negotiations, primarily related to rules and disciplines and formulae for further commitments. Japan looked forward to working with other Members in coming months in a realistic and pragmatic manner as the largest net food-importer of the world.

35. The representative of Chile recalled that one delegation had quoted Oscar Wilde, saying that ambition was the last refuge of failure. He wondered whether this delegation would have said the same about very ambitious people like Christ, Mohamed, Columbus, Magellan or Stuart Harbinson. Chile preferred to settle for failure rather than betraying poor people.

36. The representative of South Africa pointed out that the necessary structural changes in world agricultural production could only be achieved with a bold and determined reform programme such as that outlined in the Cairns Group proposal. She underlined that the elimination of trade- and production-distorting domestic support by developed countries would achieve the most effective special and differential treatment for developing countries. Only a very ambitious reform programme on domestic support by developed countries would provide the necessary basis for South Africa, and many other developing countries, to undertake further commitments relating to market access.

37. The representative of Hungary described the Cairns Group proposal on domestic support as an attempt to reopen the Doha Mandate, renegotiate it and go beyond it. He believed that this would lead to an endless and fruitless ideological debate which was a recipe for failure in the agriculture negotiations. Since Hungary was interested in a meaningful continuation of the agriculture reform process and the successful conclusion of the agriculture negotiations as well as the whole round, it

was very concerned about the approach taken by the Cairns Group. Hungary encouraged members of the Cairns Group to reconsider their approach to the negotiations and to spend their efforts on bridging gaps between divergent country positions, exploring the possibilities for compromise and not on further antagonizing the Membership which would prove to be a self-defeating tactic.

ITEM B: OTHER BUSINESS

38. The Chairman noted that the next informal Special Session, which is to be held on 18-20 November and is to be followed by a formal Special Session on 22 November, will be devoted to matters that require follow-up from previous meetings.

ITEM C: CHAIRMAN'S REPORT TO THE TRADE NEGOTIATIONS COMMITTEE

39. The Chairman outlined his report to the Trade Negotiations Committee (TN/AG/4). A copy of the report is attached (Annex 2).

Annex 1

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**Report by the Chairman of the Special Session, Committee on Agriculture
Negotiations on Domestic Support
27 September 2002**

Under the programme adopted by the Special Session of the Committee on Agriculture on 24 March, the Chairman is required to report to the formal Special Sessions on the work undertaken in the informal Special Sessions (TN/AG/1 refers). This is my summary of the discussions on domestic support at the informal Special Session held on 23 to 25 September. It also covers points made at the inter-sessional informal consultations on 4 and 5 September.

As with my other reports, this summary is not an attempt to draw conclusions from the work carried out. Rather than providing a comprehensive coverage of exactly what was said or by who, it is a brief summary of my understanding of the main points made during the discussions on domestic support.

General

At the start of the debate there was a general discussion on domestic support. Several delegations stressed the mandate for the negotiations in the Doha Ministerial Declaration and put particular emphasis on the requirement that they should "aim at ... substantial reductions in trade-distorting domestic support..". Some delegations stated that the Uruguay Round had not resulted in significant reductions in trade-distorting support, or that support in some OECD countries had actually increased since conclusion of the Uruguay Round. Therefore, the current negotiations should result in significant reductions, or elimination, of trade-distorting domestic support.

An important link was made by several countries between domestic support and other areas of the agriculture negotiations. They stated that, for many developing countries, tariffs were the only mechanism available to support and protect farmers. Before they could reduce tariffs they had to see substantial reductions in trade-distorting supports from other countries, particularly from those developed countries that used very high levels of production and export subsidies. Other participants also noted the linkage between the various elements under domestic support. Reductions or restrictions in one category of subsidies would affect what they might accept under other categories. Others, however, wanted substantial reductions or elimination of trade-distorting supports and the rules relating to other forms tightened to prevent them being used to circumvent commitments.

A number of delegations stressed the need to take non-trade concerns into account as required by the Doha Ministerial Declaration. The results of the negotiations should allow these concerns to be properly addressed and result in a balance between trade and non-trade concerns. Others disagreed with this interpretation. They pointed out that the Declaration set out objectives for export competition, market access and domestic support and made special and differential treatment an integral part of all elements of the negotiations. Non-trade concerns were to be taken into account but that did not mean they had as high a priority. Furthermore, the point was made that if developing countries' concerns, such as those relating to poverty, rural development and food security, were to be addressed they needed better market access to, and less competition from, countries that subsidised producers and exporters.

A number of delegations stated that the specific needs of different categories of Members should be taken into account. Different delegations stressed the particular problems facing small island developing states, landlocked developing countries, least-developed countries, net food-

importing countries, countries with economies in transition and newly acceded countries. Some stated that the results should not mean that only a small number of major exporters of agricultural products benefited. Others stressed that they had to be able to address their development needs such as food security, rural development and the needs of subsistence farmers. It was also pointed out that many small vulnerable economies could not afford to provide significant levels of subsidies and could not impose costs on consumers by applying high tariffs. To support their agriculture producers they relied on preferences given by other Members. This factor also had to be taken into account in the negotiations.

The issue of the general definition of developing countries was raised, with some participants stating the need for objective criteria which took account of real levels of wealth and development. It was pointed out that some Members that were classified as developed had levels of wealth below those of others classified as developing. Furthermore, the agriculture sectors of some "developing" countries were better developed and more competitive than in some "developed" countries, particularly those going through the difficult transition process to market based economies.

One delegation highlighted the vital importance of food security. It pointed out that at times of crises it could be very difficult to import products. This meant that domestic production had to be maintained, particularly because stockholding of many agricultural products was not possible.

Green Box

General Disciplines

Many participants emphasised the fundamental requirement set out in paragraph 1 of Annex 2 that, to qualify under the Green Box, a measure should have no, or at most a minimal, effect on trade or production. While some stated that this was sufficient and did not need elaboration, others suggested that ways should be considered to make sure that only minimally distorting supports were permitted. One such way could be by a clear and objective definition of "minimally trade-distorting".

A number of participants stated that the degree of trade distortion caused by Green Box measures also depended on the level of spending. In their view very high levels of, and increases in, spending by some Members meant the measures they notified under the Green Box were having more than a minimal effect on trade and production. Therefore, a limit should be placed on spending under the Green Box. The observed shift from Amber Box to Green Box spending and a number of studies by the OECD were cited to justify this position.

In response, it was pointed out that the shift from the Amber Box to the Green Box was welcome as it meant a move towards less trade distortion. Certain passages of the same OECD studies were used to justify this position. To permit these shifts in policy to continue, no limit should be placed on Green Box spending. It was also pointed out that, if measures notified under the Green Box were causing more than minimal trade distortions, then they were not Green Box measures. One delegation went further by stating that, in such a case, other Members could invoke other WTO measures and procedures to address the problem.

Scope, Specific criteria and Other disciplines

While it is not possible in this brief report to outline all suggestions, many specific proposals were made for amendments of the specific criteria set out in paragraphs 2 to 13 of Annex 2.

The provisions of Annex 2 relating to general government service programmes (paragraph 2) and the public stockholding and domestic food aid provisions (paragraphs 3 and 4) appeared to be acceptable to many delegations. Some participants felt that some of the criteria should be amended to make them more practical and a number of specific proposals to that effect were made.

Concerning paragraphs 5 to 13 of Annex 2, there were different views, particularly on paragraphs 5 to 7 on decoupled payments, income insurance programmes and income safety net programmes. Some participants proposed that these paragraphs should be deleted from the Green Box and spending under them made subject to reduction commitments, such as by including them in Members' AMS calculations. Others suggested that there should be an upper limit placed on each Member's spending under these, and possibly other, paragraphs of Annex 2. An alternative view put forward was that the criteria should be modified to prevent more than minimal trade-distortion being caused by subsidies in these categories. In this regard, several specific proposals were made, including fixing unchangeable base periods and limiting the period for which subsidies could be provided under certain categories.

Some delegations went further and also addressed other paragraphs, including 9, 10 and 11 on structural adjustment and 13 on regional assistance programmes. Again several specific proposals were made to amend the wording to ensure that they covered only programmes that could cause, at most, minimal trade-distortion.

Several delegations stated that the existing wording of the specific criteria was adequate. They supported this view by referring to the implementation experience and the work of the regular Committee on Agriculture. A number of participants stated that some clarifications were needed of certain provisions. Just one example was the suggestion that paragraph 7 on income insurance should distinguish between government-funded and producer-funded schemes. Others suggested that the criteria relating to disaster relief should cover not only replacement of losses but also costs associated with recovery of productive capacity, or that the time periods for comparisons of income should be adjusted.

Other delegations went further. They stated that the existing Green Box provisions were too restrictive and should be relaxed, particularly if the Green Box was to be used to address non-trade concerns. Several specific proposals were made about how this would be best achieved, including proposals related to the level of income or production loss and the amount of compensation payable under paragraphs 7 and 8 of Annex 2. It was also proposed that the scope of the Green Box should be widened to cover additional issues such as maintenance of staple crop production, payments to small farmers for rural viability reasons, animal welfare and debt repayment and other problems faced by economies in transition. On animal welfare, the new provision proposed would only permit subsidies that compensated for the higher cost of production associated with meeting those standards. These standards were being imposed on domestic producers but would not be imposed on imports, although mandatory labelling could also be considered in the appropriate forum.

Other delegations stressed that the negotiations on the Blue and Amber Boxes should leave scope to address non-trade concerns, but if reduction commitments prevented this then the criteria for Green Box supports would need to be relaxed.

Any relaxation of the criteria, or extension of the scope, of the provisions of Annex 2 was opposed by several delegations for a variety of reasons. Some of them stated that many measures currently notified under the Green Box were causing significant trade-distortion. Others noted that some proposals for extending the scope, such as for animal welfare, would permit subsidies related to factors of production and could distort trade and production. It was also suggested that the best way to address environmental concerns would be through reductions in trade-distorting supports as these led to intensive use of inputs and environmental damage.

On special and differential treatment, several suggestions were made. As a general point one delegation noted that it was not opposed to special and differential treatment and it was ready to consider specific proposals. However, if such measures were trade-distorting they should not be placed in the Green Box but under exemptions from the Amber Box for developing countries. Some

developing countries pointed out that Green Box programmes generally, but especially direct payments to producers, required considerable administrative resources that they did not have. Therefore, the wording of some paragraphs of Annex 2 should be revised to take this into account. Other developing countries noted that certain provisions of Annex 2, particularly the restrictions on the level of compensation for disaster relief, did not take into account the needs of small scale or subsistence farmers and should be adjusted accordingly.

It was also suggested by some delegations that the Green Box should be extended for developing countries to cover programmes to address their specific needs such as food security, rural development and poverty alleviation. Another developing country made several suggestions concerning inclusion in the Green Box for supports for crops with low productivity levels when only a small amount was exported.

Other disciplines

The issue of immunity from action under certain WTO provisions, such as nullification and impairment and countervailing duties, was also raised. Some delegations stated that Green Box measures should be immune from action under these provisions, as should subsidies under other special and differential treatment provisions.

Transparency

A number of delegations stressed the need for improved reporting of Green Box measures to the Committee on Agriculture so that Members could assess if they complied fully with the general and policy-specific criteria of Annex 2. One delegation suggested that technical discussions on reporting requirements would be useful.

Article 6.2

Scope

There was general support for the idea that the scope of Article 6.2 should be retained and several delegations emphasised the need for the programmes covered by this provision.

There were also a number of proposals to extend Article 6.2 so as to cover additional programmes dealing with issues such as food security, production of staple crops, poverty reduction, infrastructure and capacity building. One participant suggested that Article 6.2 should be extended to cover diversification from production of crops that were considered harmful, though not illicit. Others suggested that consideration could be given to extending the scope of Article 6.2 to cover programmes related to transportation subsidies for inputs to, and products from, remote areas with predominantly low-income and resource-poor producers. Other proposals were to include assistance for establishment of agriculture co-operatives as well as loans, savings, insurance and risk-management schemes and on-farm employment programmes for low-income and resource-poor farmers. One delegation added that it would be useful to consider how to define the terms "low-income" and "resource-poor".

Several delegations proposed that the countries eligible for access to measures under the existing or a revised Article 6.2 should be examined. Some countries with economies in transition suggested that, for a limited period, they too should be eligible for access to these or similar provisions. They highlighted the problems facing their economies and the need for flexibility. Some of these participants, along with some others, also pointed out that the definition of developing countries needed to be addressed as some had lower levels of wealth and development, particularly in the agriculture sector, than some other Members that were classified as developing. In this regard, it

was suggested that, if new rights were to be provided, they should be on the basis of objective economic criteria.

Criteria

Concerning the specific criteria for programmes under Article 6.2, a number of participants pointed out that the current provisions under the Due Restraint clause of the Agreement on Agriculture gave broad immunity to Green Box programmes and similar protection should be given to programmes under Article 6.2.

There was some debate about the appropriate place for dealing with additional special and differential treatment provisions. One suggestion was that the existing Article 6.2 should be left as currently worded, possibly with minor amendments, and that scope for coverage of additional types of subsidies should be provided through a "Development Box".

Blue Box

Concept

There was a very useful exchange of views concerning the Blue Box. Suggestions were made either to maintain it as it is currently structured or to eliminate it and to include spending under these measures in the calculation of the current total AMS. Alternatively, it was suggested that modalities could be developed to reduce spending on these measures.

Those wanting to see the Blue Box eliminated stated that it permitted trade-distorting measures with no limits to expenditure. While some accepted that Blue Box schemes might be less trade-distorting than most Amber Box schemes, they pointed out that they were still trade-distorting. Other delegations stated that Blue Box schemes could distort production considerably because they encouraged farmers to continue production of the subsidised products instead of switching production in response to consumer demand.

It was also stated that Article 6.5 had originally been established as a temporary provision to enable Members to shift their agricultural policies out of the Amber Box, to somewhat less distorting product-related (but production-limiting) programmes on the way to fully decoupled policies covered by the Green Box. The Blue Box had now been in existence for nearly seven years and sufficient time had already been allowed for this shift in policies. Therefore, the Blue Box should be eliminated.

Other participants put forward reasons for keeping the Blue Box. They pointed out that there was nothing in Article 6.5 to suggest that it was a temporary measure. Furthermore, Article 6.5 required that these subsidies be paid under production limiting programmes, thus the effect on production and trade was limited. They quoted a number of studies that showed that Blue Box schemes had less production or trade effects than Amber Box schemes.

Some transition economies stated that the Blue Box was particularly useful for them in limiting over-production while maintaining farmer incomes. Other participants stressed the role of Blue Box measures for non-trade concerns, such as food security or the environment, because they could be used to encourage farmers to continue production in high-cost regions and in a way that was less trade-distorting than some other types of support.

In response to suggestions that the Blue Box was less trade-distorting than other measures, some delegations pointed out that production under area-based schemes had increased in some areas as the reduction in area planted had been more than offset by an increase in yields. They also pointed out that the same studies that claimed that the Blue Box was less distorting than the Amber Box also

noted that it was still more than minimally trade-distorting. Furthermore, the Doha Ministerial Declaration stated that the negotiations were aimed at achieving substantial reductions in trade-distorting domestic support – and the Blue Box clearly fell into this category.

Criteria, Other conditions

Some of those delegations that wanted the Blue Box eliminated noted that there was no need to define criteria. Those that wanted to retain it suggested that the existing criteria were sufficient.

Transparency/Notification requirements

One delegation suggested that the reporting requirements on Blue Box programmes should be the same as those on the Amber Box. In this regard, it noted that in the Committee on Agriculture it had asked questions concerning the value of subsidies paid to different agriculture sectors but had not received a satisfactory reply.

Amber Box

Specificity of further commitments

There were two clear sets of proposals concerning the specificity of further commitments. One side wanted the commitments to be product specific while the other side wanted to maintain the current aggregation of commitments. It was also pointed out that the majority of Members did not have reduction commitments. This meant that those that had high commitment levels could aggregate support but those that had to stay below *de minimis* had to do so for each product. One delegation put forward three options: that all Members should bring supports down to *de minimis* levels; that all Members should apply commitments on a disaggregated basis; or that all should be able to apply commitments, including support below *de minimis* levels, on an aggregated basis. This participant, and a number of others, expressed a preference for the first option.

Various arguments were used to support the different views. Proponents of aggregate commitments stressed the flexibility that this gave and that this flexibility would facilitate a more ambitious overall reduction. They noted that this flexibility was also needed to help them to address non-trade concerns, particularly as some regions and countries would not be able to continue production without production-based subsidies.

Proponents of commitments on a disaggregated basis noted that only a minority of Members had AMS reduction commitments and that these Members were able to shift support from one product to another. In fact, it was noted this aggregation of commitments had allowed support for some products in some Members to increase, with adverse impacts on the conditions of competition and predictability. One delegation also noted that the provisions relating to injury caused by subsidies were based on the principle of the benefits from subsidies on specific industries and products. It was difficult to carry out such assessments unless commitments were made on a disaggregated basis.

Base levels

A number of Members proposed that reductions in AMS levels should be from the final bound commitment levels set out in Members' Schedules.

It was noted that commitments on a disaggregated basis would require product-specific base levels. It was suggested that these could be an average of support levels over a representative three-year period, provided the period was not chosen to maximise support levels. Another delegation suggested that new non product-specific and product-specific commitments should be based on current notifications, with the Blue Box taken into account. In this regard, developing countries could

be entitled to have greater flexibility, for example, by reduction commitments relating to groups of products.

Calculation methodology of AMS/EMS

A number of matters were raised relating to the calculation of domestic support levels. Several delegations stated that inflation should be taken into account either with annual adjustments of commitments levels to take account of inflation, or by permitting Members to use more stable currencies than the national one or a basket of currencies. Others stated that such a provision should only be available for developing countries, with some of these and countries with economies in transition noting that they were particularly prone to high levels of inflation. Others disagreed and suggested that the current provisions in Article 18.4 of the Agreement on Agriculture were sufficient.

Reduction method/target for further commitments, implementation period and staging of further commitments

A number of specific proposals were made concerning the reduction in AMS commitment levels. Many delegations proposed reductions to zero or to *de minimis* levels. One group of participants proposed reducing final bound commitment levels to zero over five years for developed countries, with a 50 per cent down payment, and to zero over nine years for developing countries. Other participants proposed reducing, subject to a substantial down payment, all Amber Box support to *de minimis* levels over three or five years for developed and developing countries respectively. Another proposal was reduction using a harmonizing formula over five years, with agreement to reduce to zero by a date to be agreed in the negotiations.

Another proposal that was widely supported was reductions based on the method used in the Uruguay Round. This approach, it was stated, would enable non-trade concerns to be addressed. It was also stated that agriculture policy reform needed to be gradual and consistent to allow time for adjustment and to enable non-trade concerns to be addressed. It was also pointed out that the Doha Ministerial Declaration stated that the negotiations should aim at "substantial reductions" and not elimination, of trade-distorting domestic support. One delegation noted that some proposals were inequitable in that they would require much greater reform by some as compared to other Members.

In response, some other participants pointed out that they were proposing reductions to *de minimis* levels, which did not mean elimination. Furthermore, repeating the Uruguay Round formula would not result in substantial reductions and it was inevitable that those that used high levels of production distorting support should reduce by greater amounts if the negotiations were to have an equitable outcome. It was also pointed out that trade-distorting subsidies that were supposed to address non-trade concerns hurt other countries and affected both their trade and non-trade concerns.

Another delegation proposed, with some support, different reduction commitments depending on the export orientation of the agriculture sector. Thus, Amber Box support for products destined for export should be subject to deeper cuts than support for products destined for the domestic market.

In response, other delegations pointed out that all Amber Box supports distorted trade, either by increasing competition in the world market or by way of import substitution in the subsidising country. Therefore, they did not favour this approach.

De minimis provision

Several proposals were made concerning the *de minimis* provision. Some participants stated that in a number of cases *de minimis* levels represented very high levels of trade-distorting subsidies, particularly compared to the subsidy levels they could afford. Furthermore, it was noted that a

substantial portion of supports in some Members were below *de minimis* levels and, thus, not included in their AMS calculations. Therefore, it would be necessary to reduce *de minimis* levels.

Other delegations with AMS reduction commitments proposed that, along with substantial reductions in trade-distorting domestic support, *de minimis* limits for developed countries should be reduced. They, and some developing countries, also suggested that the limits could be increased as special and differential treatment for developing countries.

A number of participants stated that support at or below *de minimis* levels would only have a minimal production effect. Some of these delegations added that, these supports were useful for addressing non-trade concerns such as food security, environment and rural development. A number of countries with economies in transition also highlighted the importance of *de minimis* levels of support. They noted that the low levels of exports from most transition economies meant there would be little effect on world markets and therefore flexibility should be given to them.

Other disciplines

A number of delegations raised the issue of production supports that varied with market prices, such as deficiency payments. It stated that these types of supports, particularly for products that were exported, had a similar effect to export subsidies. Therefore, additional disciplines could be developed that would be similar to those applying to export subsidies or that required differential treatment for these types of subsidies.

Other Domestic Support Issues

Under "Other Domestic Support Issues" several participants made a number of general and specific comments or clarified points or proposals they had made earlier. One delegation, with some support, stated that, in proposing new measures that could be covered by the Green Box, such as compensatory payments for animal welfare measures or for compliance with national SPS and TBT standards higher than international standards, it was responding to conditions imposed on farmers. Furthermore, its proposal limited compensation to the extra cost of meeting national standards that were higher than the corresponding international standards. This delegation also stated that instruments outside the scope of the Agreement on Agriculture also needed to be addressed, such as mandatory labelling for production and processing methods, the interpretation of the principle of precaution and geographical indications. For substantial results in agriculture results were required in these areas as well.

Another delegation stressed the importance of tariff preferences for small vulnerable economies that did not have the resources to provide significant subsidies. Another participant highlighted the importance of agriculture production in crises situations when it was difficult or impossible to import.

As a general comment on the discussions on domestic support another participant pointed out that it was committed to meeting the deadlines and objectives of the Doha Ministerial Declaration. It was progressively reforming its agriculture sector but some ideas put forward which challenged important elements of the Green Box would undermine efforts to move away from trade-distorting policies and only encouraged defence of current provisions and commitment levels. If the existence of key provisions of the Green Box was questioned, this, in its view, did not bode well for the negotiations.

Conclusion

Participants are, once again, to be congratulated for a focused discussion, this time on a complicated series of issues under Domestic Support. The discussion has added in a number of areas to the depth of our knowledge and understanding of the various positions.

However, there was once again a tendency in key areas to repeat previously held positions. There was also a continuing lack of specificity in some important areas. These features, I must say, are not particularly helpful from the point of view of drafting the "overview paper" towards the end of the year. Having said that, we still have a little time and the November Special Session ahead of us.

In our Special Sessions so far this year we have been through a technical elaboration of possible modalities in the three broad areas of Export Competition, Market Access and Domestic Support. It has perhaps been natural that, in this process, many participants have had a tendency to stick fairly closely to what might be characterised as maximal positions.

But the time has now come to change gear. We have prepared assiduously over the last two and a half years. The clock is now running fast and the critical period is upon us. We do not have much time in hand if we are to meet the deadlines of 18 December for the "Overview Paper" and 31 March for establishing modalities.

In the process we must also change our mindset. We need a more creative approach in which participants start looking actively for compromises and for ways to bridge gaps.

We all know how important it was, in the economic situation at that time, to launch the Doha Development Agenda. Without being alarmist, it is even more important now to deliver on that Agenda. As we all know, agriculture is *critical* to the negotiations as a whole and so we simply must meet our deadlines. If we do not, the credibility of the Round could be undermined.

I know that all of you are fully committed to the timetable and framework of the Doha Development Agenda, including, most of all, the agriculture negotiations.

The time has now come for us to start delivering on those commitments made by our Ministers. In many areas there is common ground on which to build. The amount of work we have done is impressive. But in critical areas even more work and *much more flexibility* is needed. I therefore, urge you all to reflect deeply and urgently on what *your* delegation can contribute in order to bring this exercise to a conclusion acceptable to *all* by the end of next March.

I would hope to start seeing the fruits of your deliberations, and of your negotiations with trading partners – at the November Special Session.

Annex 2

TN/AG/4

FOURTEENTH SPECIAL SESSION OF THE COMMITTEE ON AGRICULTURE

Report by the Chairman, Stuart Harbinson, to the Trade Negotiations Committee

1. The Special Session of the Committee on Agriculture, which was established by the General Council (WT/GC/M/53) and which is pursuing negotiations under paragraphs 13, 14 and other relevant provisions of the Doha Ministerial Declaration as agreed by the Trade Negotiations Committee (TN/C/M/1), held its fourteenth meeting on 27 September 2002.
 2. The agenda as set out in WTO/AIR/1898 was adopted.
 3. The Chairman presented a report on his own responsibility concerning the main features of the informal technical work undertaken, in accordance with the programme adopted at the eleventh Special Session (TN/AG/1 refers), on the elaboration of detailed possible modalities, including rules-related elements, in the area of domestic support. This report will be included in the Secretariat summary report on the fourteenth Special Session (to be issued as TN/AG/R/4).
 4. A number of statements were made by participants regarding the work undertaken thus far on market access. In addition, further specific inputs for the negotiations were made. Participants' statements and contributions in this regard will be reflected in the Secretariat summary report on the meeting.
 5. In accordance with the programme adopted at the eleventh Special Session (TN/AG/1, refers), the next informal Special Session will be held on 18-20 November and will be followed by a formal Special Session on 22 November. It was envisaged that the issues to be addressed at this informal Special Session would include a number of cross-cutting issues but that more precise guidance would be provided in advance of the meeting. In the meantime further technical work would be organised on tariff quota administration and on other topics where participants had indicated that there was a need for more focussed further technical work, with participants to be informed well in advance of the arrangements in this regard.
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