

**Committee on Agriculture
Special Session**

**G-20 VIEWS ON SUBSTANTIVE ISSUES FOR DEVELOPED COUNTRIES
IN THE AGRICULTURE NEGOTIATIONS**

Communication from the G-20

The following communication, dated 20 November 2009, is being circulated at the request of the G-20.

I. G-20's GENERAL PRINCIPLES

1. The G-20 has addressed the current discussions on substantive issues in the Chair's consultations guided by two central principles:

- (a) The December 2008 draft modalities are the basis for negotiations and represent the end-game in terms of the landing zones of ambition. Requests for marginal adjustments to those landing zones of ambition in the package will be assessed in the context of the overall balance of trade-offs, taking into consideration that Agriculture is the engine of the Round; and
- (b) The draft modalities embody a delicate balance after eight years of negotiations. Any request for selectively reopening a particular area of the modalities package will necessarily affect that general equilibrium, which members should not disturb.

II. SPECIFIC ISSUES

A. PRODUCT-SPECIFIC DISCIPLINES (BLUE BOX AND COTTON)

1. Blue Box Headroom (paragraph 42)

2. This is clearly an issue of ambition, as it is paragraph 23 for AMS product-specific discipline.
3. Specific flexibilities for developed countries and those specific paragraphs with flexibilities for the United States can only be ascertained in the context of the overall balance in the negotiations.
4. The G-20 has manifested on several occasions in the past that those country-specific demands for flexibilities in paragraph 23 and 42 are excessive and do not seem to be justified on technical grounds.
5. Nonetheless, the G-20 is prepared to work on the basis of TN/AG/W/4/Rev.4 for the product-specific disciplines under the assumption that the principles mentioned above are observed.

2. Cotton

6. The G-20 has consistently supported the demands of the Cotton-4 for a solution on cotton.

7. As expressed at the Twelfth Consultative Mechanism on Cotton (23/10/2009), the G-20 is particularly concerned that current substantive negotiations on Cotton seem to be deadlocked and even backtracking in recent consultations.

8. There cannot be a final result for the DDA negotiations without addressing Cotton ambitiously, specifically, expeditiously, in accordance with the Mandate.

B. EXTRA-NUMBER OF SENSITIVE PRODUCTS FOR DEVELOPED COUNTRIES

9. The G-20 followed with concern the last discussion on requests for extra-flexibility for specific developed countries in the guise of additional number of Sensitive Product entitlements.

10. In JOB(08)/125, the G-20 has proposed a clear-cut solution for the number and treatment of Sensitive Products: (i) a general rule entitlement of up to 4 per cent of tariff lines as Sensitive Products; and (ii) country-specific exception up to an additional 2 per cent of tariff lines as Sensitive, provided that for each additional 1 per cent of tariff lines an additional 1 per cent of domestic consumption beyond what is generally provided for is achieved for all Sensitive Products. This clear-cut solution would avoid discussions on Paragraph 75 of TN/AG/W/4/Rev.4, which ultimately could even further deteriorate the level of ambition in market access.

11. The G-20 is only prepared to work on the basis of TN/AG/W/4/Rev.4 for an extra-number of Sensitive Product entitlements beyond the 4 per cent default number expressed in Paragraph 71 provided the overall balance and landing zones are maintained.

C. NEW TRQ CREATION (PARAGRAPH 83)

12. The G-20 reiterates its firm opposition to the creation of new TRQs, as stated in JOB(07)/223 and JOB(08)/125. The Group recalls the systemic and commercial implications of such decisions. It would represent a step backwards in terms of reform in Agriculture, widening the existing gap between rules in Agriculture and NAMA.

13. The G-20 strongly reaffirms its preference for tariff cuts as the means to guarantee market access.

14. The G-20 is prepared to work on the basis of TN/AG/W/4/Rev.4 and TN/AG/W/6. But the final decision on the alternatives contained in paragraph 83 is ultimately political and will also depend on the overall balance of the negotiations. As expressed in JOB(08)/125 and mostly incorporated in the document TN/AG/W/6 (particularly in paragraphs 5, 6 and 7), the G-20 will need the following conditions to be fulfilled:

- (a) Transparency – enhanced transparency provisions in an Annex to the modalities, where developed Members, TRQ volumes and tariff lines are clearly specified;
- (b) Entitlement – new TRQs to a maximum of 1 per cent of tariff lines should be within the numerical limits defined in paragraph 71;
- (c) Compensation should be significantly higher than the default payments for the maximum deviation expressed in the modalities text in accordance with TN/AG/W/6;
- (d) All new TRQs must be MFN;
- (e) In-quota duties must be zero;

- (f) All new TRQ administration should be transparent and allow for equal opportunities amongst exporters; and
- (g) In case of tariff quota underfill an automatic carry-over mechanism should be applied.

D. TARIFF CAPPING

15. The G-20 has historically expressed that tariff capping for all products, as an integral part of the tiered formula, is an essential element of the Agriculture negotiations.

16. Paragraph 24 of the Hong Kong Declaration recognizes the need for balanced and proportionate results between agriculture and NAMA to be achieved through a comparatively high level of ambition in market access. Contrary to TN/AG/W/4/Rev.4, paragraph 6 of document TN/AG/W/3 incorporated a tariff capping in the Tiered Formula in Agriculture both for developed and developing countries. This treatment was comparable with the Swiss Formula in NAMA, which implies a capping for all countries.

17. In order to address the tariff capping in the formula structure, the G-20 presented a pragmatic solution in JOB(07)/219, recognizing specific situations of sensitive and non-sensitive products.

18. TN/AG/W/4/Rev.4 options for the capping are still not satisfactory for the G20. It represents additional layers of flexibilities for developed countries, as expressed in the capping exceptions for Sensitive Products contained in paragraph 76, the square bracketed text and its alternative formulation in TN/AG/W/5.

E. TARIFF SIMPLIFICATION

19. The G-20 is looking for a solution that addresses in a balanced way the issue of tariff simplification both in its systemic and commercial features. The result must avoid the so called "dirty simplification", in which the *ad valorem* tariff result is higher than the current specific and complex tariffs. We recall the G-20 has addressed the issue of tariff simplification in JOB(07)/220.
