

**STATE OF PLAY IN AGRICULTURE NEGOTIATIONS:
COUNTRY GROUPINGS' POSITIONS**

MARKET ACCESS PILLAR

SYNOPSIS

This note provides an overview of the position of various countries and group of countries active in the WTO agriculture negotiations with respect to critical issues discussed in the market access pillar. Similar information on the domestic support pillar, on the export competition pillar and on the cotton initiative is available in Analytical Notes N° SC/AN/TDP/AG/1-2, SC/AN/TDP/AG/1-3 and SC/AN/TDP/AG/1-4 respectively.

November 2006
Geneva, Switzerland

This Analytical Note is produced by the Trade for Development Programme (TDP) of the South Centre to contribute to empower the countries of the South with knowledge and tools that would allow them to engage as equals with the North on trade relations and negotiations.

Readers are encouraged to quote or reproduce the contents of this Analytical Note for their own use, but are requested to grant due acknowledgement to the South Centre and to send a copy of the publication in which such quote or reproduction appears to the South Centre.

Electronic copies of this and other South Centre publications may be downloaded without charge from:
<http://www.southcentre.org>.

STATE OF PLAY IN AGRICULTURE NEGOTIATIONS: COUNTRY GROUPINGS' POSITIONS

MARKET ACCESS PILLAR

TABLE OF CONTENTS:

INTRODUCTION.....	2
TIERED FORMULA FOR TARIFF REDUCTIONS.....	3
SENSITIVE PRODUCTS (SEPs)	8
SPECIAL PRODUCTS (SPs)	13
SPECIAL SAFEGUARD MECHANISM (SSM)	17
SPECIAL SAFEGUARD (SSG)	20
PREFERENCE EROSION.....	21
TROPICAL PRODUCTS.....	24

ANNEXES:

ANNEX 1: MEMBERS OF COUNTRY GROUPINGS	26
ANNEX 2: GLOSSARY OF TERMS.....	27

INTRODUCTION

1. The WTO agriculture negotiations are organised around the three pillars, mainly market access, domestic support and export competition. This note describes the position of various countries and group of countries active in the WTO agriculture negotiations with respect to critical issues discussed in the market access pillar.

2. The note provides an overview of the position of the following countries and groupings: United States, European Communities, G10, G20, Cairns Group, G-33, Least Developed Countries (LDCs), the African Group, the African, Caribbean and Pacific Group of States (ACP) and the Small, Vulnerable Economies (SVEs). Annex 1 contains a list of the countries participating in each of these groupings. A glossary is included in Annex 2, which offers a definition of various concepts and terms used throughout the note.

3. Similar information on the domestic support pillar, on the export competition pillar and on the cotton initiative (sponsored by a group of African countries) is available in Analytical Notes N° SC/AN/TDP/AG/1-2, SC/AN/TDP/AG/1-3 and SC/AN/TDP/AG/1-4 respectively.

Critical Negotiation Issue:	TIERED FORMULA FOR TARIFF REDUCTIONS			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<ul style="list-style-type: none"> - Very ambitious, seeks harmonization of tariff across WTO members; - Considers G20 proposal of linear cuts lacks ambition; - Progressive cuts within each band with higher tariffs subject to deeper cuts for both developed and developing countries; - Favours the same thresholds for developed and developing countries: 0-20, >20-40, >40-60 and >60; - Feels strongly that the thresholds for the utmost tier can not be established at above 60; - Level of cuts: For developed countries: 55-65%, 65-75%, 75-85%, 85-90%, from the lowest to the 	<ul style="list-style-type: none"> - Defensive and offensive interests; - Accepts G20 proposal of linear cuts within the bands as the starting point. Formula within tiers: linear cut within tiers for both developed and developing countries. - Favours the following thresholds for the tiered formula: For developed countries: 0-30, >30-60, >60-90, >90 For developing countries: 0-30, >30-80, >80-130, >130 - Level of cuts: For developed countries: ✓ 0-30%, average cut of 35% ✓ >30-60, cut of 45% ✓ >60-90, cut of 50% ✓ >90, cut of 60% 	<ul style="list-style-type: none"> - Defensive interests - Formula within tiers: Members will have the choice between: i) simple linear cut fixed for each band; and ii) constrained flexibility within each tier by allowing deviations from the specified linear cut for each tier and a system of credits which would allow lower cuts for certain tariff lines within any particular tier to be compensated by higher cuts than that specified, for tariffs within tier. The number of tariff lines for which credit can be sought will be limited. The credit gained should be less than the extra effort made. - The overall reduction achieved in each tier under the constrained flexibility option should be higher than 	<ul style="list-style-type: none"> - Proposed lower tariff reductions and longer implementation periods for developing countries - Formula within tiers: each tariff subject to a linear (uniform) cut for both developed and developing countries; - Suggested the following thresholds for the tiered formula: For developed countries: 0-20, >20-50, >50-75, >75. For developing countries: 0-30, >30-80, >80-130, >130 - Level of cuts: For developed countries: tariffs between: ✓ 0-20%, cut of 45% ✓ >20-50, cut of 55% ✓ >50-75, cut of 65% ✓ >75, cut of 75% 	<ul style="list-style-type: none"> - Offensive interests, seeks harmonization of tariff across WTO members; - Formula within tiers: prefers Swiss formula but willing to accept alternative methods that guarantee progressivity. - Considers G20 formula lacks ambition; - Thresholds: similar to those proposed by the US

<p>highest tier respectively. For developing countries: Not specified but only “slightly lesser cuts” suggested. Developing countries to make meaningful commitments reflecting their importance as emerging markets.</p> <p>- Does not specify a target for the overall average cut;</p> <p>- Tariff cap: ✓ 75% for developed countries ✓ level of capping for developing countries to be decided</p> <p>- Sensitivities to be addressed through a few sensitive products only (i.e. no additional flexibilities to be in-built in the formula).</p>	<p>For developing countries: ✓ 0-30%, average cut of 25%, with a min. cut of 10% and max. cut of 40%, ✓ >30-80, cut of 30% ✓ >80-130, cut of 35% ✓ >130, cut of 40%</p> <p>- Tariff cap: ✓ 100% for developed countries ✓ 150% for developing countries,</p> <p>- Suggests proposed tariff cuts result in average reduction of tariffs of 50% for EU’s own tariffs;</p> <p>- Sensitivities to be addressed through the formula and sensitive products.</p>	<p>that specified under the simple linear cut option.</p> <p>- Favours the following thresholds for the tiered formula: For developed countries: 0-20, >20-50, >50-70, >70 For developing countries: 0-30, >30-70, >70-100, >100</p> <p>- Levels of cuts: For developed countries (option of simple linear cut): ✓ 0-20%, cut of 27% ✓ >20-50, cut of 31% ✓ >50-70, cut of 37% ✓ >75, cut of 45% For developed countries (option of constrained flexibility): ✓ 0-20%, cut of 32+7% ✓ >20-50, cut of 36+8% ✓ >50-70, cut of 42+9% ✓ >70, cut of 50+10% For developing countries: No indication</p> <p>- Oppose tariff capping because they believe it would require a disproportionate</p>	<p>- For developing countries: tariffs between: ✓ 0-30%, cut of 25% ✓ >30-80, cut of 30% ✓ >80-130, cut of 35% ✓ >130, cut of 40%</p> <p>- Requires overall tariff reduction: ✓ by developed countries of at least 54% on average ✓ by developing countries of maximum 30%, on average.</p> <p>- Tariff cap: ✓ 100% for developed countries ✓ 150% for developing countries.</p>	
---	---	--	---	--

		<p>contribution from the group and thus lead to an unbalanced overall result.</p> <p>- The depth of tariff cuts and number and treatment of sensitive and special products have to be resolved simultaneously</p>		
--	--	---	--	--

Critical Negotiation Issue:	TIERED FORMULA FOR TARIFF REDUCTIONS			
Country Groupings:				
G-33	LDCs	African Group	ACP	SVEs
<p>- Has not developed a common position on this issue but welcomes the G20 formula proposal.</p> <p>- Opposes harmonization of tariffs across countries;</p> <p>- Insists on the need to take into account the different tariff structures of developing countries;</p> <p>- Insists on the principle of proportionality</p>	<p>- Exempt from tariff reductions;</p> <p>- Have not been actively involved in the debate on the tariff reduction formula;</p> <p>- Calls for binding commitments by trading partners in granting duty-free and quota-free market access for all products from LDCs, to be implemented immediately on a secure and predictable basis, with no restrictive measures introduced</p>	<p>- Generally concerned with the treatment of S&D provisions in market access, and calls for the full operationalisation of all S&D elements</p> <p>- Calls for bound duty and quota free market access to agricultural products from LDCs;</p> <p>- Calls from improvement of market access for exports from Africa with special attention to tariff escalation, tariff peaks and NTBs;</p>	<p>- Defensive interest. Primary objective is to retain the appropriate level of protection in the domestic market to enable domestic production to thrive in the ACP countries and to mitigate the erosion of preference margins, which will result from tariff reduction.</p> <p>- Formula within tiers: linear cut for both developed and developing countries but with flexibility to reduce tariffs within any particular</p>	<p>1) Defensive interest:</p> <p>- Insist on addressing trade-related problems (they confront in view of their vulnerabilities) through flexibilities in order to enhance their participation in the multilateral trading system, in accordance with their development, economic, financial and trade needs</p> <p>- Calls for SVEs contributing less than other developing countries in terms of tariff reduction.</p>

		<p>- Calls for provision of “policy space” and “flexibilities” for Africa to pursue agricultural policies that support development goals, poverty reduction strategies, food security and livelihood concerns</p> <p>- Insist on the need to take into account the different tariff structures of developing countries and the particular pattern of trade of African countries;</p> <p>- Calls for the full operationalisation of the principle of proportionality.</p>	<p>band by less;</p> <p>Favours the following thresholds for the tiered formula:</p> <ul style="list-style-type: none"> ✓ For developed countries: 0-20, >20-50, >50-80, >80 ✓ For developing countries: 0-50, >50-100, >100-150, >150 <p>- Level of cuts:</p> <p>For developed countries:</p> <ul style="list-style-type: none"> ✓ 0-20, cut of 23% ✓ >20-50, cut of 30% ✓ >50-80, cut of 35% ✓ >80, cut of 42% <p>For developing countries:</p> <ul style="list-style-type: none"> ✓ 0-50, cut of 15% ✓ >50-100, cut of 20% ✓ >100-150, cut of 25% ✓ >150, cut of 30% <p>- Requires overall tariff reduction by developed countries of 36% on average; developing countries to undertake overall tariff reduction of maximum 24%, on average.</p>	<p>2) Offensive interest:</p> <p>-Have insisted on the fact that modalities shall provide for substantial improvement in market access for products of export interest to SVEs.</p>
--	--	--	---	---

			<ul style="list-style-type: none"> - Tariff cap: ACP countries oppose it for both developed and developing countries; - Treatment of ceiling bindings: to be taken into account through specific modalities, which include the following options: i) members with ceiling bindings subject to the overall average reduction only; or ii) tariffs will be distributed across the lower tiers of the formula on the basis of their own assessment of sensitivities; or iii) irrespective of the thresholds for the tiers to be agreed, countries with ceiling bindings not to be expected to undertake the level of cuts required in the highest tiers; - Non-tariff barriers and tariff escalation affecting products of export interest of ACP countries must be addressed leading to a lasting solution 	
--	--	--	---	--

Critical Negotiation Issue:	SENSITIVE PRODUCTS (SEPs)			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<ul style="list-style-type: none"> - Views sensitive products as exceptions; - Number of sensitive products: 1% of tariff lines for developed countries. No indication regarding the number of sensitive products for developing countries; - Favours a trade-off between the deviation from the tariff reduction formula and the number of sensitive products; - Emphasises full compensation through tariff-rate quota (TRQ) expansion should be provided for less than formula cuts in sensitive products; - Opposes establishing new 	<ul style="list-style-type: none"> - Views sensitive products as part of the negotiations on all components of the market access pillar, not to be treated as exceptions; - Number of sensitive products: maximum of 8% of tariff lines for the EU. No indication regarding sensitive products for developing countries; - Would like sensitive products to be designated in any of the bands of the tiered formula, at the discretion of the member concerned; - Proposes a combination of tariff reduction and TRQ expansion for sensitive products. Substantial improvement in 	<ul style="list-style-type: none"> - Issue of special interest to the group; opposes the view of sensitive products as exceptions; - Number of sensitive products: <ul style="list-style-type: none"> ✓ 10%¹ of tariff lines under simple linear cut option for the formula for tariff reductions; ✓ 15%¹ of tariff lines under the option of linear cut with constrained flexibility of the formula for tariff cuts. Under any option, members will be able to designate additional tariff lines as sensitive as long as compensation is offered through TRQ commitments and tariff reduction in a standard 	<ul style="list-style-type: none"> - Views sensitive products as exceptions - Number of sensitive products: <ul style="list-style-type: none"> ✓ For developed countries: a very limited number of tariff lines not exceeding 1% of total tariff lines. ✓ For developing countries: the number of sensitive tariff lines will be 50% higher than the absolute number of tariff lines designated as sensitive by developed member having the highest number of such tariff lines; - The higher the number of tariff lines designated as sensitive, the higher the compensation in their 	<ul style="list-style-type: none"> - Views sensitive products as exceptions; - Number of sensitive products: no number specified. Likely to support G20's and US' position of restricting sensitive products to no more than 1% of total tariff lines; - Emphasises the need of substantial improvement in market access in every tariff line designated as sensitive product; - Sees tariff quota expansion as the fundamental mechanism for achieving improved market access in sensitive products. - Opposes TRQ creation.

¹ This figures were presented for illustrative purposes only

<p>tariff quotas for products designated as sensitive;</p> <p>- Proposes TRQs should be expanded based on domestic consumption.</p>	<p>market access on sensitive products should be less than resulting from the application of the formula for tariff reductions to those products;</p> <p>- Deviation from the formula: minimum deviation: from the corresponding formula cut of 1/3 and maximum 2/3 for each tariff line designated as sensitive, to the discretion of each member,</p> <p>- TRQ expansion on the basis of the current level of imports: tariff cut deviation / (1+AVE); this percentage should be adjusted by a coefficient of 0,8%;</p> <p>- Would like to maintain option of creating new TRQs for products designated as sensitive.</p>	<p>combination.</p> <p>- Members with a percentage of tariff lines (to be decided) falling in the highest tier of the formula, will be able to designate an additional number of sensitive products;</p> <p>- Would like sensitive products to be designated in any of the bands of the tiered formula, at the discretion of the member concerned;</p> <p>- Insists on de-linking the designation of sensitive products from the tariff reduction formula;</p> <p>- Proposes a standard combination of formula cuts and TRQ commitments on sensitive products;</p> <p>- Deviation from the standard combination possible but shortfall in one element (e.g. formula cut) needs to be compensated by</p>	<p>treatment; the higher the deviation from the required formula cut the higher the TRQ expansion in that particular tariff line;</p> <p>- Deviation from the formula: to be measured in absolute percentage points as the difference between the tariff to be bound for the particular sensitive product, inclusive of tariff capping, and the tariff that would have resulted from the application of the formula. Maximum allowed deviation from the corresponding formula is 30%;</p> <p>- TRQ expansion based on the MFN principle. Specific rules to be established.</p> <p>- TRQ expansion based on domestic consumption. For developed countries, base level should represent at least 6% of annual domestic consumption to be calculated as the simple average of the</p>	
---	---	---	--	--

		<p>additional commitments in the other elements (e.g. TRQ expansion);</p> <ul style="list-style-type: none"> - When a product designated as sensitive has no TRQ, the member concerned can opt for not creating a new TRQ. In this case, the following options will be available: i) reduction of tariffs derived from the standard combination will be achieved over a shorter implementation period; or ii) the formula cut will be applied although over a longer implementation period than otherwise required. - The base level for the expansion of TRQ should be established considering various elements affecting sensitivities including present and future supply and demand, consumption patterns and non-trade concerns; 	<p>annual domestic consumption over the three most recent years for which data are available; For developing countries: the base level of minimum access should be less than two thirds</p> <ul style="list-style-type: none"> - Opposes TRQ creation - Stresses that sensitive products will be subject to tariff capping; -Opposes TRQ expansion for developing countries 	
--	--	---	---	--

		<ul style="list-style-type: none"> - For sensitive products whose TRQs are already substantial vis-à-vis domestic consumption, the TRQ expansion should be adjusted in an equitable manner; - Would like to maintain option of creating new TRQs for products designated as sensitive; - Believes that a single number of sensitive products is not appropriate for all members because the number of sensitive products should reflect the real needs of members. 		
--	--	---	--	--

Critical Negotiation Issue:	SENSITIVE PRODUCTS (SEPs)			
Country Groupings:				
G-33	LDCs	African Group	ACP	SVEs
<p>- The group does not have a specific position on this issue.</p>	<p>- The group does not have a specific position on this issue;</p> <p>- Likely to be concerned with the treatment of sensitive products to the extent that these may cover long-standing preferences.</p>	<p>- The group does not have a common position on this issue;</p> <p>- To the extent that there is an overlap between sensitive products and those covered by long-standing preferences, the group is likely to be supportive of designating sensitive products;</p> <p>- Stresses that in the designation of sensitive products by developed countries, paramount consideration must be given to problems of preference erosion.</p>	<p>- Supportive of sensitive products.</p> <p>- Sensitive products category seen as critical to preserve their interests of developing countries benefiting from the long-standing preferences;</p> <p>- Would like products relating to long-standing preferences to be designated as sensitive by preference-providing countries and its treatment moderated in light of its impact on preference erosion;</p> <p>- Any TRQ expansion on MFN basis should not undermine the existing ACP quotas;</p> <p>- Disciplines on TRQ administration for existing quotas must take into account the need to improve market access for developing countries.</p>	<p>The group does not have a specific position on this issue</p>

Critical Negotiation Issue:	SPECIAL PRODUCTS (SPs)			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<ul style="list-style-type: none"> - SPs should provide transitional protection to developing countries against import surges while providing “meaningful” improvement in market access for the products protected under these mechanisms; - Insists on the negotiation of trade-based indicators to designate special products. - Would like to limit the scope of special products to a 5 tariff lines; - Strongly opposes to SP being exempt from tariff reductions. 	<ul style="list-style-type: none"> - Not very supportive or interested; - Insists on the negotiation of trade-based indicators to designate special products. - Would like to limit the scope of special products to few tariff lines; - Would like special products to be subject to some tariff reductions. Strongly opposes SPs being exempt from tariff reductions. 	<ul style="list-style-type: none"> - Generally supportive but not very interested in this category. 	<ul style="list-style-type: none"> - Supportive, views special products as an integral element of SDT for developing countries; - Pledged to work with G-33 to operationalise and render effective the instrument; - Some countries favour limiting special products to a set percentage of tariff lines. 	<ul style="list-style-type: none"> - Some countries welcomed G-33 proposal to develop indicators; - Others continue to express concern that special products can affect their exports of agricultural products and many would like to limit their number. - Chile would like special products to be eligible only for non-commercial products; - Colombia has proposed setting a percentage limit on the volume of the product as a benchmark for product eligibility - Malaysia and Thailand have put forward proposals aiming at further restricting the scope of SPs by suggesting trade-related indicators to exclude certain products.

Critical Negotiation Issue:	SPECIAL PRODUCTS (SPs)			
Country Groupings:				
G-33	LDCs	African Group	ACP	SVEs
<ul style="list-style-type: none"> - Main proponents of provisions on special products, thus this issue is of crucial importance to the group; - Highlights the value and need of SPs to protect legitimate commercial and developmental and political sensitivities - Emphasises that a single set of indicators cannot be established for strict application to all developing countries because of the difference of situations among them; - Insists that operational indicators for the selection of SPs must be based on criteria of food security, livelihood security and rural development as agreed in the July framework; 	<ul style="list-style-type: none"> - Generally supportive although the group has not shown special interest on this provision as it has been agreed that LDCs will be exempt from tariff reductions. 	<ul style="list-style-type: none"> - This issue is very important for this group; - Stresses the need to develop meaningful modalities on the designation and treatment of special products in such a way that provides maximum flexibility to African countries to reflect their particular domestic circumstances and development needs; - There are divergent views within the group with respect to the concrete product scope and treatment of SPs 	<ul style="list-style-type: none"> - This is an important issue for the group; - Would like to designate an appropriate number of SPs based on criteria of food security, livelihood security and rural development needs; - SPs shall be exempt from tariff reduction and commitments on TRQ, and have automatic access to the SSM, - Insist on adequate provisions on SPs constitute an integral element of the modalities for agriculture negotiations. 	<ul style="list-style-type: none"> - This is an important issue for the group. - Would like to have SPs designated by SVEs exempted from tariff reduction, capping, tariff-quota commitments.

<ul style="list-style-type: none"> -Opposes indicators linked to additional commitments in market access (e.g. ambition of the tariff reduction formula, designation of sensitive products etc.) - Insists on self-selection of SPs on the basis of an illustrative, non-prescriptive, non-exhaustive and non-cumulative list of indicators developed by the group; - Any agricultural product in its natural and/or processed form shall be designated SP based on at least one indicator at either national, regional or household level; - Special products will be identified with the symbol SP in each member's schedule of commitments; - Proposes the developing countries should have flexibility to designate at least 20% of their tariff lines 				
---	--	--	--	--

<p>as SPs;</p> <p>- The group has proposed an approach for the treatment of SPs based on three categories:</p> <p>i) 50% of SPs subject to no tariff reduction (with an additional 15% of SPs exempt from tariff reductions under special circumstances such as: high ceiling bindings, relatively low bound tariffs; high proportion of low income or resource poor producers, high vulnerability in the agriculture sector and limited policy options due to their tariff structures, etc</p> <p>ii) 25% of SPs subject to 5% tariff reduction and</p> <p>iii) the residual tariff lines of SPs subject to 10% tariff reduction.</p>				
--	--	--	--	--

Critical Negotiation Issue:	SPECIAL SAFEGUARD MECHANISM (SSM)			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<p>- SSM should provide transitional protection to developing countries against import surges while providing while providing “meaningful” improvement in market access for the products protected under this mechanism.</p> <p>- Would like to limit the scope and flexibility of the mechanism as much as possible. For instance:</p> <ul style="list-style-type: none"> ✓ Few products (limited percentage tariff lines -at the detailed duty level-) would be eligible ✓ Only products that are produced domestically or are close substitutes or products produced domestically would be eligible ✓ The use of the price-based trigger and the 	<p>- Generally supportive;</p> <p>- Likely to tie support for SSM to the continuation of SSG.</p>	<p>- Generally supportive of the concept of SSM for developing countries, as it would like the current SSG to be extended.</p>	<p>Supportive of SSM, considered as an integral part of SDT for developing countries;</p> <p>- Willing to work with G-33 to operationalise and render effective the instrument;</p> <p>- Argentina, Paraguay and Uruguay have suggested that this instrument should be strictly limited in terms of (1) <i>product coverage</i> (just for those products that would improve their market access after the full tariff cut of the tiered tariff reduction formula) and (2) <i>duration</i> (as a transitory instrument, limited to the implementation period and hence SSM must have a defined date of expiration. These countries fear that SSM trigger levels, as</p>	<p>- Supportive to the extent that SSM constitutes and incentive to undertake further liberalization;</p> <p>- Would like to limit the scope of the mechanism to a few products, mainly those subject to deep cuts in tariffs;</p>

<p>volume-based trigger should comply with a "market test"</p> <ul style="list-style-type: none"> ✓ The additional duty (remedy) shall be no greater than 50% of the difference between the Uruguay Bound Rate and Current Bound Rate ✓ The SSM should be eliminated by the end of the Doha implementation period 			<p>suggested by G-33, may lead to a permanent activation of the mechanism, due to data unavailability.</p>	
---	--	--	--	--

Critical Negotiation Issue:	SPECIAL SAFEGUARD MECHANISM (SSM)			
Country Groupings:				
G-33	LDCs	African Group	ACP	SVEs
<ul style="list-style-type: none"> - Very important issue for the group; - Have reiterated that SSM is very different from SP in that whereas SP is a long-term exemption for rural development and food and livelihood security, SSM is a short-term mechanism to help developing countries cope with fluctuations in prices and import surges; 	<ul style="list-style-type: none"> - Supportive of the mechanism; - Would like SSM to respond to the needs and particular circumstances of LDCs enabling them to adopt temporary emergency measures in order to address import surges and price declines with a view to safeguarding food and livelihood security as well as 	<ul style="list-style-type: none"> - Supportive of the mechanism; - Stress that the SSM to be established for developing countries should be operationally effective to address the specific circumstances of African countries. - Stresses that SSM constitutes a unique 	<ul style="list-style-type: none"> - Insists all agricultural products shall be eligible to use the mechanism; - Considers the SSM shall include both volume and price triggers; - Insists remedy measures should provide meaningful and effective relief from import surges and price depressions to developing 	<ul style="list-style-type: none"> - Supportive of the mechanism

<p>- Proposes SSM should be open to all developing countries and for all agricultural products;</p> <p>- The SSM should be applied to imports from all countries whether these are subsidised or not;</p> <p>-Stresses the SSM should respond to the institutional capabilities and resources of developing countries and hence be simple, operational and for developing countries to implement;</p> <p>- Insists that remedy measures should take the form of an additional duty levied to the level necessary to address the problem at hand: the deeper the import surge the higher the additional duty;</p> <p>- Stresses that the SSM constitutes an integral element of the modalities for agriculture negotiations.</p>	<p>rural development;</p> <p>- Stresses that SSM to be agreed must take into account the institutional capacities and available resources of LDCs and thus must be simple, effective and easy to implement;</p>	<p>instrument that would respond to the concerns of developing countries and LDCs related to food security, livelihood security and rural development;</p> <p>- The group however does not share a common position with respect to product designation and scope</p>	<p>country Member concerned. Thus, the remedy measure will be related to the nature and seriousness of the problem it intends to address.</p> <p>- Stresses that the SSM constitutes an integral element of the modalities for agriculture negotiations.</p>	
---	---	--	--	--

Critical Negotiation Issue:	SPECIAL SAFEGUARD (SSG)			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
- Wants the SSG to be discontinued	- Would like the SSG to be extended; - Willing to negotiate on the product scope of the SSG. Indicated the mechanism should be kept for the following products: beef, poultry, butter, fruits, vegetables and sugar.	- Strongly supports the extension of the SSG	- Opposes the continuation of SSG; - Would like the safeguard to be eliminated by developed countries at the beginning of the implementation period; - Stresses that the date of elimination must be agreed in these negotiations.	- Opposes the continuation of the SSG; - Prefers its immediate elimination or otherwise its discontinuation over a negotiated timeframe.

Critical Negotiation Issue:	SPECIAL SAFEGUARD (SSG)			
Country Groupings:				
G-33	LDCs	African Group	ACP	SVEs
- Some members of the group use the provision; - Concerned about guaranteeing an adequate transition to the SSM	- The group does not have a common position on this issue	- The group does not have a common position on this issue	- The group does not have a common position on this issue - Likely to support the continuation of SSG where it may be used to guarantee long-standing preferences	The group does not have a common position on this issue

Critical Negotiation Issue:	PREFERENCE EROSION			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<ul style="list-style-type: none"> - Generally opposed to addressing the issue; - Likely to compromise in line with its overall alliance with the EU. 	<ul style="list-style-type: none"> - Silent on the issue of preference erosion; - Sensitive products and sectors to which long-standing preferences are granted are likely to coincide 	<ul style="list-style-type: none"> - Generally supportive; - Suggests that concerns regarding preference erosion should be reflected in the designation and treatment of sensitive products. 	<ul style="list-style-type: none"> - Recognizes the need to address the issue, but generally opposed to granting special treatment on market access to specific products to address preference erosion; - Proposes addressing the issue by expanding market access for products that are of vital export interest to the preference beneficiaries through: promoting effective utilization of existing preferences; providing additional financial assistance and capacity building to address supply constraints to those countries; promoting diversification and assisting in adjustment and restructuring. 	<ul style="list-style-type: none"> - Generally opposed to addressing the issue; - Are of the view that preference erosion should be addressed but not <ul style="list-style-type: none"> ✓ at the expense of market access for other developing countries, particularly in tropical products and alternative products ✓ through flexibilities granted to developed countries such as: longer implementation periods or designation of such products as sensitive products, thus sparing them from the treatment provided for under the formula (some Latin American countries with export interest feel strongly on this issue)

Critical Negotiation Issue:	PREFERENCE EROSION			
Country Groupings:				
G-33	LDCs	African Group	ACP	SVEs
<p>- The group does not have a common position on this issue</p> <p>- For some countries preference erosion is a real concern and want measures to tackle preference erosion to be put in place</p>	<p>- Crucial issue for the group, as most are beneficiaries of long-standing preferences;</p> <p>- Stresses the need to strengthen the existing preferential schemes.</p> <p>- Would like the incorporation of special provisions in the modalities to address the erosion of preferences;</p> <p>- Would like to maintain preferences until all domestic support and export subsidies that affect LDCs' commodities are removed.</p> <p>- Would also like to have compensatory and transitional measures to allow LDCs to fully prepare their commodity industries for open and fair competition.</p>	<p>- Important issue for the group;</p> <p>- Stresses that mechanisms must be devised within the WTO context to fully address their concerns in accordance with the Paragraph 44 of the July Framework</p>	<p>- Very important issue for the group, as these are beneficiaries of long-standing preferences;</p> <p>- Would like to maintain long-standing preferences, hence wish to moderate tariff reduction in the products by preference granting countries, where these exist;</p> <p>- Insists that products related to long-standing preferences should be designated as sensitive by preference-providing countries, and stresses that TRQ expansion on an MFN basis should not be at the detriment of existing ACP quotas;</p> <p>- Indicates that products of ACP States that have already been subject to liberalisation should not again be open for accelerated tariff cuts;</p>	<p>The group does not have a common position on this issue</p>

	<p>- Measures outside the WTO include "Aid for Trade" as an additional, substantial and predictable financial mechanism to strengthen supply-side and infrastructure capacity, diversification of trade in LDCs and address adjustment challenges and costs.</p>		<p>- Insists that paragraph 16 of TN/AG/W/Rev.1 (i.e Harbinson text) will be used as a reference for further negotiations on preferences. This text provides for delayed and longer implementation period on products related to long-standing preferences;</p> <p>- Would like concrete provisions to address preference erosion as part of the modalities in agriculture;</p> <p>- Favours trade-related measures within the WTO to address this issue (as opposed to only adjustment assistance outside the trade sphere)</p>	
--	--	--	--	--

Critical Negotiation Issue:	TROPICAL PRODUCTS			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<ul style="list-style-type: none"> - Generally in favour of full liberalisation of trade in tropical products; - Arguments for liberalisation in tropical products fall in line with its push for market access 	<ul style="list-style-type: none"> - Direct confrontation; - Main demands of the group on tropical products affect sensitive sectors in the EU such as sugar and banana 	<ul style="list-style-type: none"> - Generally against the agenda on tropical products 	<ul style="list-style-type: none"> - Generally supportive; - Considers agenda on tropical products as an integral element of special and differential treatment for developing countries; - Developed countries should provide duty and quota free access on primary tropical products and eliminate tariff escalation on processed tropical products - Request the elimination of non-tariff barriers on tropical products - Developed countries shall not designate products of export interest to developing countries (tropical products) as sensitive. - The same treatment will apply to products of 	<ul style="list-style-type: none"> - Generally supportive - Critical issue in the agenda of some Latin American countries of the group who also would like full liberalization for products of particular importance to the diversification of production from the growing of illicit narcotic crops.

			particular importance for diversification of production of particular importance for diversification of production from the growing of illicit narcotic crops. The designation of those products will be made on the basis of specific programmes for diversification.	
--	--	--	--	--

Critical Negotiation Issue:	TROPICAL PRODUCTS			
Country Groupings:				
G-33	LDCs	African Group	ACP	SVEs
<ul style="list-style-type: none"> - The group does not have a common position on this issue; - Some members favour full liberalization in tropical products. 	<ul style="list-style-type: none"> - To the extent that tropical products coincide with products in which long-standing preferences exists, the group will be concerned with the effects of full liberalisation of trade on these products on preference erosion 	<ul style="list-style-type: none"> - Generally opposes the complete liberalisation of trade in tropical products because of their concern related to preference erosion. 	<ul style="list-style-type: none"> - In direct confrontation with the agenda on full liberalisation of trade in tropical products; - Stresses that decisions regarding tropical products and products related to the diversification from illicit narcotic crops should not prejudice the interests of developing countries concerned with preference erosion. 	<ul style="list-style-type: none"> The group does not have a common position on this issue

ANNEX 1: MEMBERS OF COUNTRY GROUPINGS

G10: Bulgaria, Chinese Taipei, Republic of Korea, Iceland, Israel, Japan, Liechtenstein, Mauritius, Norway and Switzerland.

Cairns Group : Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Fiji, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Philippines, South Africa, Thailand and Uruguay. The Philippines and Indonesia, although members of the Cairns Group do not share many of the positions taken by this group in the negotiations, especially with respect to market access.

G20 : Argentina, Bolivia, Brazil, Chile, China, Cuba, Ecuador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Tanzania, Thailand, Uruguay, Venezuela and Zimbabwe.

G-33 : Antigua and Barbuda, Barbados, Bolivia, Belize, Benin, Botswana, China, Congo, Cote d'Ivoire, Cuba, Dominican Republic, El Salvador, Guatemala, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Republic of Korea, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia and Zimbabwe.

LDCs : Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Senegal, Sierra Leone, Solomon Islands, Tanzania, Togo, Uganda, Zambia.

The African, Caribbean and Pacific Group of States (ACP): The group encompasses 79 States of which 54 are WTO Members.

Small, Vulnerable Economies (SVEs). Since the criteria to identify SVEs are still under negotiation, SVEs so far have been self-designated. The configuration of the group varies depending on the subject-area of negotiations. In the context of the agriculture negotiations, this group comprises: Barbados, Bolivia, Cuba, Dominican Republic, El Salvador, Fiji, Guatemala, Honduras, Mauritius, Mongolia, Nicaragua, Papua New Guinea, Paraguay and Trinidad and Tobago.

ANNEX 2: GLOSSARY OF TERMS

Tariffs

These are taxes imposed by a State or separate customs territory on imported goods.

Bound tariffs

This refers to the tariff rates or levels listed down by each WTO Member in its Schedule of commitments for each tariff line. These tariff levels represent the maximum tariff that may be applied by each Member at any point in time for a specific product. Bound tariffs may be different from the actual applied tariff in that the latter could be below or at the bound tariff level.

Tariffication

This is the process by which all non-tariff measures existing before the Uruguay Round were converted to a tariff equivalent that provided a similar level of trade protection. The resulting tariffs were, therefore, in some cases, very high.

Tiered formula for tariff reductions

Formula that provides for progressive tariff reductions depending on the initial bound rate, i.e deeper cuts in higher tariffs. The tiered approach consists in applying a linear cut to tariffs. The band in which the initial tariff is located defines the level of the cut. This approach was decided in the July Framework (2004). Four bands have been envisaged to structure the tariff cuts. When this note was prepared, the main contentious issues under negotiation were: the thresholds and level of cut for each of the bands for developed and developing countries.

Uruguay Round approach

Specific approach for the reduction of tariffs consisting of establishing an average reduction across all agricultural tariffs, coupled with minimum reduction requirements per tariff line. This approach was used for the reduction of agricultural tariffs during the Uruguay Round. In that occasion, developed countries were required to reduce tariffs on average by 36 per cent with a minimum reduction per tariff line of 15 per cent. The figures for developing countries were established at 24 and 10 per cent, respectively.

Swiss formula

Refers to the following mathematical expression: $t_i = (a \cdot t_o) / (a + t_o)$ where, t_i = final tariff; t_o = initial tariff; and a = coefficient. The Swiss formula works in a manner that leads to higher proportional cuts on higher tariffs. The coefficient of the formula (a) determines the highest level of tariffs that may result from the application of the formula. That is, a coefficient of 25 would imply that after the application of the formula no tariff will exceed 25 per cent. Thus the Swiss formula is advocated by members that favour harmonisation of tariffs across WTO members.

Tariff Rate Quotas (TRQs)

These are treaty commitments or obligations made or assumed by WTO Members as a result of the Uruguay Round to provide a specified quota (i.e. level or volume) of market access opportunities for imported goods that would benefit from a lower tariff rate than the tariff rate resulting from tariffication. Goods imported over the quota would be subject to the higher tariff rate resulting from tariffication.

Special Safeguards (SSG)

Article 5 of the Agreement on Agriculture (AoA) on Special Safeguards (SSG) allows WTO Members to impose additional duties on imports of agricultural products when the volume of imports exceeds a specific threshold and when prices fall below a specified reference price. The special safeguard is available only for products marked as SSG in the Schedule of commitments of each Member. Only a few developing countries that undertook tariffication during the Uruguay Round have access to the SSG. Under provisions on the SSG, Members do not need to prove injury or threat thereof to the domestic industry to invoke the measure (as required under the general safeguard provision of Article XIX of GATT 1994). The SSG is thus triggered automatically.

Special Safeguard Mechanism (SSM)

Refers to the proposal by developing countries, especially the G-33, to establish a SSG-type of safeguard for use by all developing countries. The objectives of the mechanism would be to allow developing countries to respond effectively to import surges and price depressions. The mechanism should improve on the current SSG in the sense of responding to the particular circumstances of developing countries.

Special and Differential Treatment (SDT) provisions

Provisions in the WTO's legal texts that seek to provide for a lower degree of level of obligations or commitments from developing countries, as compared to those from developed countries, in recognition of the lower level of economic development of developing countries.

Proportionality (principle of):

In the context of current Agriculture negotiations, this principle was set out in the G-20 proposal in the following manner "*The formula shall guarantee neutrality in respect of tariff structures and proportionality of tariff reductions based on the principle of less than full reciprocity between developed and developing members so as to ensure a fair and equitable outcome*". In this sense it suggested that overall average reduction of tariffs by developing countries cannot exceed two-thirds of the average reduction undertaken by developed countries.

This principle was also reflected in the 2004 Framework Agreement suggesting that proportionality will be achieved by requiring lesser tariff reduction commitments (lesser tariff reduction commitments in each band of tiered formula) or TRQ expansion commitments from developing countries.

READERSHIP SURVEY QUESTIONNAIRE

South Centre Analytical Note STATE OF PLAY IN AGRICULTURE NEGOTIATIONS: COUNTRY GROUPINGS' POSITIONS (MARKET ACCESS PILLAR)

An important objective of the South Centre is to provide concise and timely analytical inputs on selected key issues under ongoing negotiation in the WTO and other related multilateral fora such as WIPO. Our publications are among the ways through which we try to achieve this objective.

In order to improve the quality and usefulness of South Centre publications, we would like to know your views, comments, and suggestions regarding this publication.

Your name and address (optional): _____

What is your main area of work?

- | | |
|---|--|
| <input type="checkbox"/> Academic or research | <input type="checkbox"/> Media |
| <input type="checkbox"/> Government | <input type="checkbox"/> Non-governmental organization |
| <input type="checkbox"/> International organization | <input type="checkbox"/> Other (please specify) |

How useful was this publication for you? [Check one]

- Very useful Of some use Little use Not useful

Why? _____

What is your assessment of the contents of this publication? [Check one]

- Excellent Very Good Adequate Poor

Other comments: _____

Would you like to be on our electronic and/or hardcopy mailing lists? Yes No

If yes, please indicate:

Electronic - please indicate your name and email address:

Hardcopy - please indicate your name and mailing address: _____

Personal Information Privacy Notice: Your personal contact details will be kept confidential and will not be disseminated to third parties. The South Centre will use the contact details you provide solely for the purpose of sending you copies of our electronic and/or hardcopy publications should you wish us to do so. You may unsubscribe from our electronic and/or hardcopy mailing lists at anytime.

Please return this form by e-mail, fax or post to:

South Centre Feedback
Chemin du Champ d'Anier 17
1211 Geneva 19
Switzerland

E-mail: south@southcentre.org

Fax: +41 22 798 8531



**Chemin du Champ d'Anier 17
Case postale 228, 1211 Geneva 19
Switzerland**

**Telephone : (41 22) 791 8050
Fax : (41 22) 798 8531
Email : south@southcentre.org**

**Website:
<http://www.southcentre.org>**