

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

DOMESTIC SUPPORT 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 domestic support pillar. Similar information on the market access pillar, on the export competition pillar and on the cotton initiative is available in Analytical Notes N° SC/AN/TDP/AG/4-1, SC/AN/TDP/AG/4-3 and SC/AN/TDP/AG/4-4 respectively.

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DOMESTIC SUPPORT

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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 domestic support 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 and the African, Caribbean and Pacific Group of States (ACP). 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 market access 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/4-1, SC/AN/TDP/AG/4-3 and SC/AN/TDP/AG/4-4 respectively.

Critical Negotiation Issue:	FORMULA FOR THE REDUCTION OF OVERALL TRADE DISTORTING SUPPORT (OTDS)			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<p>- According to the tiered formula contained in the Draft Possible Modalities dated July 2007¹, the US would be placed in the middle band.</p> <p>- The US supports the following level of cuts per band:</p> <ul style="list-style-type: none"> ✓ 75% for OTDS above USD 60 billion (top band) ✓ 53% for OTDS up to USD 60 billion (middle band) ✓ 31% for OTDS at or below USD 10 billion (lowest band) <p>- The US would like to be placed in the middle tier</p>	<p>- According to the tiered formula contained in the Draft Possible Modalities dated July 2007¹, the EU would be placed in the top band.</p> <p>- The EU supports the following level of cuts per band:</p> <p>Level of cuts:</p> <ul style="list-style-type: none"> ✓ 70% for OTDS above USD 60 billion, ✓ 60% for OTDS up to USD 60 billion ✓ 50% for OTDS at or below USD 10 billion; <p>- Insists that countries with relative high levels of trade distorting support vis-à-vis the value of agricultural</p>	<p>- According to tiered formula contained in the Draft Possible Modalities¹ Japan would be placed in the middle band</p> <p>- The other developed countries members of this group are likely to fall in the lowest of the three bands of the formula agreed for reduction of OTDS.</p> <p>- Defensive interest, particularly with regards to reduction of Amber Box;</p>	<p>- Offensive interest: wants to achieve effective cuts and disciplines.</p> <p>- Level of cuts:</p> <ul style="list-style-type: none"> ✓ 80% for OTDS above USD 60 billion ✓ 75% for OTDS above USD 10 billion and up to USD 60 billion ✓ 70% for OTDS at or below USD 10 billion; <p>- Insists that countries with relative high levels of trade distorting support vis-à-vis the value of agricultural production should make additional cuts to those required by the tiered approach;</p>	<p>- The group is divided on this issue. Countries that use the Amber Box support are more hesitant to undertake commitments.</p>

¹ [75] [85]% cut for OTDS above USD 60 billion, [66] [73]% cut for OTDS above USD 10 billion and up to USD 60 billion and [50] [60]% cut for OTDS at or below USD 10 billion. The thresholds for the three bands have been agreed, however the specific level of cuts per band are yet to be agreed. Small low income recently acceded members with economies in transition, developing country members with no AMS commitments and NFIDCs shall not be required to make reduction commitments on OTDS. Developing country members with AMS commitments will reduce two thirds of the reduction rate agreed for developed countries.

<p>with a reduction of 53% while the EU will be placed in the highest tier for cuts of 75%;</p> <p>- Developing countries entitled to “slightly lesser cuts” over a longer implementation period than developed countries.</p>	<p>production should make additional cuts to those required by the tiered approach (e.g. Japan, Norway, Switzerland, etc)</p>	<p>- Requires front-loading of commitments (e.g imposing higher cuts during the early years of implementation)</p> <p>- Proposes that developing countries without AMS entitlements must be exempted from undertaking reduction commitments on trade-distorting domestic support.</p> <p>-Seeks to incorporate the concept of OTDS to article 6 of the Agreement on Agriculture</p> <p>-Supports binding of base level in members’ schedules</p>
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Critical Negotiation Issue:	FORMULA FOR THE REDUCTION OF OVERALL TRADE DISTORTING SUPPORT (OTDS)		
Country Groupings:			
G-33	LDCs	African Group	ACP
<p>- The group does not have a common position on this issue;</p> <p>- Generally supportive of the principle of proportionality applied to developing countries</p>	<p>- Would like significant reduction on all forms of trade distorting support, taking into account all SDT provisions and recognising the need for transitional measures that will offset the negative short-term effects of removal of subsidies (in terms of</p>	<p>- Underlines the importance of meeting the Doha objective of real reductions in trade distorting support;</p> <p>- States that African countries must be provided enough policy space for</p>	<p>- Would like the formula to result in meaningful and effective reductions in the domestic support granted by developed countries to their farming communities;</p> <p>- Indicates that ACP countries should</p>

	reducing or removing LDCs' preferential margins into the markets of developed countries).	<p>the development of farming communities, based on fair and equitable targets of poverty reduction, food and livelihood security and rural development.</p> <p>- Proposed that OTDS for the US should be between 10 and 12 billion USD and that EU and Japan should undertake an 80% cut.</p> <p>- Modalities on domestic support should include disciplines to prevent box-shifting.</p>	be allowed to maintain policy space for the development of their farming communities based on targets of poverty reduction, food and livelihood security, rural development and other development policy objectives.
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Critical Negotiation Issue:	TIERED FORMULA FOR THE CUTS IN FINAL BOUND TOTAL AMS (AMBER BOX)			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<p>- Defensive interest;</p> <p>-According to the tiered formula contained in the Draft Possible Modalities dated July 2007², the US would be placed in the</p>	<p>- Defensive interest;</p> <p>- According to the tiered formula contained in the Draft Possible Modalities dated July 2007² the EU would be placed in the top</p>	<p>- Generally defensive interest given that they have high levels of amber box support;</p> <p>- According to the tiered formula contained in the Draft Possible Modalities</p>	<p>Offensive interest.</p> <p>Proposed the following thresholds for the tiers:</p> <ul style="list-style-type: none"> ✓ above USD 25 billion, ✓ above USD 15 billion and up to USD 25 billion 	<p>- Offensive interest;</p> <p>- Agrees with proposal to establish three tiers, with the EU in the highest tier, followed by the US and Japan in the middle band.</p>

² [70%] cut for AMS greater than USD 40 billion, [60%] cut for AMS greater than USD 15 billion and less than or equal to 40 USD billion, [45%] cut for AMS that is less than or equal to USD 15 billion. The thresholds for the three bands have been agreed, however the specific level of cuts per band are yet to be agreed. Developed countries with high relative levels of Final Bound AMS (at least 40 percent of the total value of agricultural production). Small-income, recently acceded members with economies in transition, NFIDCs and very Recently-Acceded members shall not be required to undertake reductions in Final Bound AMS. Developing country members with AMS commitments will reduce two thirds of the reduction rate agreed for developed countries.

<p>middle tier.</p> <ul style="list-style-type: none"> - The US supports the following level of cuts per tier: ✓ 83% for AMS above USD 25 billion (top tier) ✓ 60% for AMS up to USD 25 billion (middle tier) ✓ 37% cut for AMS at or below USD 12 billion (lowest tier) <p>- Developing countries entitled to “slightly lesser cuts” over a longer implementation period.</p>	<p>tier.</p> <ul style="list-style-type: none"> - - The EU supports the following level of cuts per tier: ✓ 70% cut for AMS above USD 25 billion ✓ 60% cut for AMS up to USD 25 billion ✓ 50% for AMS at or below USD 12 billion <p>- Countries in the third band having a relatively high level of AMS support vis-à-vis the total value of their agricultural production should make an additional effort in the reduction of the AMS.</p>	<p>dated July 2007², most of G-10 developed members would be placed in the lowest tier.</p> <p>- The Hong Kong Ministerial Declaration also states that the band-related reduction of developed countries placed in the third band (G-10 countries) with a relatively high level of AMS relative to total value of agriculture production should be complemented with an additional effort in reduction.</p>	<ul style="list-style-type: none"> ✓ up to USD 15 billion <p>Levels of cuts per tier:</p> <ul style="list-style-type: none"> ✓ 80% for bound final AMS above USD25 billion ✓ 70% for AMS above USD 15 and 25 billion ✓ 60% for AMS at or below USD 15 billion <p>- Suggested that countries with high relative levels of trade distorting support vis-à-vis the value of agriculture production (i.e: the EU) should make additional cuts to those required by the tiered approach. This proposal was captured in the Hong Kong Ministerial Declaration.</p> <p>Developing countries would make less than two-thirds of the cuts that would be required from developed countries in the same band.</p>
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Critical Negotiation Issue:	TIERED FORMULA FOR THE CUTS IN FINAL BOUND AMS (AMBER BOX)		
Country Groupings:			
G-33	LDCs	African Group	ACP
- The group does not have a common	- The group does not have a common	- Stresses that African countries must	- The group is of the view that a

position on this issue	position on this issue	be exempted from AMS reduction. - Supports that developing countries that do have AMS should undertake lower cuts and granted longer implementation periods.	meaningful and balanced outcome in the Agriculture negotiations should guarantee substantial and effective reduction in AMS by developed countries
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Critical Negotiation Issue:	PRODUCT-SPECIFIC CAPS			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
- Caps to be established base on the levels of support provided over the period 1999-2001;	- Caps to be established based on the levels of support provided over the whole implementation period.	- No indication of preference so far	- Favours development of product-specific caps in AMS and Blue Box to limit expenditure per commodity -Product-specific caps (for AMS and Blue Box) should be made at the individual product level, avoiding sectoral commitments. - Caps to be established based on the level of support provided over the whole implementation period (1995-2000); - Developing countries may use their own implementation period of the UR (1995-2004) or that of	- No indication of preference so far

			<p>developed country members (1995-2000);</p> <ul style="list-style-type: none"> - Product-specific caps should apply from the first day of implementation of the new agreement; - Disciplines should be developed to avoid circumvention of product-specific caps; - SDT: considering the special circumstances of developing countries, such as low levels, few supported products, discontinued AMS and budgetary constraints, product-specific support should not exceed the ceiling set by either of the following alternatives: <ul style="list-style-type: none"> i) the average applied levels during the implementation period, ii) two times the member's product-specific de minimis level; iii) a percentage of 20% of the total bound AMS in any year 	
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			- Specific provisions are suggested with respect to transparency (submission of supporting data to establish the ceiling levels) and the source of that data.	
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Critical Negotiation Issue:	PRODUCT-SPECIFIC CAPS			
Country Groupings:				
G-33	LDCs	African Group	ACP	
- The group does not have a common position on this issue	- The group does not have a common position on this issue	- Stresses that African countries must be exempted from AMS reduction. -Supports product-specific disciplines for AMS and Blue Box	- The group is of the view that a meaningful and balanced outcome in the Agriculture negotiations should include product-specific caps to prevent the concentration of support on a few products	

Critical Negotiation Issue:	REDUCTION IN <i>DE MINIMIS</i>			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
- Very sensitive issue given that it has been a regular user of <i>de minimis</i> support; - Proposed to reduce product-specific and non-product-specific <i>de minimis</i> by 50% (or up to 2,5% of the total value of agriculture production or the value of	- Not sensitive to this issue - Proposes the reduction of <i>de minimis</i> support of developed countries (both product and non-product-specific) by 80% from the current allowance of 5%	- Not sensitive to this issue.	-Would like to elimination of all <i>de minimis</i> support in developed countries; - Proposed that reductions shall be made to both product and non-product-specific <i>de minimis</i> . The level of such reduction will be such to adjust to the rate of	- Would like the elimination of all <i>de minimis</i> support in developed countries; - Developing countries that allocate almost all <i>de minimis</i> support for subsistence and resource-poor farmers should be exempt from reduction, as stated in the

<p>production of the product in question);</p> <p>- Developing countries entitle to “slightly lesser cuts” over a longer implementation period than developed countries.</p>			<p>cut for the overall trade-distorting support;</p> <p>- Supported exempting developing country members without AMS entitlements from reduction commitments on <i>de minimis</i>. As established by the July Framework, developing countries that allocate most of their support for subsistence and resource-poor farmers will also be exempted from <i>de minimis</i> reductions</p> <p>- Indicated that, for developing countries that do provide AMS support, de level of <i>de minimis</i> reduction would be determined in relation to the OTDS.</p>	<p>July Framework.</p>
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Critical Negotiation Issue:	REDUCTION IN <i>DE MINIMIS</i>			
Country Groupings:				
G-33	LDCs	African Group	ACP	
<p>- Would like developed countries to eliminate <i>de minimis</i> support;</p> <p>- Stresses that all developing countries should be exempt from</p>	<p>- The group does not have a position on this issue;</p> <p>- Likely to oppose the reduction of <i>de minimis</i> for developing countries.</p>	<p>- Stresses that African countries must be exempted from <i>de minimis</i> support reduction.</p> <p>- Supports that developing countries with no AMS commitments should</p>	<p>- ACP countries should be exempted from the reduction of <i>de minimis</i> support</p>	

making cuts on <i>de minimis</i> programmes.		also be exempt from reductions. - Supports 80% reduction cut in developed countries' <i>de minimis</i>	
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Critical Negotiation Issue:	BLUE BOX, INCLUDING EXPANSION OF CRITERIA			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<ul style="list-style-type: none"> - Very sensitive issue as it seeks to become a larger user; - Main proponent of expansion of the Blue Box criteria contained in the 2nd bullet of para. 13 of the July Framework; - Key objective is to lock-in countercyclical payments in the Blue Box; 	<ul style="list-style-type: none"> - Defensive interest, as historically has been a large user of this type of support; - Would like to preserve the status quo in the 'old' Blue Box; - Opposed to the review of the current criteria of the Blue Box that would affect the reform efforts it has undertaken; - Concerned that tightening current criteria under the Blue Box may end up penalising those who have been undertaking reform (EU), instead of those who have taken no initiative in this regard (US); 	<ul style="list-style-type: none"> - Sensitive issue; - Would like to preserve the status quo in the Blue Box; - Not interested in expanding criteria, more so if it is to limit current allowed flexibilities; - Insists on negotiating additional criteria to those established in para. 13 of the July Framework related to the expanded Blue Box, in order to restrict the amount of countercyclical payments the US can shift to this box. 	<ul style="list-style-type: none"> - Strong offensive interest - Would like a review of the criteria of the Blue Box to ensure that Blue Box payments are less trade-distorting than AMS measures. - Would like additional disciplines to avoid box-shifting and concentration of support in a few products. The new criteria should target both payments under the current and expanded Blue Box; - Proposes the establishment of product-specific caps for Blue Box programmes, similar to those proposed in the Amber box, with flexibilities for developing countries; - Main proponent of additional criteria for the Blue Box. The 	<ul style="list-style-type: none"> - Offensive interest; - Stresses that Blue Box criteria must ensure that the payments under the box are truly less trade-distorting than Amber Box measures but have not proposed any additional criteria to limit the flexibility allowed under the box, or the expansion of the criteria on the US terms.

	<p>- Offensive interest: Links any movement on its part on market access to US movement on Blue Box criteria (i.e. US accepting additional criteria on the blue box to that already reflected in para. 13 of the July Framework);</p>		<p>group stresses that the acceptance of an expanded Blue Box is subject on agreement on the criteria applicable to payments under this category;</p> <p>- The additional criteria proposed include:</p> <p>(i) On direct payments which do not require production (new or expanded Blue Box):</p> <ul style="list-style-type: none"> ✓ limiting the price gaps that can be compensated through subsidies (e.g. the level of countercyclical payments) and ✓ avoiding accumulation of support by prohibiting Blue Box payments for products on which other forms of trade-distorting support have been provided (with the exception of <i>de minimis</i>); <p>ii) On direct payments which limit production (current Blue Box): demonstration that production has indeed not increased;</p> <p>- The group has also proposed additional criteria to improve transparency and the administration of the direct payments;</p>	
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			<ul style="list-style-type: none"> - Developing countries that have not previously used the Blue Box should not be precluded from establishing a base period for provisions of these payments in the future. -The new concepts pertaining to Blue Box cap and disciplines should be incorporated to article 6.5 of the Agreement on Agriculture 	
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Critical Negotiation Issue:	BLUE BOX, INCLUDING EXPANSION OF CRITERIA		
Country Groupings:			
G-33	LDCs	African Group	ACP
- The group does not have a position on this issue.	- The group does not have a position on this issue.	<ul style="list-style-type: none"> - Stresses that disciplines on domestic support should not lead to "box-shifting" subsidies. - Views the tightening of Blue Box as critical 	- The group does not have a position on this issue.

Critical Negotiation Issue:	GREEN BOX REVIEW AND CLARIFICATION			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
<p>- Insist no “material changes” should be introduced in the current green box;</p> <p>- Willing to consider SDT provisions as long as these cover measures considered not trade distorting</p>	<p>- Would like to maintain the status quo;</p> <p>- Willing to work with developing countries on elements of SDT</p>	<p>- Would like to maintain the status quo</p>	<p>- Main driver of the review process, especially with respect to criteria related to direct payments;</p> <p>- Would like new disciplines for the Green Box to avoid box shifting;</p> <p>- Would like modifications to the Green Box to include specific provisions designed to take into account the special circumstances of developing countries;</p> <p>- The group has made concrete proposals aimed at excluding production and trade distorting subsidies from the Green Box. Some of the criteria proposed include:</p> <ul style="list-style-type: none"> ✓ new eligibility conditions for receiving direct payments, ✓ continuing support provided through publicly-funded government programmes, not involving transfers from consumers nor requiring production; ✓ establishment of credible and time consistent policies with no changes in the eligibility rules ✓ base periods used as reference for the calculation of payments should be fixed 	<p>- Generally in favour of establishing criteria for the Green Box to ensure that these measures have no, or at most minimal, trade-distorting effects, though there are divergent views among countries in this group;</p> <p>- Canada is very vocal; it worries that some of the programmes under this box might contradict its objectives and distort trade.</p> <p>- Has proposed detailed amendments (e.g. simplify calculations; increase clarity and make sure that reference periods are representative, fixed and notified and ensure that structural adjustment payments for retirement of producers and resources are time-limited)</p>

			<p>and remain unchanged over time; and</p> <ul style="list-style-type: none"> ✓ additional conditions for eligibility to receive certain direct payments. <p>- Some of the suggested amendments to provide SDT for developing countries include:</p> <ul style="list-style-type: none"> ✓ exempting from reduction commitments income support provided to low-income producers; ✓ adding an exemption for subsidies for land reform in developing countries; and ✓ waiving some of the more stringent criteria for exempting payments made under regional assistance programmes. 	
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Critical Negotiation Issue:	GREEN BOX REVIEW AND CLARIFICATION		
Country Groupings:			
G-33	LDCs	African Group	ACP
- The group does not have a position on this issue.	- The group does not have a position on this issue.	<p>- Insists on the need to review the Green Box criteria to provide "Policy Space" for developing countries.</p> <p>- Calls for review and tightening of the Green Box criteria for developed countries to ensure that it is no or at most minimal trade-distorting.</p>	<p>- Considers members should engage in the review and clarification of the Green Box criteria to ensure measures under this category have no or minimal impact on production and trade, and provide adequate policy space for developing countries.</p> <p>-The group also supports strong monitoring and surveillance mechanisms in this area.</p>

Critical Negotiation Issue:	PEACE CLAUSE			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
- Requests re-introduction of the peace clause (litigation protection) for subsidy programmes that stay within the allowed levels and conform to the green box criteria.	- Has made no specific reference to this issue; - Likely to support the US' request	- Has made no specific reference to this issue; - Likely to support the US' request	- Likely to oppose the US' request for re-introducing the peace clause.	- Has made no specific reference to this issue.

Critical Negotiation Issue:	PEACE CLAUSE			
Country Groupings:				
G-33	LDCs	African Group	ACP	
- The group does not have a position on this issue so far - Most members likely to oppose the reintroduction of the peace clause.	- The group does not have a position on this issue so far; - Most members likely to oppose the reintroduction of the peace clause.	- Is opposed to any inclusion of a peace clause	- The group does not have a position on this issue so far; - Most members likely to oppose the reintroduction of the peace clause.	

Critical Negotiation Issue:	MONITORING AND SURVEILLANCE			
Country Groupings:				
United States	European Union	G-10	G-20	Cairns Group
- Has made no specific reference to this issue.	- Has made no specific reference to this issue.	- Has made no specific reference to this issue.	- Aims at achieving a completely revised set of disciplines for monitoring and surveillance, for instance	- Sees merit in enhancing transparency provisions with a view to improve progress monitoring

			<p>by:</p> <ul style="list-style-type: none"> ✓ Improving notification procedures, setting a time limit for notifications and defining new obligations in case of delay and lack of complete information ✓ Entrusting CoA to overview notifications procedures, including notifications on export prohibitions and restrictions ✓ Entrusting the WTO Secretariat to prepare an annual reports on notifications ✓ Entrusting the WTO Secretariat to organize annual debates on the reform of agriculture policy and the operation and effectiveness of S&D provisions ✓ Definition of special procedures for notifications related to cotton. ✓ Creating obligation to notify to the CoA, within 90 days of the coming 	<ul style="list-style-type: none"> - Proposed doing so through timely and complete notifications obligations, also applicable to market access and export competition pillars. - Suggests that such notifications should capture more information on current agricultural programmes /measures, including those related to new disciplines on OTDS, Blue box caps and product-specific caps <p>Proposed that deeper review by the Committee on agriculture should be carried out to assess compliance during and beyond implementation period</p> <p>Such review would take place frequently in the case of large agricultural traders</p> <ul style="list-style-type: none"> - Expects that concerns of developing countries in this regard will be addressed through longer timeframes
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			<p>into force of the new agreement, existing (export) prohibitions or restrictions</p> <p>✓ Other ideas for improvements in this area include: giving incentives to avoid or restrict non-compliance with notification requirements; early warning system of inability to conclude notifications, defining reporting periods, establishment of enquiry points and use of non-dispute consultations.</p>	<p>for submitting notifications, and assistance from the WTO Secretariat</p>
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Critical Negotiation Issue:	MONITORING AND SURVEILLANCE		
Country Groupings:			
G-33	LDCs	African Group	ACP
<p>- The group does not have a position on this issue so far</p>	<p>- The group seeks to engage on this issue to improve obligations for monitoring and surveillance to avoid box-shifting.</p>	<p>- Maintains that there should be a strengthened notification, monitoring and surveillance requirements for the Green Box and that these must incorporate SDT provisions for developing countries</p>	<p>- The group is of the view that a meaningful and balanced outcome in the Agriculture negotiations should include an effective monitoring and surveillance mechanism system to prevent box shifting</p>

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.

ANNEX 2: GLOSSARY OF TERMS

Overall Trade-Distorting Support (OTDS)

It means the sum of (i) the Final Bound Total AMS, (ii) permitted *de minimis* level expressed in monetary terms plus (iii) the Blue Box level. The Framework for establishing modalities in Agriculture³ introduced this category that is intended to restrict or reduce the level of the subsidies independent from how it is classified under the different boxes.

Formula for the Reduction of Overall Trade Distorting Support (OTDS)

Formula that provides for a progressive reduction depending on the current level of OTDS. Thus, members having higher levels of trade-distorting domestic support will make greater overall reductions in order to achieve a harmonizing result. This approach was decided in the July Framework (2004). In the Hong Kong Ministerial Conference, three bands were established in order to structure this reduction.

Amber box (AMS)

This refers to price support and production-linked support (i.e. subsidies) measures that had to be reduced or eliminated as a result of the WTO Agreement on Agriculture (AoA). Support of this kind was quantified during the Uruguay Round as the *Aggregate Measurement of Support (AMS)*. The AMS for each WTO Member is listed and is subject to reduction as part of each WTO Members' WTO commitments.

De minimis provisions

This refers to Art. 6.4 of the WTO Agreement on Agriculture (AoA) which allows WTO Members to exempt from the calculation of the "amber box" (i.e. AMS) product-specific and non-product-specific support below a certain threshold level. During the Uruguay Round that threshold was set for developed countries at 5 per cent of the value of agricultural production of the product concerned in the case of product-specific support, and at 5 per cent of the value of total agricultural production for non-product-specific support. For developing countries, the threshold was set at 10 per cent.

Blue box

This refers to agricultural support (i.e. subsidies) measures provided by WTO Members under Art. 6.5 of the WTO Agreement on Agriculture (AoA). This

³ Decision adopted by the General Council on 1 August 2004 (WT/L/579, Annex A)

provision allows WTO Members to provide direct payments to agricultural producers under the condition that such payments are part of programmes aimed at limiting agricultural production and that they meet the production-related criteria specified therein. According to the AoA, these payments are exempt from reduction commitments – i.e. they do not need to be reduced or eliminated.

Green box

These are agricultural support (i.e. subsidies) measures that meet the general and programme-specific criteria identified in Annex 2 of the WTO Agreement on Agriculture (AoA). In general, such measures must be government-funded and do not entail price support. In addition, they must fall within and comply with the additional conditions specified for each programme listed in Annex 2. These measures may include direct payments provided to agriculture producers which should not affect the farmer's production decisions (de-coupled payments). These measures are given the "green light" in that they are not subject to reduction commitments – i.e. they do not need to be reduced or eliminated.

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.

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