

## EU NON-PAPER

### AGRICULTURE: capturing progress made

#### Chapeau Language -

We reaffirm our commitment to the mandate on agriculture as set out in paragraph 13 of the Doha Ministerial Declaration and to the Framework adopted by the General Council on 1 August 2004. We welcome the progress made by the Special Session of the Committee on Agriculture since 2004, but note that much remains to be done in order to establish modalities and to conclude the negotiations. In this regards We adopt the provisions in Annex A, and agree to intensify work to fulfil the Doha objectives. In particular, we are resolved to establish modalities no later than [...] and to submit comprehensive draft Schedules based on these modalities no later than [...].

#### Annex A

#### Agreed provisions for Establishing Modalities in Agriculture

##### DOMESTIC SUPPORT

1. The effects of reductions in bound amber box support and permitted levels of *de minimis* (below 5%), together with disciplines on the Blue Box, must result in effective policy reform compared with the situation prevailing at the end of the Uruguay Round implementation period

##### *Overall reduction*

2. Reductions in overall support will be carried out on the basis of three bands.
3. The cuts in overall support will be progressive between the bands, with the higher the band the higher the cut.
4. The EU will be placed in the top (highest) band, the US and Japan in the second (middle) band. All other Members will be placed in the third (lowest) band with developing Members benefiting from special and differential treatment as foreseen in the Framework Agreement. Developed Members, falling within the middle or lowest band, with a high level of AMS support in relation to the total value of agricultural production, will be required to make a greater effort.

##### *Final Bound Total AMS*

5. Reductions in Final Bound Total AMS will be carried out on the basis of three bands.
6. The cuts in Final Bound Total AMS will be progressive between the bands, with the higher the band the higher the cut.
7. The EU will be placed in the top (highest) band, the US and Japan in the second (middle)

band. All other Members will be placed in the third (lowest) band with developing Members benefiting from special and differential treatment as foreseen in the Framework Agreement. Developed Members, falling within the middle or lowest band, with a high level of AMS support in relation to the total value of agricultural production, will be required to make a higher cut

## EXPORT COMPETITION

8. As foreseen in the Framework Agreement, all forms of trade distorting export competition measures will be eliminated within [ ] years of the starting date for the implementation of commitments, subject to agreement on the disciplines applicable to export competition measures. To this end, and in order to ensure full parallelism in addressing all export competition measures, negotiations on disciplines covering:
- The terms and conditions relating to export credits, export credit guarantees or insurance programmes with repayment periods of 180 days and below will be intensified, and will cover, *inter alia*, payment of interest, minimum interest rates, minimum premium requirements, and other elements which can constitute subsidies or otherwise distort trade;
  - The trade distorting practices with respect to exporting STEs including eliminating export subsidies provided to or by them, government financing, and the underwriting of losses, and the issue of the future use of monopoly powers will be intensified; and
  - The provision of food aid that is not in conformity with operationally effective disciplines to prevent commercial displacement will be intensified.

## MARKET ACCESS

9. The "substantial improvements in market access" mandated in the Doha Ministerial Declaration must be achieved for all products. However, balance in this negotiation will be found only if the final negotiated result also reflects the sensitivity of the product concerned.

### *The Single Approach: a Tiered Formula*

10. Tariff reductions will be carried out on the basis of 4 bands.
11. Tariff reductions will be made from bound rates, although for the purpose of allocating tariffs to their respective bands, ad valorem equivalents (AVEs) based on the methodology negotiated by the Special Session of the Committee on Agriculture will be used.
12. Tariff reductions will be applied based on a linear approach; the question of the introduction of limited "flexibility" in the lowest band remains under negotiation.
13. Tariff cuts will be applied with a progressive approach between the bands: the higher the band, the deeper the cut.

### *Selection and Treatment of Sensitive Products*

14. In order to ensure that the overall objective of the tiered approach as foreseen in the Framework Agreement is not undermined, and notwithstanding the principle that Members may designate an appropriate number of sensitive products, the approach to be adopted for the selection and treatment of sensitive products must ensure predictability and transparency.
15. Subject to the requirement that the final negotiated result must reflect the sensitivity of the product concerned, combination of a lesser cut and MFN-based tariff quota expansion must result in 'substantial improvement' for the product in question.

### *Special and Differential Treatment*

16. Special Products, based on agreed criteria of food security, livelihood security and rural development, will be available to developing countries in addition to "sensitive products". Special Products may cover up to [ ] % the Members total tariff lines, taking account of the specific needs of the Members concerned.
17. A Special Safeguard Mechanism (SSM), based on agreed criteria designed to reflect the particular circumstances and needs of developing countries will be established for use by developing country Members, to tackle import surges.

### **OTHER ISSUES**

#### **COTTON**

18. Issues in the following paragraphs of the Framework Agreement: 35 (TRQ related issues), 36 (tariff escalation), 37 (tariff simplification), 38 (SSG), 49 (sectoral initiatives, differential export taxes, GIs), 50 (export prohibitions and restrictions), and the particular concerns of commodity-dependent developing and least-developed countries facing long-term decline and/or sharp fluctuations in prices, are issues on which negotiations will be intensified.

#### **COTTON**

19. Taking account of recent proposals tabled by the proponents of the cotton initiative and others, negotiations will be intensified in order to fulfil the undertaking adopted in the Framework Agreement to address cotton ambitiously, expeditiously and specifically.