

DOMESTIC SUPPORT-MAIN NEGOTIATING POSITIONS

| GREEN BOX | | | |
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| Item / Parameter | Modalities | Proponents | Comments |
| <ul style="list-style-type: none"> General disciplines | <ol style="list-style-type: none"> Maintenance of basic Green Box criteria as per paragraph 1 of annex 2 of the AoA <i>All existing domestic support categories should be collapsed into one General Subsidies Box</i> | <ol style="list-style-type: none"> Cairns Group, Canada, European Union, Multifunctionality Group, China, Philippines <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Pakistan, Sri Lanka, Zimbabwe¹</i> | |

¹ The proposals on the “Green Box” and the “Development Box” presented by Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Nigeria, Pakistan, Sri Lanka and Zimbabwe, during the Second Phase of the agriculture negotiations, are the basis for the positions registered in this table (*in bold italic characters*). Such proposals were made in the Informal Special Sessions of the CoA on 24-26 September 2001 and 4-6 February 2002, respectively. No proposals on domestic support have been presented by this group of countries in the current modality phase of the negotiations.

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| <ul style="list-style-type: none"> • Measures exempted from reduction commitments <p style="text-align: center;">Scope</p> | <p>3) Maintenance of <u>categories</u> of measures as provided for in paragraphs 2 to 13 of Annex to 2 of the AoA</p> <p>4) Elimination of current categories <u>or</u> expansion to include new categories of measures as provided for in paragraphs 2 to 13 of Annex to 2 of the AoA</p> <p>a) Elimination of decoupled payments of paragraph 6 (Philippines) and government financial participation in income insurance and income safety-net programmes of paragraph 7 (China). Include in the calculation of AMS</p> <p>b) Expand to include payments to maintain domestic production capacity of staple crop for food security purposes</p> <p>c) Expand to include payments to small scale family farmers for maintaining rural viability and cultural heritage</p> <p>d) Expand to include payments for compensating costs arising from higher than international food safety and production standards (e.g. environment, animal welfare)</p> <p>e) <i>Flexibility should be provided to developing countries in the form of S&D measures within a Development Box to address their non-trade concerns such as food security, rural employment, poverty alleviation and rural development</i></p> | <p>3) United States, Cairns Group, Canada, Chinese Taipei</p> <p>a) Philippines, China</p> <p>b) Korea</p> <p>c) Korea</p> <p>d) Switzerland, European Union??</p> <p>e) <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Pakistan, Sri Lanka, Zimbabwe</i></p> | |
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| | <p>f) <i>Support provided by developing countries in respect of a crop whose productivity in that country is less than the world average, as determined by FAO, shall be automatically deemed a Green Box subsidy</i></p> <p>g) Consider specific proposals to exempt development programmes of developing countries, subject to specific criteria</p> | <p>f) <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Pakistan, Sri Lanka, Zimbabwe</i></p> <p>g) Canada??, United States??</p> | |
| <p>Criteria</p> | <p>1) Maintenance of policy specific <u>criteria</u> as per paragraphs 2 to 13 of Annex 2 of the AoA</p> <p>2) Modification of policy specific criteria as per paragraphs 2 to 13 of Annex 2 of the AoA</p> <p>a) <u>Paragraph 3</u> on public stockholding for food security purposes allowed to be made at administrative prices</p> <p>b) <u>Paragraph 5</u> on direct payments to producers shall be based on activities in a fixed and unchanging historical base period. Base periods shall be notified (Cairns Group)</p> <p>c) <u>Paragraph 6</u> on decoupled support shall be determined on the basis of fixed and unchanging historical base period, be made available to producers for no more than three years and not be renewed</p> | <p>1) United States, European Union, Switzerland</p> <p>a) Chinese Taipei</p> <p>b) Cairns Group, Canada</p> <p>c) Cairns Group, Canada</p> | |

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| <p>Criteria (cont.)</p> | <p>d) <u>Paragraph 7</u> on government financial participation in income insurance and income safety-net programmes</p> <ul style="list-style-type: none"> - Requirement of 30 per cent minimum loss to be eligible for payments should be relaxed / restrictions regarding the proportion of income loss to be compensated (70 per cent of income loss) shall also be relaxed (Korea) - Tightening of the criteria: Payments shall only be made by governments; be based on a three to five years reference period; compensate producer's income loss to no more than 70 per cent of his income derived from agriculture in the established reference period; income loss to be compensated should relate to income derived from agriculture of the farm enterprise as a whole <p>e) <u>Paragraph 8</u> on payments for relief from natural disasters</p> <ul style="list-style-type: none"> - Requirement of 30 per cent minimum loss to be eligible for payments should be relaxed (i.e. reduced (Chinese Taipei) / be left to national legislation (Korea) | <ul style="list-style-type: none"> - Chinese Taipei, Korea, Japan?? - Canada, Cairns Group - Chinese Taipei, Korea | |
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| <p>Criteria (cont.)</p> | <ul style="list-style-type: none"> - In the case of government financial participation in crop insurance schemes, eligibility shall be determined by a production loss which exceeds 30 per cent of the average of production in an actuarially appropriate period (Cairns) / of the average capability insured in an averaging period which reflects the actual experience of that member for such insurance (Canada) - In the case of destruction of animal or crops to control or prevent diseases named in national legislation or international standards, the production loss may be less than 30 per cent f) <u>Paragraphs 9 and 10</u> on structural adjustment assistance provided through <u>producer</u> retirement programmes and <u>resource</u> retirement programmes, respectively. Payments shall be made time limited g) <u>Paragraph 9</u> on structural adjustment assistance provided through <u>producer</u> retirement programmes. Relaxation of the provision: Payments shall also be accessible upon condition of lending of land for a period longer than a time frame to be determined in the negotiations | <ul style="list-style-type: none"> - Cairns Group, Canada - Cairns Group, Canada f) Cairns Group g) Korea | |
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| <p>Criteria (cont.)</p> | <p>h) <u>Paragraph 10</u>. Relaxation of minimum retirement period from three to one year</p> <p>i) <u>Paragraph 11</u> related to structural adjustment assistance provided through investment aids.</p> <ul style="list-style-type: none"> – Such payments shall not relate to, or be based on, the type or volume of production or inputs into the production undertaken by the producer in any year after a fixed and unchanging historical base period – Payments shall not be related or be based on the type or volume of production undertaken by the producer in any year after a fixed and unchanging historical base period, <u>nor</u> shall these be related to, or based on, the use of factors of production in any given year after the base period <p>j) <u>Paragraph 12</u> related to payments under environmental programmes</p> <ul style="list-style-type: none"> – Payments shall be limited to the extra costs, or loss of income incurred by complying with the government program <u>or</u> the minimum amount to compensate for the provision of any environmental benefits, which will be clearly defined in national legislation | <p>h) Chinese Taipei</p> <ul style="list-style-type: none"> – Cairns Group – Canada – Korea | |
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| <p>Criteria (cont.)</p> | <ul style="list-style-type: none"> - Tightening of the criteria. Payments should represent less than total extra costs incurred by complying with government programmes <u>and</u> not be related to, or based on, the volume of production. Eligibility for payments not related to conditions such as production methods or inputs k) <u>Paragraph 13</u> on payments under regional assistance programmes. - The amount of payments shall be related to a fixed and unchanging base period which shall be notified - A clear definition of “disadvantaged area” shall be established. The average poverty level of developing country Members shall be taken into account - <i>Developing countries would be allowed to target assistance to low income and resource poor producers in disadvantaged regions if they so deem necessary as part of their national poverty reduction strategy (current provisions require such assistance be provided to all producers within that region)</i> | <ul style="list-style-type: none"> - Cairns Group, Canada - Cairns Group - China - <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nigeria, Pakistan, Sri Lanka, Zimbabwe, India²</i> | |
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² References to India’s proposals in this document were drawn from the Non-document on Special and Differential Treatment presented by India in the Informal Special Session of the CoA on 4-6 February 2002. References made in *bold italic characters*.

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| <ul style="list-style-type: none"> • Other disciplines | <ol style="list-style-type: none"> 1) Peace clause (Art. 13 of the AoA) <ol style="list-style-type: none"> a) The provisions of Art. 13 shall cease to apply as per paragraph 1 (f) of the AoA b) The provisions of Art. 13 shall cease to apply. However, measures meeting Annex 2 criteria will be non-actionable for purposes of countervailing duties c) <i>The provisions of Art. 13 shall cease to apply, except for S&D measures for developing countries agreed during the negotiations</i> d) The provisions of Art. 13 of the AoA shall be maintained 2) Capping on domestic support <ol style="list-style-type: none"> a) <i>A common level of support should be allowed within the Single Subsidies Box (e.g. 10 per cent of agriculture production <u>for all countries</u>. Subsidies up to 10 per cent above this level could be permitted but made actionable for developed countries while protected by a due restraint clause for developing countries. Subsidies above this level should be prohibited except if provided by developing countries, as an S&D measure</i> b) Overall cap on domestic support, including amber, blue and green box direct payments to producers, but excluding measures meeting criteria for paragraphs 2,3, and 4 of Annex 2 | <ol style="list-style-type: none"> a) China, Cairns Group??, United States?? b) Canada, United States?? c) <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Pakistan, Sri Lanka, Zimbabwe, India</i> d) European Union, Switzerland, Multifunctionality Group a) <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Pakistan, Sri Lanka, Zimbabwe</i> b) Canada | |
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| | <p>c) Establishing a mechanism to cap the amount of expenditure allowed on direct payments in Annex 2 and reduce the expenditure in paragraphs 5,6,7, and 11</p> <p>d) Decoupled-support under paragraph 6 of Annex 2 (Philippines) and government financial participation in income insurance and income safety-net programmes under paragraph 7 of Annex 2 (China) should be transferred to the Amber Box and be subjected to reduction commitments</p> | <p>c) Cairns Group</p> <p>d) Philippines, China</p> | |
| <ul style="list-style-type: none"> • Transparency/Notification requirements | <p>1) Strengthen transparency. Notification and review mechanism to ensure programmes meet the criteria of Annex 2</p> | <p>1) Cairns Group</p> | |

| ARTICLE 6.2 | | | |
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| Item / Parameter | Modalities | Proponents | Comments |
| <ul style="list-style-type: none"> • Scope | <ol style="list-style-type: none"> 1) Maintain provisions of Art. 6.2 2) <i>Provisions of Art. 6.2 should be expanded to allow developing countries to adequately address food security and preserve the viability of rural employment</i> | <ol style="list-style-type: none"> 1) Cairns Group, Canada, European Union, United States?? 2) <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nigeria, Pakistan, Sri Lanka, Zimbabwe</i> | |
| <ul style="list-style-type: none"> • Criteria | <ol style="list-style-type: none"> 1) <i>The scope of Art. 6.2 should be expanded to include the following measures:</i> <ul style="list-style-type: none"> – <i>Support to promote the integration of low income and resource poor producers, including through subsidised credit and other capacity building measures to improve their competitiveness and marketing;</i> – <i>Measures taken to increase domestic production of staple crops for domestic consumption, including the provision of input subsidies and any other kind of product specific support provided to low income and resource poor producers (India);</i> – <i>Any spending on transportation costs for food security crops from surplus to deficit parts of a country</i> | <ol style="list-style-type: none"> 1) <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nigeria, Pakistan, Sri Lanka, Zimbabwe</i> | |

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| <ul style="list-style-type: none"> • Other disciplines | <ol style="list-style-type: none"> 1) <i>The provisions of Art. 13 shall cease to apply, except for S&D measures agreed during the negotiations</i> 2) Maintenance of Art. 13 (b) provisions -Peace clause- as they apply to measures provided by developing countries under Art. 6.2 | <ol style="list-style-type: none"> 1) <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Pakistan, Sri Lanka, Zimbabwe</i> 2) Cairns Group??, Canada??, European Union?? United States?? | |
| <ul style="list-style-type: none"> • Transparency/Notification requirements | | | |

| BLUE BOX | | | |
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| Item / Parameter | Modalities | Proponents | Comments |
| <ul style="list-style-type: none"> • Concept | <ol style="list-style-type: none"> 1) Elimination of Blue Box measures / <i>All existing domestic support categories should be collapsed into one General Subsidies Box</i> 2) Maintenance of Blue Box measures | <ol style="list-style-type: none"> 1) Cairns Group, Canada, Philippines, China, United States, <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Pakistan, Sri Lanka, Zimbabwe</i> 2) European Union, Multifunctionality Group | |
| <ul style="list-style-type: none"> • Criteria | <p>Maintain criteria of current article 6.5 of the AoA</p> | <p>European Union, Multifunctionality Group</p> | |

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| <ul style="list-style-type: none"> • Other disciplines | <ol style="list-style-type: none"> 1) Peace clause (Art. 13 of the AoA) <ol style="list-style-type: none"> a) The provisions of Art. 13 shall cease to apply as per paragraph 1 (f) of the AoA b) The provisions of Art. 13 shall cease to apply. However, measures meeting Annex 2 criteria will be non-actionable for purposes of countervailing duties c) <i>The provisions of Art. 13 shall cease to apply, except for S&D measures agreed during the negotiations</i> d) The provisions of Art. 13 of the AoA shall be maintained | <ol style="list-style-type: none"> a) China, Cairns Group??, United States?? b) Canada, United States?? c) <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Pakistan, Sri Lanka, Zimbabwe</i> d) European Union, Switzerland, Multifunctionality Group | |
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| | <p>2) Capping on domestic support</p> <p>a) <i>A common level of support should be allowed within the Single Subsidies Box (e.g. 10 per cent of agriculture production <u>for all countries.</u> Subsidies up to 10 per cent above this level could be permitted but made actionable for developed countries while protected by a due restraint clause for developing countries. Subsidies above this level should be prohibited except if provided by developing countries, as an S&D measure</i></p> <p>b) Overall cap on domestic support, including amber, blue and green box direct payments to producers, but excluding measures meeting criteria for paragraphs 2,3, and 4 of Annex 2</p> <p>c) Blue Box payments included in the AMS calculation and subjected to reduction commitments</p> <p>d) Blue Box payments reduced to zero from the average level of payments over 1995-2001 period</p> | <p>a) <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Pakistan, Sri Lanka, Zimbabwe</i></p> <p>b) Canada</p> <p>c) Philippines, China, United States??</p> <p>d) Canada</p> | |
| <ul style="list-style-type: none"> • Transparency/Notification requirements | | | |

| AMBER BOX | | | |
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| Item / Parameter | Modalities | Proponents | Comments |
| <ul style="list-style-type: none"> • Specificity of further commitments | <ol style="list-style-type: none"> 1) Product specific reduction commitments of trade distorting domestic support 2) Reduction commitments based on the Aggregate Measurement of Support (AMS) | <ol style="list-style-type: none"> 1) Cairns Group, Philippines 2) United States, European Union, Multifunctionality Group, China | |
| <ul style="list-style-type: none"> • Base levels | <ol style="list-style-type: none"> 1) Uruguay Round bound levels of AMS 2) The base level for staging further commitments should be the average support outlays in 1995-2000 3) The base level for staging further commitments should be the average value of total agricultural production for the period 1996-1998 | <ol style="list-style-type: none"> 1) Cairns Group, China, European Union, Switzerland, Multifunctionality Group 2) Philippines 3) United States | |

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| <ul style="list-style-type: none"> • Calculation methodology of AMS/EMS | <ol style="list-style-type: none"> 1) Maintain current methodology 2) Modify by including payments under the Blue Box and decoupled payments under paragraph 6 of Annex 2 of the AoA 3) Modify by including payments under the Blue Box and government financial participation in income insurance programmes under paragraph 7 of Annex 2 of the AoA 4) S&D: Credit for negative product specific AMS should be given to developing countries by excluding food security expenditures from the calculation of AMS | <ol style="list-style-type: none"> 1) European Union, Multifunctionality Group, Cairns Group, United States?? 2) Philippines 3) China 4) India | |
| <ul style="list-style-type: none"> • Reduction method/target for further commitments | <ol style="list-style-type: none"> 1) Elimination of AMS, inclusive of a down-payment of 50 per cent in the first year of implementation, on equal annual instalments 2) Reduction on equal annual instalments up to 5 percent of average agricultural production for the period 1996-1998 3) Commitment to reduce AMS (no commitment to eliminate AMS). No specific proposal presented as yet | <ol style="list-style-type: none"> 1) Cairns Group, China, Philippines, Canada 2) United States 3) European Union, Multifunctionality Group | |

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| <ul style="list-style-type: none"> • <i>De minimis</i> provision | <ol style="list-style-type: none"> 1) Retain existing <i>de minimis</i> provisions for developed and developing countries 2) Elimination of <i>de minimis</i> exception for <u>developed countries</u> in a time frame to be established in the negotiations. S&D: Retain /increase (China??) <i>de minimis</i> provisions only for developing countries 3) S&D: <i>De minimis provisions should be retained for developing countries. The de minimis requirement in relation to product specific support should be calculated on an aggregated basis and negative product specific support should be allowed to be offset against non-product specific support</i> 4) <i>The operation of Art, 6.4 for <u>developed countries</u> should be suspended till such a time as the domestic level of all Members come down to the de minimis levels</i> | <ol style="list-style-type: none"> 1) United States, Canada 2) Cairns Group, Philippines, China?? 3) <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nigeria, Pakistan, Sri Lanka, Zimbabwe</i> 4) <i>India</i> | |
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| <ul style="list-style-type: none"> • Other disciplines | <ol style="list-style-type: none"> 1) Strengthen disciplines to avoid product-specific support from being classified as non-product specific support 2) Peace clause (Art. 13 of the AoA) <ol style="list-style-type: none"> a) The provisions of Art. 13 shall cease to apply as per paragraph 1 (f) of the AoA b) The provisions of Art. 13 shall cease to apply. However, measures meeting Annex 2 criteria will be non-actionable for purposes of countervailing duties c) The provisions of Art. 13 of the AoA shall be maintained 3) Capping on domestic support <ol style="list-style-type: none"> a) <i>A common level of support should be allowed within the Single Subsidies Box (e.g. 10 per cent of agriculture production <u>for all countries</u>. Subsidies up to 10 per cent above this level could be permitted but made actionable for developed countries while protected by a due restraint clause for developing countries. Subsidies above this level should be prohibited except if provided by developing countries, as an S&D measure</i> | <ol style="list-style-type: none"> 1) Cairns Group, Canada <ol style="list-style-type: none"> a) China, Cairns Group??, United States?? b) Canada, United States?? c) European Union, Switzerland, Multifunctionality Group a) <i>Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Pakistan, Sri Lanka, Zimbabwe</i> | |
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| <ul style="list-style-type: none"> • Other disciplines (cont.) | <ul style="list-style-type: none"> b) Overall cap on domestic support, including amber, blue and green box direct payments to producers, but excluding measures meeting criteria for paragraphs 2,3, and 4 of Annex 2 c) Decoupled-support under paragraph 6 of Annex 2 (Philippines) and government financial participation in income insurance and income safety-net programmes under paragraph 7 of Annex 2 (China) should be transferred to the <u>Amber Box</u> and be subjected to reduction commitments | <ul style="list-style-type: none"> b) Canada c) Philippines, China, United States?? | |
| <ul style="list-style-type: none"> • Implementation period and staging of further commitments | <ul style="list-style-type: none"> 1) Three years for developed countries / six years for developing countries 2) Five years for developed countries / nine years for developing countries 3) Longer implementation periods for developing countries | <ul style="list-style-type: none"> 1) Philippines, China?? 2) Cairns Group, Canada 3) United States??, European Union?? | |
| <ul style="list-style-type: none"> • Transparency/Notification requirements | | | |

| OTHER DOMESTIC SUPPORT ISSUES | | | |
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| Item / Parameter | Modalities | Proponents | Comments |
| <ul style="list-style-type: none"> • Other measures | <ol style="list-style-type: none"> 1) A balancing mechanism can/may be imposed during the implementation period regardless of whether a country complies with its <u>AMS</u> and <u>export subsidies</u> commitments 2) Special and Differential countervailing Measures <u>imposed on imports from developed countries</u> to compensate for support provided under the <i>de minimis</i> provisions, paragraphs 5,6, and 7 of Annex 2 of the AoA, and export subsidies. 3) Transitional Simple Countervailing Mechanism. Additional duties <u>imposed on imports from developed and developing countries</u> to compensate for AMS support and export subsidies. Additional duties calculated on the basis of total value of imports | <ol style="list-style-type: none"> 1) Philippines 2) Argentina, Bolivia, Costa Rica, Paraguay, Philippines and Thailand, Cairns Group?? 3) Egypt | |



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