
Committee on Agriculture

SUMMARY REPORT OF THE MEETING HELD ON 17 JUNE 2004

Note by the Secretariat¹

1. The Committee on Agriculture held its thirty-ninth regular meeting on 17 June 2004 under the chairmanship of Mr. Roald Lapperre of the Netherlands. The agenda of the meeting as contained in WTO/AIR/2331 was adopted.

ELECTION OF THE CHAIRPERSON

2. The Committee took note that the Council for Trade in Goods had agreed, at its meeting on 27 April, *inter alia*, on the nomination of Mr. Roald Lapperre for election as Chairperson of the regular meetings of the Committee on Agriculture (G/C/M/73). The Committee confirmed, by acclamation, the election of Mr. Lapperre as Chairperson of the Committee to hold office until the end of the first meeting in the year 2005 under Rule 12 of the Committee's Rules of Procedure (G/L/142). Many delegations and the Secretariat thanked the outgoing Chairman, Dr. Magdi Farahat, for his dedication and leadership as Chairman of the Committee.

PART I: THE REVIEW PROCESS

A. MATTERS RELEVANT TO THE IMPLEMENTATION OF COMMITMENTS UNDER THE REFORM PROGRAMME: ARTICLE 18.6

(a) Australia: European Communities – Export subsidies

3. Australia sought clarification from the EC concerning the annual average budgetary outlays and subsidised quantities of agricultural exports that the EC had provided to the ten new EC member States during the base period in respect of each product listed in the EC Schedule. The EC responded that information concerning the destination of subsidised exports during the base period was not available. The EC confirmed that sugar exports from the Czech Republic, Hungary, Lithuania and Poland were now eligible for export refunds, for which there was a general budget. The EC also provided, in response to Australia's request, revised data regarding imports of sugar from the ACP countries and India (see also G/AG/R/35, page 30): 1995/96 – 1,696.7; 1996/97 – 1,588.6; 1997/98 – 1,630.5; 1998/99 – 1,622.8; 1999/00 – 1,549.1; 2000/01 – 1,647.9; 2001/02 – 1,600.1 (thousand tonnes white sugar equivalent).

(b) Canada: European Communities – EC-25 agriculture commitments concerning tariff quotas, domestic support and export subsidies

4. Canada sought clarification as to when the proposed modifications to the EC-15 Schedule in the context of the EC enlargement with respect to tariff quotas, domestic support and export subsidy commitments would be notified. The EC advised that a revised Schedule would be introduced after conclusion of the negotiations pursuant to Article XXIV of the GATT 1994. In the meantime, the

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EC-15 Schedule would be applied and autonomous measures may be taken. For example, on Canada's frozen ham exports to Poland (HS 0203.22.11), the EC-15 out-of-quota duty would be applied.

(c) Canada: Panama – Import permits limiting market access

5. Canada raised its concerns regarding Panama's repeated attempts over the past several years to limit imports of agricultural products through its administration of import permits. Panama had recently reduced by 50 per cent an importer's ability to import pre-cooked frozen potatoes from Canada by issuing import permits for only half of the importer's normal monthly shipment. Canada requested that Panama resume trade practices in accordance with its WTO obligations and grant importers the full volume of their request.

6. Panama stated that it would respond to Canada's questions as soon as possible.

(d) Canada: United States – Skim milk powder provided as food aid

7. With reference to the United States' responses concerning the Article 18.6 matter of skim milk powder (SMP) food aid raised at the March 2004 Committee meeting, Canada sought further clarification regarding the use of the proceeds of SMP food aid that was bartered or monetized (see G/AG/R/38, paragraphs 16-17). Canada requested the United States to provide information regarding the type and the origin of the equipment, technical assistance and training provided under the Dairy Link Pilot Project, using proceeds from monetization of donated milk powder. It also requested information regarding the origin and manufacturer of a "newly developed fortified beverage" to be distributed to beneficiaries in Viet Nam by Land O'Lakes, using monetization proceeds.

8. The United States responded that the food aid agreement with Land O'Lakes under the Dairy Link Pilot Project did not specify the origin of the equipment.² There was no requirement that equipment be manufactured in the United States. Regarding technical assistance, proceeds may be used to cover expenses of experts and material. For example, teachers would be provided with training on food borne illnesses in order to ensure food safety. Assistance and training was provided by local leaders in the dairy industry, by dairy and livestock experts, and by Land O'Lakes staff with expertise on dairy development and school milk projects. With respect to the types of nutritional products being developed with the proceeds from monetization, Land O'Lakes was working with local processors in designing new products. Land O'Lakes also bartered or used the monetization proceeds to acquire locally produced UHT milk and/or fortified biscuits. Furthermore, the monetization proceeds were used to cover the distribution costs within Indonesia and Viet Nam.

9. Canada noted the existence of large stocks of SMP held by the Credit Commodity Corporation and sought clarification as to whether the USDA was expecting an increase of the volume of SMP donated as food aid in 2004. The United States responded that the volume of Section 416(b) SMP food aid donations in fiscal year 2004 amounted to 75,000 tonnes, valued at \$147 million, including transportation costs. There were no Section 416(b) SMP donations scheduled for fiscal year 2005.

10. Canada also sought further clarification as to how the United States ensured that monetized SMP was not sold at below market prices. The United States responded that the laws and regulations

² Types of equipment to be provided to the selected processors include: utilities hardware and hook-up, computer and office equipment, delivery bikes with cold boxes, in-school cold boxes, motor bikes, processing and packing equipment, miscellaneous stainless steel piping and valves, and inland transport costs of equipment in Viet Nam.

of the US food aid programs required monetized commodities to be sold at reasonable local market prices. The foreign government or private voluntary organization concerned was required to gather market information and ensure that the sales would not undercut market prices. The donor included estimated prices in the food aid agreements and prior to signing, the donor compared these estimated prices to local and world market prices, with adjustments for quality and other market factors. During implementation, the donor received semi-annual reports from the in-country organizations. The donor reviewed the results of the monetization process and followed up on any unusual items, including lower than expected prices. Market participants may also raise concerns about price, and the donors may investigate these situations.

11. With respect to Canada's query regarding the meaning and responsibility of the "donor" referred to above, the United States responded the US Government was a donor of the product, but also the Private Voluntary Organizations acted in the capacity of donors, as well as in-country partner organizations. In this context, the interest was to assure at each relevant step that the responsible actors undertook the appropriate considerations and measures to assure that a project fell within all the stipulated goals and guidelines.

(e) EC: Australia – Financial operations of the Australian Wheat Board

12. With reference to reports that the Australian Wheat Board envisaged writing off Iraq's debts resulting from wheat deliveries, the EC sought clarification from Australia as to how the taxpayer money involved in this debt write-off would be notified.

13. Australia responded that entitlement to the debt had passed to the Australian Government after contracted export credit insurance claims were paid to the then Australian Wheat Board in the early 1990s, a situation similar to the position of other Paris Club creditors to Iraq. The Australian Government had announced that it was prepared to forgive the vast majority of this debt, subject to negotiations in the Paris Club. In these circumstances, no government payments had to be notified to the WTO.

(f) United States: Turkey – Ban on rice imports; WTO consistency of new quota system for grains

14. Referring to reports that Turkey had refused to issue import licenses for rice since August 2003, the United States sought clarification as to how Turkey justified its continued de facto ban on rice imports in light of its WTO obligations, including the Agreement on Agriculture, and as to when the ban would be lifted. The United States also sought clarification concerning WTO conformity of Turkey's new quota system to help reduce the stocks of the Turkish Grain Board. In addition, the United States requested further information concerning the recent Decree on the implementation of a quota system for corn imports.

15. Turkey responded that the country was a net-importer of rice, as well as corn. Its rice imports totalled 270,000 tonnes in 2002, 355,000 tonnes in 2003, and 110,000 tonnes in the first quarter of 2004. In September 2003, just before the rice harvest, total rice supplies in the domestic market were estimated at 420,000 tonnes, including an expected rice harvest of 223,000 tonnes. These supplies were expected to meet demand until the end of June 2004. For the period of June 2004 to the new harvest season, the Government established a tariff quota to meet the domestic needs (Ministerial Decree No. 2004/7135 published in the Official Gazette dated 24 April 2004). Within the quota, 120,000 tonnes of paddy rice and/or equivalents were allowed to be imported at tariffs that are below bound rates.

16. Turkey stated further that it had imported 1.82 million tonnes of corn in 2003. The Government decided to establish a tariff quota of 900,000 tonnes of corn in order to meet the domestic demand for the three months prior to the 2004 harvest. The in-quota tariff was 25 per cent, which is considerably lower than Turkey's bound rate.

17. Turkey stated that the objectives of these measures were to help stabilise and balance the domestic market. For its part, Turkey considered that these measures were consistent with the WTO commitments and obligations of Turkey. In any event, rice and corn can be imported freely at Turkey's bound out-of-quota tariff rates.

18. As a follow-up question, the United States sought clarification as to why recent requests for rice quota allocations had been approved, while requests for out-of-quota allocations were denied. Turkey responded that it was ready to pursue this issue bilaterally with the United States.

B. REVIEW OF NOTIFICATIONS

19. The EC informed the Committee regarding its intentions with respect to notifications following the enlargement of the European Union from 15 to 25 member States on 1 May 2004. The EC stated that the new EC member States would, to some extent, continue to notify on their own behalf for the reporting periods up to and including 2003. For market access (except Table MA:1) and export subsidies, the EC intended to provide separate notifications for the reporting periods covering 1 January 2004 to 30 April 2004. For the reporting periods from 1 May 2004 onwards, the EC would provide merged EC-25 market access and export subsidy notifications.

20. With respect to domestic support, the EC considered that notifications which are split in the middle of a reporting year do not respond to the obligation of respecting this particular annual commitment. The EC intended therefore to produce a merged domestic support notification already for the period 2003/2004. In this way a review of the EC-25 respecting its domestic support commitments was made possible at the earliest moment in time.

21. The EC stated further that the Committee would be kept informed about arrangements concerning new and modified tariff quotas through the regular Table MA:1 notification. In addition to timely notification of individual arrangements, the EC intended to give an overall MA:1 update including addenda once the GATT Article XXIV negotiations had been concluded.

(a) Notifications in respect of which questions have been raised in advance of the issuance of the convening airgram

22. The Committee reviewed the following notifications as listed in the agenda:

- (i) on the administration of tariff and other quota commitments (Table MA:1): from Japan (JPN/91), Chinese Taipei (TPKM/13);
- (ii) relating to imports under tariff and other quota commitments (Table MA:2): from Hungary (HUN/34), Japan (JPN/92), Latvia (LVA/9), Poland (POL/62 & POL/63) and Chinese Taipei (TPKM/14);
- (iii) in the context of the special safeguard (Tables MA:3 to MA:5): from Hungary (HUN/36), Japan (JPN/94, JPN/95 & JPN/96);
- (iv) relating to domestic support commitments (Table DS:1): from Chile (CHL/14), Cyprus (CYP/14), the European Communities (EEC/49), Hungary (HUN/33), Japan (JPN/98) and the United States (USA/51);
- (v) relating to new or modified domestic support measures exempt from reduction (Table DS:2): from the Slovak Republic (SVK/43).

23. Specific points raised with respect to the notifications listed above and the responses thereto are summarized in the Annex to this report.

(b) Notifications subject to review in respect of which no questions have been raised in advance of the issuance of the convening airgram

24. The Committee took note of the following notifications, which had been circulated in advance of the date on which the notice convening the present meeting was issued but in respect of which no questions had been raised by that date under the Committee's Working Procedures:

- (i) on the administration of tariff and other quota commitments (Table MA:1): from Barbados (BRB/15), Guatemala (GTM/31) and the Slovak Republic (SVK/39/Rev.1);
- (ii) relating to imports under tariff and other quota commitments (Table MA:2): from El Salvador (SLV/22) and Tunisia (TUN/29);
- (iii) in the context of the special safeguard (Tables MA:3 to MA:5): from the Czech Republic (CZE/54), Chinese Taipei (TPKM/15 & TPKM/16) and Tunisia (TUN/28);
- (iv) in the context of domestic support commitments (Table DS:1): from Armenia (ARM/2), Hungary (HUN/37), Macao, China (MAC/15) and Nicaragua (NIC/16/Rev.1);
- (v) in the context of new or modified domestic support measures exempt from reduction (Table DS:2): from Armenia (ARM/3);
- (vi) on export subsidy commitments (Tables ES:1 to ES:3): from Argentina (ARG/23), Chile (CHL/16), Cuba (CUB/25), Georgia (GEO/4), Guatemala (GTM/30), Hungary (HUN/35), Japan (JPN/97), Macao, China (MAC/14), the Slovak Republic (SVK/44) and the United States (USA/53).

25. Australia complimented Nicaragua for the improvements in its revised domestic support notification (G/AG/N/NIC/16/Rev.1).

(c) Notifications circulated or made available after the notice convening the meeting was issued

26. The following notifications were subject to preliminary review and are to be reverted to at the next meeting for substantive review in accordance with paragraph 9 of the Committee's Working Procedures (G/AG/1):

- (i) relating to imports under tariff and other quota commitments (Table MA:2): from Bulgaria (BGR/11);
- (ii) in the context of the special safeguard (Tables MA:3 to MA:5): from Bulgaria (BGR/12) and Uruguay (URY/28);
- (iii) on domestic support commitments (Table DS:1): from Uruguay (URY/27).

(d) Points concerning notifications raised at previous meetings

27. There was no discussion under this agenda item.

(e) Counter-notifications under Article 18.7 of the Agreement

28. The Committee took note that no counter-notifications had been received under Article 18.7 of the Agreement.

(f) Deferred replies to questions raised under the Review Process

29. Mexico noted that Panama had yet to respond to the questions that Mexico had raised under Article 18.6 at the March 2004 meeting in relation to Panama's applied tariffs on dairy products (see G/AG/R/38, paragraphs 37-38). Panama stated that it would respond as soon as possible. Colombia recalled its interest in this matter.

(g) Overdue notifications

30. The Committee took note that the Secretariat had made available a revised and updated room document, dated 24 March 2004, showing the current status of compliance with notification obligations. The room document has been revised (i) to set out the notification obligations including the respective timelines as provided for in document G/AG/2 concerning "Notification Requirements and Formats", (ii) to include a listing of all Members that have submitted Table ES:3 and Table NF:1 notifications in the 1999 to 2003 implementation years (see page 12), and (iii) to indicate where the comprehensive Table MA:1 notification has been revised or supplemented, and where the required food aid information – in column 5 of Table ES:1 – is outstanding.

31. Argentina noted that the Table ES:1 notification for 2001 from the Czech Republic appeared to be outstanding, while for earlier years and for 2002 relevant notifications had been submitted.

32. Australia recalled the need to provide notifications to the Committee in a timely manner, to facilitate, amongst other things, analysis of proposals submitted in the ongoing negotiations.

(h) Addenda to Table MA:1 notifications

33. The Committee took note that the following Members administering tariff quotas had submitted the requisite Table MA:1 Addenda in accordance with the General Council Decision of December 2000 (paragraph 1.1 of WT/L/384 refers): Australia, Canada, the Czech Republic, the EC, Hungary, Japan, Latvia, New Zealand, Norway, Slovenia, Switzerland, Thailand, and the United States. The Chairman urged those Members administering tariff quotas which had not yet done so to provide Addenda to their Table MA:1 notifications in accordance with the General Council Decision in WT/L/384.

PART II: OTHER MATTERS WITHIN THE PURVIEW OF THE COMMITTEE

A. IMPLEMENTATION-RELATED ISSUES

34. The Committee took note that this agenda item concerned the implementation of Article 10.2 of the Agreement, as well as an examination of possible means of improving the effectiveness of the implementation of the NFIDC Decision (G/AG/16, Sections A and B), including the proposal by the WTO African Group concerning the NFIDC Decision (TN/CTD/W/3/Rev.2, paragraph 52).

35. Argentina recalled the statement it had made at previous meetings and at the September meeting of the Committee concerning the matter of implementation of Article 10.2 of the Agreement (see G/AG/R/36, paragraph 35).

B. MATTERS RAISED UNDER "OTHER BUSINESS"

Date of next meeting

36. The next regular meeting of the Committee on Agriculture will be held on Thursday, 23 September 2004. The airgram convening the meeting and containing the draft agenda will be issued on Monday, 13 September 2004. The Committee took note that the Committee, at the meeting on 23 September, will hold its third annual Transitional Review under paragraph 18 of the Protocol of the Accession of the People's Republic of China and that any questions or comments that Members may have in the context of the Transitional Review should be submitted by 2 August 2004, with a copy to the Secretariat.

Request for observer status in the Committee

37. The Committee took note of the recently received request for observer status in the Committee from the Organisation of the Eastern Caribbean States (OECS), as reflected in document G/AG/W/29/Rev.6 dated 14 June 2004.

ANNEX

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Review of notifications by the Committee on Agriculture on 17 June 2004

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|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| (i) | <u>administration of tariff and other quota commitments (Table MA:1):</u> Japan (JPN/91), Chinese Taipei (TPKM/13); | 9 |
| (ii) | <u>imports under tariff and other quota commitments (Table MA:2):</u> Hungary (HUN/34), Japan (JPN/92), Latvia (LVA/9), Poland (POL/62 & POL/63) and Chinese Taipei (TPKM/14); | 10 |
| (iii) | <u>use of the special safeguard (Tables MA:3-MA:5):</u> Hungary (HUN/36) and Japan (JPN/94, JPN/95 & JPN/96); | 12 |
| (iv) | <u>domestic support commitments (Table DS:1):</u> Chile (CHL/14), Cyprus (CYP/14), the European Communities (EEC/49), Hungary (HUN/33), Japan (JPN/98) and the United States (USA/51); | 14 |
| (v) | <u>new or modified domestic support measures exempt from reduction (Table DS:2):</u> the Slovak Republic (SVK/43). | 24 |

Review of notifications by the Committee on Agriculture on 17 June 2004

Summary of specific points raised and responses thereto

Table MA:1 Notifications

Japan G/AG/N/JPN/91 Tariff Quota Administration (Table MA:1)	
Points raised by other Members	Response by Notifying Member
New Zealand – Welcomes the introduction of reallocation mechanisms for all tariff quotas. Could Japan give an indication of the volumes of quota being returned in fiscal year 2003? What tonnages are involved in the reallocation of TQs and has the introduction of the mechanism allowed more new entrants to enter the market?	The reallocation mechanism was introduced on 1 April 2003 but in its first year of operation no quota allocations were returned from initial quota holders.

Chinese Taipei G/AG/N/TPKM/13 Tariff Quota Administration (Table MA:1)	
Points raised by other Members	Response by Notifying Member
Australia – How are releases of individual quota amounts scheduled during the quota year?	For agricultural and fish products subject to a TQ regime, the quota amounts for each year are specified in Chapter 98 of the "Customs Import Tariff", and are published on the website of the Department of Customs Administration, Ministry of Finance.
How are importers and processors notified of such releases?	Every year, the Ministry of Finance publishes the applications for allocation and other related information concerning the implementation of TQs, including quota amounts. In order to ensure that all importers and exporters are aware of the opportunities, the Ministry of Finance also notifies relevant import/export associations as to how they may join in the quota allocation.
When is the schedule of planned quota releases published?	In addition to publication of the quota amounts in Chapter 98 of the "Customs Import Tariff", pursuant to paragraph 28 of the Working Party Report, the Ministry of Finance publishes the applications and quota for allocations well ahead of the start of the quota year, generally before 31 August of the previous year.

Table MA:2 Notifications

Hungary G/AG/N/HUN/34 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	Response by Notifying Member
Australia – We note the low fill rates (less than 10%) for milk and cream (HS 0401, 0402), beer (HS 2203) and wine and champagne (HS 2204). What are the reasons for such low fill rates?	<p><i>Milk and cream.</i> The quota was originally established as a minimum access commitment based on domestic consumption in the base period. Consumption has since decreased significantly and major users of milk powder have switched to whey powder as a lower-priced input.</p> <p><i>Beer, wine and champagne.</i> Hungary is a significant and competitive producer and exporter. Furthermore, for these products more favourable access conditions were granted within the framework of preferential agreements.</p>

Japan G/AG/N/JPN/92 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	Response by Notifying Member
New Zealand – Fill rates for a large number of dairy quotas remain below 50% again in fiscal year 2002. These rates have not been improving since 1995. We understand from previous answers of Japan that this is thought to be due to a lack of domestic demand for these products. If demand has been so consistently low over this period, why can not Japan move to a tariff-only regime at the in-quota tariff rate? What are the reasons for retaining a complicated administration system for quota allocation when the quota is not being utilised because of low domestic demand?	Under the Uruguay Round Agreements, Members undertook commitments to provide market access opportunities but there is no commitment to fill the quotas. There are no legislative barriers in Japan's system. In order to increase the fill rates of the quotas, Japan considers that it is necessary for the private sector in the exporting countries to make efforts to expand their markets. Japan is, therefore, not considering changing its TQ system for reasons of low fill rates.

Latvia G/AG/N/LVA/9 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	Response by Notifying Member
Australia – Latvia recorded no in-quota imports of items subject to tariff quotas (other wheat and meslin, barley, oats and raw cane sugar for further processing) in 2001 and 2002. What are the reasons for this lack of in-quota imports?	The opening of the scheduled TQs was announced according to the procedure prescribed in the national legislation. There was no interest observed from the importers for these tariff quotas.

Latvia G/AG/N/LVA/9 Tariff Quota Fill (Table MA:2)		
Points raised by other Members	Response by Notifying Member	
<p>Australia (cont'd)</p> <p>Were there any imports of the products concerned, including under preferential trade arrangements, during the relevant periods? If so, what were the volumes of such imports?</p>	<p>The in-quota tariff rate for wheat, meslin, barley and oats is 25% <i>ad valorem</i> and at the same time imports of these products took place under preferential arrangements under free trade agreements. There was no market demand for raw cane sugar for further processing due to very limited refining capacity.</p>	
	Tariff item number	Preferential imports during the period (tonnes)
		2001 2002
	100190	78 69
	100300	130 47
	10040000	1,361 1,322
	170111101	0.26 -

Poland G/AG/N/POL/62 & POL/63 Tariff Quota Fill (Table MA:2)		
Points raised by other Members	Response by Notifying Member	
<p>Australia – Reasons for the low fill rates (less than 10%) for a wide range of products, including beef, dairy products, wheat and other cereal flours, rapeseed and wine in 2002 and 2003?</p>	<p>In 2002 and 2003 the products covered by the WTO quotas including beef, milk products, cereal flours, rapeseeds and wine fell also under preferential arrangements resulting from free trade agreements concluded by Poland, i.e. CEFTA. Under these agreements, access to the Polish market for some of these products was more favorable than access under WTO quotas. In the agreement between the EC and Poland some agricultural products in 2002 and 2003 were also covered by duty-free quotas.</p>	
	<p>Another important reason for low fill rates is the competitiveness of Polish products with lower prices on the domestic market. As regards the beef TQs, demand for beef is relatively weak compared to other types of meat, such as pigmeat. Total imports of beef amounted to around 20 tonnes in 2002 and to around 350 tonnes in 2003.</p>	

Chinese Taipei G/AG/N/TPKM/14 Tariff Quota Fill (Table MA:2)		
Points raised by other Members	Response by Notifying Member	
<p>Australia – Just over one third of the quota for liquid milk was filled in 2003. What are the reasons for this relatively low fill rate?</p>	<p>The allocation of quotas for TQ products for each year is based on the principle of transparency and the market mechanism. Therefore, the fill rate for the quota of liquid milk depends entirely on market demand and the willingness of importers to import.</p>	
	<p>The quantity of liquid milk imported in 2003 actually increased by 49% compared to 2002. Furthermore, 85,730 tonnes of dehydrated milk was imported in 2003, amounting to a total value of US\$239,436,000.</p>	

Tables MA:3 to MA:5 Notifications

Hungary G/AG/N/HUN/36 Annual Summary of Special Safeguard Actions (Table MA:5)	
Points raised by other Members	Response by Notifying Member
<p>Australia – In accordance with the transparency requirements set out in Article 5.7 of the Agreement, could Hungary please provide information on the level of duty levied on the products (including the method of calculation) when using the price-based SSG.</p> <p><i>Follow-up comment by Australia</i> – Called for greater transparency in light of footnote 2 to Article 5 of the Agreement.</p>	<p>Hungary used the method of calculation contained in Article 5 of the Agreement. The level of additional duty depends on the actual import price of a given shipment, thus it is transaction-specific. No statistical data are available on the average duty level.</p> <p>Hungary took note of the comment.</p>

Japan G/AG/N/JPN/94, JPN/95 & JPN/96 Special Safeguard (Tables MA:4 & MA:5)	
Points raised by other Members	Response by Notifying Member
<p>Australia – In accordance with the transparency requirements set out in Article 5.7 of the Agreement, could Japan provide information on the level of duty levied on the products, including the method of calculation?</p> <p>New Zealand – With respect to notification G/AG/N/JPN/96, the provisions of Article 5 were implemented on products which are subject to tariff quotas (butter and butteroil; and dairy spreads), and yet these dairy quotas have remained consistently underfilled. Japan has previously indicated that tariff quotas are not filled because of a lack of demand. However, it seems that importers are so interested in the market for some products that they are prepared to pay the over-quota tariff plus an additional safeguard duty, even when there are tariff quotas remaining at the lower rate of duty. As well as raising questions about tariff quota administration, what is Japan's rationale for repeatedly utilising the agricultural safeguard – which was meant to assist countries to protect industry from import surges – on tariff quota products, when the TQ volume for these products is not being filled?</p>	<p>The price-based SSG is applied for each individual shipment. For confidentiality reasons related to the commercial activities of private enterprises, Japan has refrained from circulating information on import prices and on the amount of additional duty imposed by this measure. However, the method of calculation is described in Article 7.4 of the Law on Temporary Tariff Measures, which is publicly available.</p> <p>The tariff quotas concerned were introduced for specific uses, i.e. for products consumed in the prefecture of Okinawa and products used on international flights. These quotas remain underfilled because of the decline in demand for reconstituted milk as a consequence of increased demand for dairy products using fresh milk, and because the utilization of butter as a raw material is declining.</p> <p>The special safeguard measure in Article 5 of the Agreement was introduced for tariffied products during the Uruguay Round negotiations as part of a package of measures. It is used according to the criteria set forth in Article 5.4 of the Agreement.</p> <p>In 2003, as a result of a rise in demand for butter, in-quota imports of designated dairy products increased, and the SSG was invoked when the total amount of in-quota imports plus out-of-quota imports exceeded the trigger level. Thus, there is no relationship between the quota in question and the safeguard measure.</p>

Japan G/AG/N/JPN/94, JPN/95 & JPN/96 Special Safeguard (Tables MA:4 & MA:5)	
Points raised by other Members	Response by Notifying Member
<p><i>Follow-up comment by Australia</i> – Called for greater transparency in light of footnote 2 to Article 5 of the Agreement.</p> <p><i>Follow-up comment by Argentina</i> – Without prejudice to Article 5.9 of the Agreement on Agriculture, use of the SSG on imports under tariff quotas is not permitted.</p>	<p>Japan considered that the answer to these comments is included in the initial reply. Should more detail be required, Japan undertook to forward any follow-up questions to the capital.</p>

Table DS:1 Notifications

Chile G/AG/N/CHL/14 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
United States – How will the programmes listed in Chile's recently published Inter-ministerial Commission Report on the development of the agricultural and forest sector for 2004-2006 affect the levels of domestic support notified in G/AG/N/CHL/14?	<p>The Agrifood and Forestry Agenda 2004-2006 involves a revision of the regulatory framework, policies, and support instruments applicable to the development of the agricultural and forestry sectors in Chile, and suggests areas in which actions need to be adjusted or supplemented. It takes account of the current opening up of trade in Chile, and in particular the recent conclusion of free trade agreements with Chile's main trading partners.</p> <p>The Agenda identifies basic areas for sectoral development, such as: improvement in the quality of research, development, and technology transfer; stimulation of investment and access to sources of financing; improvement of productivity; and modernization of the sector's public institutional framework. To that end, the Agenda proposes upgrading of existing assistance programmes and creating new instruments, taking into account Chile's WTO commitments and essentially reallocating existing resources. The Agenda does not provide for substantial increases in the agricultural sector budget.</p> <p>Thus, the levels of domestic support provided by Chile will not be substantially affected.</p>

Cyprus G/AG/N/CYP/14 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
Amber Box	
Australia – We note that the AMS commitment for Cyprus is £C52.2 million in 2002. What are the implications of these AMS commitments for future AMS reporting obligations given that Cyprus has joined the European Union?	The EC responded that the implications are contained in the outcome of negotiations in the context of Article XXIV of GATT 1994.

European Communities G/AG/N/EEC/49 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
Green Box	
<u>Marketing and promotion services (Annex 2, para. 2(f))</u> Australia – Requested clarification concerning the measure "protection of geographical indications". Whether there was any expenditure for this measure in 2000/01?	The measure in question should have been deleted from the list of measures indicated.

European Communities G/AG/N/EEC/49 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
<p><u>Infrastructural services (Annex 2, para. 2 (g))</u></p> <p>Argentina – It would appear from the present notification that the EC supplies water and electricity directly to its producers. How are such measures consistent with para. 2(g) of Annex 2?</p> <p>Australia – We note expenditure of €949.1 million in 2000/01, down from €2,352.8 million. Could the EC provide an explanation for the sharp decrease in expenditure? Whether the notification reflects the necessary correction as indicated by the EC in G/AG/R/32, page 25?</p>	<p>As the result of several of Members' questions, the EC will need to analyse the data contained under "infrastructure services", "structural adjustment assistance provided through investment aids" and through "resource retirement programmes" in further detail. This further analysis will be a matter of priority and the EC hopes to provide the relevant answers in writing as soon as possible and in any case before the next Committee meeting.</p>
<p><u>Structural adjustment assistance provided through resource retirement programmes (Annex 2, para. 10)</u></p> <p>Australia – In the context of the review of notification EEC/38, the EC indicated that expenditure was significantly lower in 1999/00 due to the expiry of set-aside programmes and the increasing take-up of environmental set-asides in agri-environmental programmes (G/AG/R/32, page 26). Why has expenditure increased to €448.8 million, up from €122 million in the previous year?</p>	<p>See reply above.</p>
<p><u>Structural adjustment assistance provided through investment aids (Annex 2, para. 11)</u></p> <p>Argentina – What objectively demonstrated structural disadvantages prompted the payments in the 2000/01 marketing year?</p> <p>Australia – Why have payments increased more than 2.5 times over the previous year to €5,859.7 million? How does the "aid for young farmers scheme" meet the Annex 2, para. 11 criteria?</p> <p>Canada – Reasons for increase in payments? What is the presumably constant "amount required to compensate for the structural disadvantage", i.e. the ceiling amount against which the EC compared both the €2,308.7 in 1999/00 and the 5,859.7 million in 2000/01 in order to ensure compliance with para. 11(f)?</p> <p>New Zealand – Reasons for increase in outlays and measures under the programme particularly affected by the increase in funding? Compliance with Annex 2 criteria?</p>	<p>See reply above.</p>

European Communities G/AG/N/EEC/49 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
<p>United States – Justification for notifying the "reconstruction and conversion" programme intended to upgrade old grape vines for wine production in the Green Box rather than the Amber Box. How does the EC ensure that funds paid for upgrading old grape vines are not used for regular upgrading and maintenance?</p> <p><i>Follow-up question by Canada</i> – Shared the US concerns and requested a detailed explanation as to how this programme meets Annex 2 criteria.</p>	<p>The funding is strictly reserved for use in conformity with the national programmes. The use for regular upgrading and maintenance is forbidden (Regulation 1493/99 art 11.3).</p> <p>An extensive discussion of the Table DS:2 notification EEC/39 took place when this programme was notified (see G/AG/R/32, page 41 and G/AG/R/33, page 23).</p>
<p><u>Regional assistance programmes (Annex 2, para. 13)</u></p> <p>Argentina – What measures are included in the regional assistance programmes?</p> <p>Are there no longer compensatory allowances in less favoured areas paid per hectare or per livestock unit?</p> <p>Are Council Regulations 3763/91, 1600/92, 1601/92, 2019/93, 2081/93 and 950/97 no longer applied and/or were they replaced by Council Regulation 1257/99?</p> <p>What reasons account for the 60% increase of expenditures within one year (€2,000 million in 1999/2000 as compared to €3,200 million in 2000/01)?</p>	<p>The regional assistance measures include national measures. At the EU level they concern support schemes for ultra peripheral regions, such as the Greek Islands, Canary Islands and the Island of Madeira.</p> <p>Producers in less favoured areas are eligible for any support scheme, independently of the compensation for producing in an area with natural handicaps.</p> <p>Any new rural development issue is financed in the context of Regulation 1257/99 which applies from 1 January 2000. Existing measures under previous regulatory systems will be progressively phased out.</p> <p>The figure for the previous year is approximately €2,900 million, giving an increase of 10% rather than 60%, as stated by Argentina.</p>
<p><u>Organic farming</u></p> <p>United States – Clarification sought concerning notification of programmes which support the conversion of farms to organic farming. How long may producers receive benefits from these programmes?</p>	<p>Organic farming is included in financing for agri-environmental measures. The programmes are integrated in regional programming. The support is provided to compensate income foregone and costs incurred. Organic farming has been notified from 1995/96 onwards. The benefit is paid for the conversion to organic farming. The conversion period may vary according to the regional programme decided. The annual value of support is not known in aggregate.</p>
<p><u>Support to fruit and vegetable producer organizations</u></p> <p>United States – Clarification sought concerning financial aid provided to fruit and vegetable producer organizations. Breakdown requested of how this financial aid was used by producer organizations to fund their members.</p>	<p>Support to producer organisations, the "operational fund" is included in the Green Box, expenditure by the organisations for withdrawals in the Amber Box. The EC does not have information showing the use of funding by producer organisations.</p>

European Communities G/AG/N/EEC/49 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
Blue Box	
Australia, Canada, New Zealand – Request for Table DS:2 notifications for "per hectare compensatory payments for producers of rice", and for new measures "per hectare payments for grass silage", "slaughter premiums" and "beef supplementary payments".	For rice the EC provided Table DS:2 notification G/AG/N/EEC/41. The other cited measures are part of the Agenda 2000 package of measures which were notified in G/AG/N/EEC/17.
Amber Box	
<p>Argentina – Whereas for the 1999/00 marketing year the EC notified wine subsidies as equivalent measures of support and duly indicated the data used for calculation, for the 2000/01 marketing year it notified these subsidies as "other product-specific support" without including calculation details as required in G/AG/2?</p> <p>How was this figure calculated?</p> <p>Is there any subsidy or other measure that facilitates the purchase of sugar by wine growers and/or producers?</p>	<p>The rationale for the change is that in the context of the reform of the wine regime, the guide price that was previously used for the calculation of the price gap, no longer exists.</p> <p>Budgetary outlays were used for the notification of support in the wine sector.</p> <p>No such support exists.</p>
Canada – Request for corrigendum of EEC/38 to notify subsidies for private storage of pigmeat that were provided in parts of 1998/99 and 1999/00. The EC acknowledged previously that this support was not included in the notification (G/AG/R/32, page 27).	The EC included pigmeat support in the current notification in the Amber Box and will provide corrigenda for the previous years.
<p>United States – In March 2001, the EC announced that the French Ministry of Agriculture offered support to French producers of beef due to hardships incurred since the second finding of BSE and foot-and-mouth disease. In February 2001, the French Ministry of Agriculture announced US\$137 million in direct payments to beef farmers, US\$65.5 million to consolidate loans, US\$27.4 million to recent investors, US\$13.7 million to the veal industry and US\$58.8 million to territorial farming contracts specializing in grass ranching. Are these programmes included in the notification? How are programme allocations determined, and what is required of farmers to receive economic benefits? How much has been paid each year? Is this programme currently in use?</p> <p><i>Follow-up question by Canada</i> – Requested clarification as to how the price gap was calculated.</p>	<p>Support in the beef sector is covered by a price gap calculation.</p> <p>The price gap between the external reference price fixed in the Uruguay Round and the institutional (intervention) price for the year referred to in the notification is multiplied by the total production. This provides the amount of total support for the beef sector.</p>

European Communities G/AG/N/EEC/49 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
United States – Justification for the non-product-specific <i>de minimis</i> claim with respect to "common wheat, maize, barley, rye, triticale, and grain sorghum" (ST/DS:4)?	The €8.4 million support notified is paid irrespective of the type of cereal produced and therefore cannot be broken down by specific cereal.
United States – Justification of the <i>de minimis</i> claim in ST/DS:4 for "Potatoes for processing to starch" despite claiming €184.3 million of product-specific AMS for this product (48% of the production value). Explanation sought for the negative equivalent measurement of support (EMS) of €183.6 million. <i>Follow-up question by the United States</i> – Reiterated its request for an explanation of the methodology used to calculate the negative support in ST/DS:8.	The sum of the negative EMS in ST/DS:8 of €183.6 million and the non-exempt direct payments of €184.3 million gives a small support of €700,000 or 0.2% of the production value. This is under 5% and therefore the product-specific <i>de minimis</i> rule applies. There is an institutional price that is lower than the external reference price. The price gap multiplied by the production quota gives a negative AMS. This negative support is compensated by direct payments and a small positive AMS for this product is reported.
United States – Clarification sought for support for the processing of citrus fruit, lemons, peaches, plums, pears, figs, tomatoes, and potatoes (ST/DS:4). Whether these are payments to producers or processors, and are made under EU regulations or member State regulations? For each of the listed products, how are the processing subsidies calculated? <i>Follow-up question by the United States</i> – Requested information as to what third country markets and prices as well as what methodology are used for the calculations.	The support notified for citrus fruits and lemons concerns payments to producer organisations that deliver raw material to processors. For the other products an EMS was notified based on a support price for producers. The support is guaranteed to the producers of the raw material. The payments are made under EU regulations. The support is calculated on the basis of the difference between the Community minimum price to producers and the average price of raw materials in the main competing third countries. The EC undertook to provide a reply.
<i>Follow-up comment by Australia</i> – Welcomed the inclusion of product-specific production values in the notification which facilitates the analysis of EC' programmes.	The EC said that improvements have been made to report such data on a product-specific basis but there are still some sectors, for example fruit and vegetables, where only aggregate data are available.

Hungary G/AG/N/HUN/33 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
Green Box	
New Zealand – Clarification sought as to how the 12 new Green Box programmes meet the relevant criteria of Annex 2.	Took note of the request and, if appropriate, will notify as soon as possible.

Hungary G/AG/N/HUN/33 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
Amber Box	
<p>Australia – Australia and other Members raised concerns at the June 2002 meeting regarding Hungary's adjustment of its total AMS commitment level as provided in its Schedule on the basis of excessive inflation. Hungary has continued this approach of adjusting its scheduled commitment for excessive inflation. Could the EC explain whether it intends to continue Hungary's practice of adjusting its scheduled AMS commitment for "excessive inflation"? We note that Hungary's actual AMS expenditure in 2000 exceeded its AMS commitment by more than three times. Does the EC anticipate that Hungary will continue to receive high levels of AMS support?</p> <p>New Zealand – New Zealand considers that scheduled commitment levels cannot be altered and the adjustment for the influence of excessive rates of inflation should only be on the level of domestic support provided.</p>	<p>The EC responded that all questions relating to AMS commitments will be addressed in the context of the negotiations under Article XXIV of the GATT 1994.</p>

Japan G/AG/N/JPN/98 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
Amber Box	
<p>Canada – Japan has altered the external reference price for sugar cane from 82.8 to 29.2 thousand Yen/tonne in Supporting Table DS:5. Reasons for this change, as the external reference price is to remain fixed at the amount used in the AGST tables?</p>	<p>Before 1999, the applied administered price for sugar cane was presented on the basis of refined sugar, while the external reference price was presented on the basis of refined sugar by converting the c.i.f. price of raw sugar. In October 2000, Japan introduced legislative amendments and the applied administered price based on refined sugar is no longer used. Instead, Japan uses both the applied administered price and the external reference price based on raw sugar.</p> <p>The c.i.f. price of raw sugar of 29.2 thousand Yen/tonne presented in the notification is equivalent to the price of refined sugar of 82.8 thousand Yen/tonne. In other words, there is no substantial problem – it is merely a matter of method of calculation.</p>

United States G/AG/N/USA/51 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
Green Box	
Canada – Request for Table DS:2 notifications for "Integrated activities" and "Initiative for Future Agricultural and Food Systems" under General services, and the "Pasture Recovery Program" under Payments for relief from natural disasters.	<p>The United States is planning to submit Table DS:2 notifications for each of the programmes cited. Two of the programmes – Integrated Activities and Initiative for Future Agricultural and Food Systems – are grant programmes authorized under the Agricultural Research, Extension, and Education Reform Act of 1998. However, no funds were expended on either programme until 2001. They are described in the U.S. Budget Appendix for FY 2003 and later.</p> <p>The Pasture Recovery Program was authorized to cover a percentage of the cost of reseeding pastures damaged by drought. The United States notified \$18 million in 2000 and another \$24 million in 2001 for this programme.</p>
<u>State programs for agriculture (Annex 2, para. 2)</u> European Communities – Reasons for considerable increase of expenditure? Information requested regarding specific programmes contained under this heading for which spending increased significantly.	<p>The information on state expenditures is provided by the Bureau of Census and is based on total state-level expenditures for agriculture, less the total of funds received by state governments from the Federal level for agriculture, less an estimate of agricultural taxes collected by the states and actual reported revenues collected by states from direct sale of agricultural products or services, such as the sale of crops or dairy products from agricultural experiment station farms, agricultural fairs and shows, and government operated agriculturally related laboratory testing facilities. Information on specific programmes funded by these expenditures is not available.</p>
<u>Crop Disaster Payments (Annex 2, para. 8)</u> European Communities – Reasons for decrease in Crop Disaster Payments for 2001 (page 47). What is the estimated impact of the condition for 2001 that the sum of the disaster payment, the net crop insurance indemnity and the value of the crop may not exceed 95% of the value of the crop without the loss? How did the US ensure for the year 2000 that the sum of the disaster payment, the net crop insurance indemnity and the value of the crop did not exceed 100% of the value without the crop loss? Can the US inform about the specific disasters in 2000 and 2001 that led to the high level of expenditure?	<p><i>Reasons for decrease</i> - Under the 2003 Crop Disaster Program that governed crop disaster payments for crop years 2001 and 2002, producers had a choice of receiving payments for losses during either the 2001 crop year or the 2002 crop year, but not both. Because the legislation establishing these payments was not passed until 2003, complete payment data under the Program are not yet available. In fact, a correction for 2001 may be necessary, although we do not expect the final data to be significantly different from what was notified.</p> <p><i>Estimated impact of payment limit in 2001</i> – Data are not yet available.</p>

United States G/AG/N/USA/51 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
<p><u>Crop Disaster Payments (Annex 2, para. 8)</u></p> <p>European Communities (cont'd)</p>	<p><i>Method for assuring payment limit in 2000</i> – The disaster payment, the indemnity payment, and the value of the crop were summed and a determination made that they did not together exceed 95% of the value of expected production (acres multiplied by historical yield). If the total exceeded that level, the disaster payment was reduced so that the sum of the three would not exceed the 95% limit.</p> <p><i>Specific disasters</i> – All disaster payments were for weather-related disasters: drought, flood, hail, hurricane, etc.</p>
<p><u>Emergency Feed Program (Annex 2, para. 8)</u></p> <p>European Communities – Reasons for increase of spending to compensate livestock producers for feed crop disasters (page 48)? Does this support include commodities?</p> <p><i>Follow-up question by the EC</i> – Sought information as to whether there are any supports provided in-kind.</p>	<p>A severe drought in the western United States had led to a determination of feed crop disasters for this period. Payments were made to livestock producers for feed losses suffered, including poor grazing conditions and reduced hay availability.</p> <p>Undertook to provide a response.</p>
Amber Box	
<p><u>Current Total AMS</u></p> <p>Japan – Although the Total AMS has decreased since 1999, the AMS in 2000 and 2001 was still higher than the level in 1998 or before. In line with this trend, the product-specific AMS for many products has been decreasing since 1999. However, the product-specific AMS for cotton, rice and soybeans has increased. What are the reasons for these increases?</p> <p>The level of the AMS for soybeans in 2001 was three times compared to that in 1998. Even though the international prices of soybeans were depressed from 1998 to 2001, the export volume increased by around 40% during the same period. Was this due to the effect of the low international prices of soybeans being mitigated by the high level of domestic support on the product?</p>	<p>Many of the programmes included in the AMS calculation are price-based. When US prices are lower than target prices, the programmes are activated. During the 1999-2001 time period, US prices for cotton, rice and soybeans were lower so programme payments were correspondingly higher.</p> <p>Although there are a number of factors impacting planting decisions – including prices, expectation of future prices, relative prices among commodities, weather conditions, and other agronomic factors – in fact, US soybean production has been remarkably stable over the last five years. From 1998 to 2002, soybean area harvested only varied by 3% and yield only varied by 8%.</p> <p>In 1997, the US exported 26.2 million tonnes of soybeans. Because of a world financial crisis and increased exports out of South America, these exports dropped to 20.3 million tonnes in 1998. In 2001, the United States exported almost 29 million tonnes of soybeans, an increase of 42.9% over the depressed 1998 numbers, but an increase of only 10.7% from 1997 levels. Many factors contributed to the increase seen in US exports in 2001. The strength in the world economy has pushed world consumption of soybean meal up on the average of 5% annually. As a result, global trade of soybeans will reach nearly 60 million tonnes this year. However, the US market share of this growing market continues to decline. In 1997, the US exported nearly 60% of the world's soybeans. This share dropped to slightly over 50% in 2001, and is forecast to reach only 41% this year.</p>

United States G/AG/N/USA/51 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
<p><u>Support for sugar</u></p> <p>European Communities – The applied administered price for sugar is the announced loan rate of 18 cts minus 1 ct penalty in case of forfeiture to the government (footnote 2 of ST/DS:5). What are the quantities that were actually forfeited?</p> <p><i>Follow-up comment by the EC</i> – Considered that the quantity indicated in the reply constitutes a very small proportion of production.</p>	<p>In 2000, 25,560.70 tonnes (56,351,673 pounds) were forfeited (from the FSA web-based loan forfeitures report, 14 June 2004).</p> <p>Took note of the comment.</p>
<p><u>Support for tobacco</u></p> <p>European Communities – Whether the "Phase II funds for tobacco" are included in the current notification?</p> <p><i>Follow-up question by the EC</i> – Sought clarification as to whether there is now a decision regarding inclusion of these payments in the notification.</p>	<p>Phase II funds for tobacco are not included in the 2000 and 2001 notifications.</p> <p>Undertook to provide a response.</p>
<p><u>Crop and revenue insurance (non-product-specific AMS)</u></p> <p>European Communities – The EC understands that the notified amount for crop and revenue insurance is the amount of indemnities to producers minus the producer paid premiums (see G/AG/R/34, page 33 in relation to notification G/AG/N/USA/43). The data in the USDA Budget Summary 2003 (page 42, 2001 actual) is \$3,279 million for indemnities and \$1,079 million for producer paid premiums. This would lead to an amount to be notified of \$2,200 million in 2001. Reasons for the difference between data in the USDA Budget Summary 2003 and notified data?</p> <p>Whether any government guarantees were provided to the insurance companies operating the different schemes or to companies reinsuring the liabilities?</p>	<p>The source of the difference is that the Budget Summary is based on the fiscal year, while the Risk Management Agency data are based on the crop year. Premiums may be collected and indemnities paid for more than one crop year during any one fiscal year.</p> <p>Insurance companies providing policies through the US crop and revenue insurance programs share risk with the government through the Standard Reinsurance Agreement. No particular level of gain or limit of loss is guaranteed to participating companies; instead, companies enter the policies they sell into one of three government-administered risk pools, each with a different level of shared risk, generally based upon the perceived risk level of the policy. Depending upon the level of indemnities paid out in any given year, companies will share both gains and losses on policies at the preset shared levels in each pool. The values involved vary considerably from year to year.</p>

United States G/AG/N/USA/51 Domestic Support (Table DS:1)	
Points raised by other Members	Response by Notifying Member
<p><u>Crop market loss assistance payments (non-product-specific AMS)</u></p> <p>Australia - Australia and a number of other Members have previously expressed their concerns in this Committee that the United States has notified crop market loss assistance payments under the non-product-specific <i>de minimis</i> category. We have argued that given the payments are provided to producers of a few specific crops and that they do not meet the definition of non-product-specific support set out in Article 1 of the Agreement, they should instead be notified under the product-specific AMS category.</p> <p>Whether the United States plans to continue to notify the replacement programme for these payments (which ERS has identified as the counter-cyclical payments) in the 2002 Farm Bill as non-product-specific <i>de minimis</i> support? Level of counter-cyclical payments in the first year of the 2002 Farm Bill?</p>	<p>The US is currently collecting the data on counter-cyclical payments for the 2002/03 notification. A preliminary estimate of total counter-cyclical payments made in the 2002/03 marketing year is less than \$2 billion. Given that these payments are delinked from production – that is, the payments are disbursed to farmers regardless of what type of crop they have planted in a given year, or even if they have planted no crop at all – these payments cannot be linked with a specific crop.</p>
<p><u>Non-product-specific AMS</u></p> <p>New Zealand – New Zealand notes the decrease in AMS spending between the 2000 and 2001 marketing years. However, New Zealand remains concerned with the level of spending on subsidies, and we note that spending on non-product-specific support remains near the US\$7 billion level. Reasons why non-product-specific support continues to remain at this high level, which is almost seven times greater than that in the 1986-88 base period? Reasons why market loss assistance payments are considered to be "non-product-specific" given its relationship to prices received by specific crops?</p> <p><i>Follow-up comment by Canada, Argentina, EC –</i> Shared other Members' concerns regarding the classification of market loss assistance payments as non-product-specific given that they are paid to producers of particular crops. Also, questioned the classification of crop disaster payments as Green Box given that the programme does not meet the averaging period criteria set out in Annex 2 of the Agreement.</p> <p><i>Follow-up comment by New Zealand –</i> Given the relationship of market loss assistance payments to prices received by specific crops, New Zealand considered that this support should be calculated for each product.</p>	<p>For a list of all the components of non-product-specific support, the US refers to its domestic support notifications. The Market Loss Assistance Payments were not connected to any type of current production, and therefore could not be tied to any particular crop. Farmers received these payments based on historical production patterns, not what they grew in a given year. Therefore they were included in the non-product-specific category.</p> <p>Took note of the concerns with respect to the classification issues. In the spirit of cooperation and transparency, the US will continue to work closely with Members to ensure that there is an understanding of how the US programmes operate and what the basis for their classification is.</p>

Table DS:2 Notifications

Slovak Republic G/AG/N/SVK/43 New or Modified Domestic Support (Table DS:2)	
Points raised by other Members	Response by Notifying Member
<p>New Zealand – Compliance of the new Green Box programme "Structural adjustment assistance provided through investment aids – Reconstruction and modernization" with the criteria in para. 11, Annex 2, in particular paras. 11(b) and (e) thereof?</p> <p>Compliance of the new Green Box programme "Regional assistance programmes – Worse natural conditions" with the criteria set out in para. 13, Annex 2?</p>	<p>The measures under the title "Reconstruction and modernization" are aimed at the re-establishment and revival of neglected soil and production buildings. The reason why particular crops are specified in the Decree is that respective soil or facilities are mostly damaged and thus they need financial support for restoration of farming areas or mentioned buildings. However, the volume of production is not limited.</p> <p>The measure "Worse natural conditions" meets the criteria of less favourable regions from the point of view of mountainous character, difficult access or lower soil quality. The purpose of granting support is to maintain farming in less favourable conditions of all kinds. While cows, sheep and goats do not represent a condition, they are mentioned in the respective Decree as they are usually bred in such regions.</p>