

**Committee on Agriculture  
Special Session**

**SUMMARY REPORT ON THE SEVENTH MEETING OF THE SPECIAL SESSION  
HELD ON 26-27 MARCH 2001**

Note by the Secretariat

1. As agreed by the General Council at its meeting of 7–8 February 2000 the negotiations under Article 20 of the Agreement on Agriculture on continuing the reform process of agriculture trade were conducted in a Special Session of the Committee on Agriculture (WT/GC/M/53 paragraph 39 refers). The seventh such meeting took place on 26-27 March 2001 under the Chairmanship of Ambassador Jorge Voto-Bernales of Peru. As agreed in the work programme for the first phase of the negotiations, this meeting included a stock-taking exercise of the first phase of the negotiations (G/AG/NG/1, paragraph 6(b) refers).

2. The present report provides a detailed summary of the Committee's discussions on substantive matters under the relevant agenda items and should be read in conjunction with the short factual report to the General Council on the meeting as a whole by the Chairman (G/AG/NG/7, copy attached, see Annex 2). Unless otherwise stated, all references to documents refer to the G/AG/NG/-series.

3. The agenda as contained in WTO/AIR/1504 was adopted.

**ITEM A: STOCK-TAKING ON THE FIRST PHASE OF THE NEGOTIATIONS UNDER ARTICLE 20 OF THE  
AGREEMENT ON AGRICULTURE**

*(i) Statement by the Chairman*

4. The Chairman recalled that the Uruguay Round Agreement on Agriculture and Members' related commitments were the first steps in a longer-term reform process in agricultural trade, as recognized in the Preamble and Article 20 of the Agreement on Agriculture. During the first phase, Members had been conducting negotiations under Article 20 on the continuation of the reform process in Special Sessions of the Committee on Agriculture. Considerable progress had been achieved with 44 negotiating proposals and three technical papers submitted by a total of 125 WTO Members. In addition, the Secretariat had made available 27 background papers at the request of Members. The examination of the proposals and submissions had highlighted the wide range of interests and the complexity of the issues involved. Now that the participants' basic positions were on the table, the more challenging work of the second phase could begin. (A copy of the full text of the Chairman's statement is attached, see Annex 1).

*(ii) Statements by Members*

5. The representatives of many countries indicated that the first phase had been fruitful, and expressed satisfaction, in particular, about the high degree of participation.

6. The Czech Republic, Hungary, Iceland, Japan, Korea, Lithuania, Mauritius, Norway, Poland, the Slovak Republic and Switzerland noted that the submissions and interventions made during the first phase showed that there was a wide variety of country situations and that the negotiations would have to take these into account. Several representatives mentioned the special situations of small island developing states, landlocked countries, transition economies, least-developed, developing and developed countries and net food-importing developing countries. The role of special and differential treatment for developing countries as an integral part of the negotiations was emphasized by ASEAN and CARICOM countries, Colombia, Cuba, the Dominican Republic and Honduras, Ecuador, Egypt, the European Communities, Iceland, India, Japan, Lithuania, Mexico, New Zealand, Panama, Peru, Swaziland, Switzerland, Turkey and Venezuela.

7. Non-trade concerns and the variety of objectives of the agriculture sector were of concern to ASEAN and CARICOM countries, Cyprus, the Czech Republic, the European Communities, Hungary, Iceland, Japan, Korea, Lithuania, Mauritius, Norway, Poland, the Slovak Republic, Slovenia, Swaziland and Switzerland.

8. The Czech Republic, the European Communities, Hungary, Japan, Korea, Norway and Switzerland indicated that they would prefer to continue the agriculture negotiations in the context of a new broad round of negotiations. In contrast, Bolivia, Cuba, the Dominican Republic, Honduras and Venezuela stressed that the agriculture negotiations should be independent of the launch of a new round.

9. Switzerland (NG/W/155) stated that it wanted to pursue the reform process including all core areas of export competition, domestic support and market access. In the continuation of the reform process, experiences from the implementation of the existing reduction commitments, including a move to Green Box instruments, and the effects of these reduction commitments on world trade in agriculture would have to be taken into account. Adequate instruments would need to be developed to address non-trade concerns and special and differential treatment, as well as appropriate disciplines for their implementation. Progress was also needed on other important issues, such as the protection of geographical indications, issues related to production methods and the internalization of all production costs although this could be dealt with in other WTO bodies.

10. The representative of Hungary (NG/W/175) indicated that, while guarding against fragmentation of the multilateral disciplines, the diversity of agricultural situations world-wide should find stronger reflection in the rules and disciplines on agricultural trade. This relates equally to trade and non-trade concerns. Otherwise the agricultural trading system might become more market-oriented but that did not mean it would be sufficiently fair.

11. The representative of the Philippines, speaking on behalf of ASEAN, referred to the proposal contained in NG/W/55, which laid out ASEAN's objectives for special and differential treatment in the negotiations. In their view, the objective of the negotiations was to level the playing field in agriculture trade; accordingly, a Member's concessions should be linked to its contribution to trade distortion. It was noted that non-trade concerns should be addressed but among the concerns raised so far food security should not be confused with food safety.

12. Uruguay (NG/W/148) observed that it was clear from some Members' proposals that they wanted to maintain or increase the discrimination suffered by agriculture in GATT and WTO during the past 50 years. Although special and differential treatment was important, improved market access opportunities would do more to improve development prospects in developing countries. He noted that some Members appeared to believe that a balanced outcome required all agricultural interests of all Members to be taken into account but the best way to take into account all Members' interests was to base commitments on each country's comparative advantages. He stated that proposals were reasonable only if they aspired to place agriculture on an equal footing with other sectors in the WTO system. The objective of the negotiations was clearly defined in Article 20, and discussions should

thus focus on specific measures and necessary time-frames to reach these objectives. Uruguay was willing to negotiate reasonable time-frames to make the reforms politically acceptable at national levels, but wanted these negotiations to be the last stage in the integration of agriculture into WTO rules. Members' legitimate concerns should be addressed through transparent and well-directed measures within the framework of the Agreement. During the second phase, Uruguay wanted to begin the process of identifying operative modalities. Political commitments and a more precise definition of the negotiating mandate in agriculture were essential contributions to the launching of a new round at the next Ministerial Conference.

13. The representative of the European Communities (NG/W/150) observed that during the first phase it had become clear that there was no single position for all developing countries just as there was no single position for developed countries. Therefore, he suggested that the distinction between developed and developing countries was not entirely relevant in distinguishing between different positions. The EC was concerned about the tendency to measure the success of the Uruguay Round in terms of exports because trade, both imports and exports, improved welfare and if all countries wanted only to export and nobody wanted to import, there was no possibility for progress. Furthermore, the central objective of GATT and WTO was to combat protectionism and to liberalize trade although it had to be acknowledged that there were reasons why trade liberalization was especially difficult in the agriculture sector. Addressing these concerns would require moving beyond a textual analysis of Article 20.

14. Bolivia supported the statement made by Uruguay. It regretted that some Members, especially developed countries, had not shown the political will to advance the agriculture negotiations. The negotiating mandate was a result of the Uruguay Round, during which modest initial liberalization in the agriculture sector had been accepted, with the promise of greater liberalization six years later.

15. The representative of New Zealand (NG/W/153) identified common threads that could be drawn from the proposals tabled in the first phase. All proposals had been based on Article 20. They included consistent calls for tariff reductions, the rectification of the problems caused by tariff peaks and tariff escalation, and improved tariff quota access. Many proposals called for the elimination of export subsidies, and for reductions in trade-distorting domestic support. In New Zealand's view the first phase had shown that rational discussion of the different non-trade concerns was possible. New Zealand was optimistic about the scope for progress in the negotiations, which should not be affected by the preparatory process for the next Ministerial Conference.

16. The representative of Norway summarized the current state of the negotiations. He noted that the negotiations were progressing according to the timetable agreed in March 2000 and that Members had expressed genuine readiness to negotiate based on the mandate set out in Article 20. A successful outcome in the negotiations could only be reached by acknowledging that all Members, both importers and exporters, had legitimate interests that should be taken into account. He noted that agricultural policy reform was a dynamic process that was affected by many factors, such as changes in consumer preferences, and events, such as the recent BSE and foot-and-mouth disease crises. These experiences should be taken into consideration, as they demonstrated the unique role agriculture played in every society and the limitations of a pure market approach. Future trade rules should take into account the specificity of the agricultural sector as a producer of food and public goods within a complex and site-specific biological production system. He stressed that Green Box measures alone would not be sufficient to address non-trade concerns. There was a need for flexibility in the multilateral trading system to sustain domestic agriculture required to safeguard non-trade concerns. The challenge ahead would be to agree instruments that adequately safeguarded non-trade concerns, including in low-potential areas, and, which were least trade distorting. In Norway's opinion, the upcoming Ministerial Conference should not lead to changes in the agricultural negotiating mandate.

17. The representative of Costa Rica recalled the proposals it had co-sponsored with other members of the Cairns Group (NG/W/11, 35, 54, 93), which had called for the elimination and prohibition of all forms of export subsidies, stricter disciplines and substantial reductions in domestic support, and increased market access through tariff reductions and improved disciplines on tariff quota administration. Costa Rica was also interested in export restrictions and in the development of WTO disciplines on export credits. Meeting these objectives would enhance developing country participation in world trade and contribute to growth and development. Costa Rica expressed concern that some Members had presented initiatives which amounted to moving backwards in the agricultural reform process and it felt that some developed countries were using developing country concerns to protect their own interests, thereby denying the right of all Members to take advantage of their comparative advantages. In Costa Rica's view, the best development aid was a world market for agricultural products free of the distortions caused by the intensive subsidy programmes of the developed world. Costa Rica was ready to discuss specific modalities in order to concretize the proposals made so far.

18. The representative of Brazil (NG/W/149) expressed concern at Members' reluctance to discuss the mainstream topics of the Agreement on Agriculture at such a critical moment in the reform process. It was becoming increasingly difficult to refute criticisms regarding the capacity of the negotiations to move forward. Brazil had a special interest in agriculture; thus if the mandated negotiating process agreed during the last round moved in the right direction, Brazil was open to broadening the scope of the negotiations. Brazil saw the work programme for the second phase as a bridge until the beginning of a new round. If and when a new round had begun, the work programme would have to be enlarged to pave the way for real reform in agriculture.

19. The representative of Korea (NG/W/160) indicated that the gaps in Members' views should not be sources of discouragement; a win-win negotiation could only be achieved if it was based on a full understanding of each participant's different situation and difficulties. He stated that Members should not be too idealistic or ambitious and should not try to go beyond Article 20 of the Agreement on Agriculture. This Article clearly stated that reform in the direction of the long-term objective was an ongoing process. New issues that had arisen since the Uruguay Round would have to be properly dealt with, such as consumer concerns on food safety, health, biotechnology and the environment.

20. The representative of the United States remarked that the proposals tabled so far reflected a lack of satisfaction with the Uruguay Round. Every Member seemed to have a claim to be a victim of the Agreement on Agriculture. High ceiling bindings, high base levels for subsidies and marginal reduction commitments had meant most, if not all, countries had been able to cushion adjustments and shield producers from market forces. However, when it came to specific proposals nearly every Member proposed to stick to the basic framework of the Uruguay Round Agreement on Agriculture. The discussions had highlighted the main distortions facing international agricultural trade, including high tariffs, large allowed levels of trade-distorting support under AMS ceilings, exceptions to reduction commitments, continued allowances for export subsidies and lack of specific commitments to address some distortionary measures. The United States was pleased to see that, with few exceptions, Members had identified ambitious reform proposals, and were ready to meet their commitments to substantial reductions in support and protection; obligations all Members had committed to undertake irrespective of development level, competitiveness and number of agricultural functions. The United States looked forward to the work of the second phase with a view to establishing modalities resulting in substantial reform.

21. The representative of Japan (NG/W/165) observed that a number of Members had shown interest in the multifunctionality of agriculture and in non-trade concerns. It was clear to all countries that agriculture was more than the production of food and fibre. The main issues in the current negotiations were to secure multifunctionality and the policy measures needed to address it. With regard to negotiating proposals he noted that most of them had set forth the idea of strengthening rules and disciplines on exports. Regarding domestic support, Japan was encouraged by the fact that a

number of proposals called for maintaining the current framework of Green, Blue and Amber Boxes, although some Members had made unrealistic proposals to radically change the current rules. On market access, some Members advocated progressive reductions while maintaining flexibility, whereas others called for substantial reductions. He stated that, only a limited number of large exporting countries with favourable natural conditions had reaped the benefits of improved market access resulting from the Uruguay Round Agreements, while other Members, especially small developing countries, had gained very little from trade liberalization and were faced with diminishing margins of preference. Many developing countries had made realistic proposals for their own tariff reductions, which in Japan's view was important to ensure food security and agricultural development. Nevertheless, Japan noted that it would not be appropriate to divide members into groups of developed and developing countries since that would ignore the diversity in geographical and natural conditions among Members. Japan stressed that in the next phase of negotiations it was important to conduct a process of clarification and elaboration of proposals which would constitute a solid foundation for the agricultural trade rules for the 21<sup>st</sup> century.

22. On behalf of Cuba, the Dominican Republic and Honduras (NG/W/163), the representative of Honduras observed that some of the proposals from developed countries were a step backwards in the liberalization process. Some of the concepts that had been introduced, including multifunctionality and non-trade concerns of developed countries, were only justifications to continue with the distortions in the agriculture sector. This was discouraging, as it showed a lack of political will in these countries to achieve the elimination of export subsidies, which Cuba, the Dominican Republic and Honduras judged to be the most distorting element in the agricultural market. Agriculture was one of the few sectors negotiated during the Uruguay Round in which developing countries were expected to obtain important benefits. However, after five years of implementation of the Agreement on Agriculture, these benefits had not materialized. For this reason the ongoing negotiations had to result in a significant reform process. The existing special and differential treatment provisions were not adequate to level the playing field between developed and developing countries, and would have to be strengthened. The goals of Cuba, the Dominican Republic and Honduras for the negotiations were described in more detail in the three proposals presented by a group of eleven developing countries (NG/W/13, 14, 37 and Corr.1).

23. The representative of India (NG/W/177) noted that given the diversity in the development levels of WTO Members, no single set of proposals could satisfy all countries' needs and aspirations. Proposals had to go beyond national concerns and take account of other countries' development and societal needs. The proposals submitted in the first phase of the negotiations showed that there were some areas where there was some convergence of views but in other areas more work was needed. The proposals had also shown the sensitivities involved in agriculture, and the need to carry on the reforms and remove the trade distortions caused by developed countries. During the implementation of the Agreement on Agriculture, developing countries had experienced the adverse effects of the trade-distorting policies of developed countries. The second phase of negotiations had to address these distortions, and the ambiguities of the Agreement on Agriculture. He underlined the need to concretize special and differential treatment beyond best endeavour clauses. Active participation of developing countries during the second phase had to be ensured through the arrangements of the negotiating meetings and technical work by the Secretariat.

24. The representative of Guatemala regretted that liberalization of the agriculture sector had made little progress since the Uruguay Round. The concept of multifunctionality of agriculture was becoming a threat to the principle of comparative advantage. Given that no two countries have identical patterns of comparative advantages, Guatemala did not expect the world to become a level playing field; developing countries lacked the power to dismantle the web of trade barriers woven by developed countries. With the concept of multifunctionality, developed countries were promoting an inefficient allocation of resources which Guatemala could not afford. Guatemala was not calling for greater equity or justice, as some other delegations had done, because these were subjective concepts, but instead for a more efficient allocation of material and human resources in all countries, regardless

of their level of development. Focusing on comparative advantages and removing artificial advantages would automatically lead to greater equity and justice.

25. The representative of Cyprus (NG/W/158) indicated that his country's experience over the past six years showed that trade liberalization led to tangible benefits. At the same time, agriculture was a very sensitive sector related to important societal concerns. Therefore, Cyprus supported a gradual process of reform with sufficient time for the necessary adjustments. A balance had to be found between trade and non-trade concerns.

26. The representative of Australia (NG/W/167) highlighted the reform-related themes that had emerged from the first phase of negotiations. First, there was a relatively broad consensus that export subsidies should be eliminated. Second, there was a recognition that high levels of support in some developed countries were having an adverse impact elsewhere, particularly in developing countries, and many had proposed that support had to be cut. Third, there was a recognition that agricultural market access conditions were extremely poor compared to other sectors, and that this adversely affected agricultural exporters, particularly developing countries that tended to rely more heavily on agricultural exports. Australia recognized that some proposals had not been ambitious, and had emphasized the need to recognize multifunctionality but some clear themes had emerged with respect to this concept. In Australia's view, all countries had non-trade concerns, but while some countries wanted to use multifunctionality to avoid or limit policy reform, other countries had argued that non-trade concerns could be addressed with policies which caused only minimal distortions to agricultural production and trade. The key was to find a way to take non-trade concerns into account without letting them obstruct the negotiations. Finally, Australia noted that progress in the second phase of negotiations would have a big effect on the outcome of the Qatar Ministerial Conference.

27. Canada indicated that the first phase had served to define objectives and clarify concerns, thus setting the stage for the second phase. While Members differed in the desired speed and extent of reform and the priority attached to specific elements, there was a clear endorsement of the framework established in the Uruguay Round. Many countries had indicated that the last round had not gone far enough to level the playing field, and that trade-distorting subsidies and market access barriers needed to be substantially reduced. Significant progress should be made in the second phase with or without a broader round of negotiations, although Canada clearly preferred the former.

28. The representative of Poland stated that the challenge for the next phase of the negotiations was to find a way to secure the continuation of the reform process while taking into account all trade and non-trade concerns raised by Members, and allowing the coexistence of different styles of agriculture.

29. Paraguay was optimistic about the possibilities of making progress in the negotiations. It was essential that the basic problems to be addressed, such as market access, export competition and domestic support be studied in detail. In these discussions, non-trade concerns could be taken into account. It noted that special and differential treatment was important, and should not discriminate between developing countries.

30. The representative of South Africa (NG/W/169) was encouraged by Members' recognition of the special needs of developing countries, particularly the need to fully participate in international trade. In the second phase, needs would have to be concretized into solutions. The sooner developing countries, especially African countries, were allowed to realize their comparative advantages, the sooner they could broaden their export base, address poverty, promote economic growth and development and ensure their integration into the multilateral trading system. This would create larger markets from which all Members could benefit.

31. The representative of Chile noted that many countries wanted all types of export subsidies eliminated and a substantial reduction in domestic support. Chile also welcomed the many

constructive proposals on special and differential treatment and on non-trade concerns such as poverty elimination and food security. Chile was concerned that some proposals were not in favour of advancing the reform process, or tried to incorporate new topics not related to the mandated negotiations. This seemed to be an effort to introduce greater protectionism and additional distorting measures. Chile looked forward to establishing specific modalities for reform during the second phase of negotiations.

32. Peru indicated that market access opportunities for agricultural products from developing countries had to be improved, including tropical and/or Andean products, and products which formed part of programmes for substitution of illicit crops. With respect to domestic support, developing countries' legitimate concerns regarding food security, rural development and poverty alleviation had to be taken into account. Peru had made great efforts to guarantee access to food in the poorest areas of the country. Peru understood food security as sufficient availability of food in a country, and the access of the population to this food and its best use. This objective could only be achieved in a stable, predictable and transparent trading environment with equal opportunities for free competition. Peru proposed concrete measures for net food-importing countries, such as extending the implementation time-frames for tariff reduction commitments, providing adequate technical and financial assistance, permitting higher levels of domestic support for agricultural development and supporting access of products from net food-importing countries to developed country markets. Peru hoped that in the second phase of negotiations the liberalization of international agricultural trade would be advanced through substantial reductions in distorting domestic support measures, and through the elimination of export subsidies.

33. After analyzing the proposals tabled so far, the representative of Mexico observed that all except four of them dealt with special and differential treatment, mostly in relation to the topics of market access, domestic support and export competition. Most Members seemed to propose an elimination or substantial reduction of export subsidies. Likewise, many proposals supported a reduction of domestic support, especially in developed countries. Mexico emphasized the links between the three main subjects of the negotiations; market access negotiations thus depended on the results of the negotiations on domestic support and export subsidies.

34. The representative of the Czech Republic (NG/W/157) emphasized that because of the variety of country situations, most subjects raised in proposals were too complex to be considered as north-south issues, issues between exporters and importers or between free traders and subsidizers. The Czech Republic was committed to substantial results in all areas of the negotiation on the condition that a proper balance between trade and non-trade concerns was maintained. Due account would have to be taken of the specific challenges of the countries which had undergone unprecedented transformations of their agricultural sectors and maintained low levels of subsidization and protection.

35. Panama stressed the importance of political will on the part of all Members to integrate agriculture into WTO disciplines. In particular, this political will would be needed for special and differential treatment for developing countries, reductions of domestic support, the elimination of export subsidies, and market access. Trade distortions in agriculture caused much damage to developing countries for whom agriculture often played a crucial role in dealing with poverty and unemployment, and would have to be eliminated.

36. The representative of Mauritius (NG/W/179) shared the view of the European Communities that there was no more a single developed nor a single developing country position. All countries had legitimate trade and non-trade concerns which had to be attended to; this was demonstrated by the variety of different interest groups involved in the negotiations. Mauritius had participated in three submissions, the first with 26 other countries representing a wide variety of positions on non-trade concerns (NG/W/36); the second together with eight small island developing states (NG/W/97); and the third as part of the African Group (NG/W/142). In addition, Mauritius had submitted a comprehensive proposal (NG/W/96), where it had highlighted its inherent constraints as a small island

developing state dependent upon preferential trade agreements. Mauritius had also drawn attention to issues and Agreements closely linked to the negotiations on agriculture, namely geographical indications and the SPS Agreement, while the African Group's paper referred to TBT issues. A meaningful outcome to the negotiations would have to take into account these related issues and Agreements. Mauritius stated that its purpose was to create an environment which would facilitate access, enhanced productivity and target niche markets. It also emphasized that agriculture was vital for small island developing states like Mauritius, and played a very important multifunctional role. In Mauritius' view, an equitable outcome did not imply a level playing field, nor a one-size-fits-all approach. Instead, an equitable outcome would be one which addressed the constraints of low potential areas, the vulnerability of small island developing and landlocked countries, as well as the burden imposed by the Uruguay Round on developing countries generally, but more particularly on net food-importing and least-developed countries.

37. The Slovak Republic highlighted the broad spectrum of views and expectations expressed in the proposals, based on countries' agricultural policies, structure, difficulties, geographical conditions and experiences from the implementation of the results of the Uruguay Round. During the first phase, Members had expressed their readiness to continue the negotiation progress under Article 20, but they had also presented a wide diversity of concerns. The Slovak Republic believed that further negotiations would take into account each Member's right to seek balanced benefits from the continuation of the reform process. Therefore, all Members' concerns had to be taken into consideration, and all Members had to show understanding and a spirit of compromise. In particular, the needs of developing and transition economies had to be taken into account, as well as the specificity of agriculture in different countries.

38. The representative of Venezuela (NG/W/171) stressed that it was necessary to revise the current structure of the Agreement on Agriculture, in particular to deal with the tendency of developed countries to increase agricultural support. In the context of continuing strong distortions in international markets Venezuela would find it difficult to accept further commitments in tariff reductions. Venezuela was concerned about the limited scope of special and differential treatment proposed by some Members, including proposals to deal with it on a case-by-case basis and with a focus on technical assistance. This limited approach to special and differential treatment contrasted with some Members' aspirations related to non-trade concerns, which included horizontal provisions without time-limits. Many of these proposals basically advocated the maintenance of the existing inequities of the Agreement. The experience gained from implementation showed that more than just longer transition periods and technical assistance would be required to allow developing countries to integrate effectively into international agricultural trade. The current negotiations thus had to lead to special and differential treatment provisions that allowed countries like Venezuela to promote the strengthening of its agricultural sector and to be able to defend its market in the case of disloyal competition, including that derived from agricultural subsidies in developed countries.

39. Iceland supported many of the issues raised in the proposals by the EC, Switzerland and Norway especially the long-term objective of substantial progressive reductions in support and protection resulting in fundamental reform. Therefore, Iceland suggested that gradual progress was needed rather than radical reform with non-trade concerns and special and differential treatment addressed as horizontal issues integral to each of the Agriculture Agreement's three pillars. Icelandic agriculture's objective remained to provide a secure supply of safe, quality food simultaneously with a range of very important public goods. Iceland would continue to emphasize sound production methods, animal welfare, food security and safety and the need for instruments to address these issues meaningfully, whether in terms of market access or domestic support. A flexible formula approach to tariff reductions was needed with scope for improving the disciplines governing tariff quotas and the transparency of their administration. On domestic support, the need to address non-trade concerns in targeted, transparent and minimally trade-distorting ways should be taken into account. However, Green Box measures were unlikely to suffice in all cases and production linked subsidies might be necessary. If the AMS was to be reduced, the rules and disciplines of the Green and Blue Boxes had



to be maintained and a mechanism was needed for inflation adjustment of domestic support commitments. On export competition, Iceland was of the view that this topic should be addressed in a rigorous and comprehensive fashion, not simply in terms of export subsidies and, given the right circumstances, Iceland could consider elimination of export supports.

40. The representative of Egypt expressed his belief that the second phase should address all the issues of concern to Members as specified in Articles 15, 16 and 20 of the Agreement on Agriculture, as well as in proposals. Therefore, the negotiations should focus on progressively reducing current tariff levels, providing enhanced market access opportunities for developing countries, and on phasing out trade-distorting forms of support, particularly in the field of export competition, with special and differential treatment as an integral part of all elements of the negotiations. Three issues should be discussed at each future meeting, one related to each of the three pillars of the negotiations, in addition to a fourth issue under the umbrella of non-trade concerns. It was also necessary to have a preliminary understanding of the number of phases in the negotiations, and a definition of the nature of each phase.

41. Colombia (NG/W/162) highlighted the range of proposals presented during the first phase, varying from those that seemed to be taking a step backwards, to the most ambitious ones with the objective of total and definitive liberalization of the agriculture sector. The challenge for the multilateral trading system was to ensure that the current negotiations resulted in a level playing field and a more equitable and market-oriented agriculture sector. Colombia noted that in the first phase of negotiations most proposals expressed a clear desire for reform and liberalization in the agriculture sector, with the objective of reducing distortions. It pointed out that one of the WTO Members that most protected and supported agriculture was willing to negotiate but some others had suggested new negotiating topics outside the scope of the Agreement which appeared to be an attempt to introduce distorting elements.

42. Swaziland (NG/W/155) noted that in the first phase Members had debated and listened to the views of small developing countries. Some of the critical issues that had emerged from the first phase of negotiations included special and differential treatment as an integral part of the work programme and the difficulties facing small, least-developed, land-locked and island developing countries. The second phase of negotiations would have to find an efficient and equitable solution to these issues. Integrating these countries into the global trading system would not be possible if existing benefits under preferential arrangements were lost. Preferential market arrangements had to be treated in an imaginative, innovative and flexible manner. Although the preference margin would be eroded over time the negotiations needed to take into account the linkages that existed between preferential benefits and the support levels prevailing in the developed countries granting those preferences. A compromise had also to be found to deal with the different types of non-trade concerns that were important to different countries. Finally, Swaziland expressed its hope that the momentum generated in phase one of the negotiations would not be lost as a result of the Qatar Ministerial Conference.

43. The representative of Turkey (NG/W/173) stated that the Agreement on Agriculture had failed to create equitable market access conditions for developing countries. These countries had identified their implementation problems, and highlighted the need to strengthen special and differential treatment. Turkey's willingness to proceed with future tariff reductions would be positively affected by developed countries' reductions in export subsidies and domestic support.

44. Argentina (NG/W/181) stated that the Uruguay Round had resulted in uneven benefits and had made little progress towards opening agricultural markets and making them truly competitive. Balanced benefits could only be achieved if agricultural liberalization advanced and the commitments and disciplines to be respected by subsidizing countries were strengthened. In Argentina's view, the Qatar Ministerial Conference had to lead to a more specific and concrete commitment to liberalize agricultural trade than that contained in Article 20, which was open to different interpretations. The provisional programme for the second phase thus had to incorporate the results of the preparations and

outcome of the Qatar meeting. In Argentina's view, during the second phase of negotiations Members faced two tasks. The first task was technical and consisted of translating the proposals of the first phase into a menu of options leading to the adoption of new rules and commitments. The second was a political task to create areas of consensus by reducing the differences between different proposals. Argentina hoped that the sequence of topics not yet included in the work programme would be decided in May 2001. Since a large number of countries seemed to be in favour of eliminating all types of export subsidies, Argentina proposed beginning with this topic. While Argentina was flexible regarding the sequence of topics to be discussed, a logical order should be maintained; thus rules should be negotiated first before moving on to discuss exceptions or derogations.

45. In Kenya's view the success of the negotiations did not depend on the launching of a new round of comprehensive negotiations, but rather on whether they dealt with the developmental needs and concerns of developing countries. The negotiations should thus address improved market access for products of export interest to developing countries, the removal of trade distorting measures and the improvement of special and differential treatment, with a view to fostering agricultural productivity, food security, rural employment and poverty alleviation. There was no reason to assume that the effects of agricultural trade liberalization would be substantially different if the process was overloaded by new conditions that were not part of the Uruguay Round package.

46. The representative of Slovenia saw some common positions between the widely different proposals submitted in the first phase. Regarding non-trade concerns, Slovenia noted that due consideration had to be given to different national agricultural policies based on specific economic, geographic and cultural backgrounds. Different non-trade concerns, including the provision of public goods, needed to be addressed. Slovenia had begun a significant shift in its agricultural policy, including the introduction of direct payments on area and headage bases. Like other transition economies, Slovenia needed a flexible approach in the form of longer transition periods for Blue Box payments, with Green Box payments as a final goal. Slovenia also supported the maintenance of the special safeguard mechanism to ease possible negative effects of sudden unforeseen fluctuations. The agriculture negotiations should examine the application of special safeguards as an instrument available to all Members, complementary to the Agreement on Safeguards which envisaged more trade-disruptive and longer-lasting measures.

47. The representative of Grenada, on behalf of CARICOM countries (NG/W/151), drew attention to the adjustment imperatives of small developing countries that continued to be dependent on trading preferences. CARICOM was eager to see more concrete work in the second phase of the negotiations on issues such as preferential trading arrangements, non-trade concerns and domestic support. The ambitions of CARICOM countries were contained in their negotiating proposal (NG/W/100). Effective participation by CARICOM countries depended on the acceptance of special and differential treatment as a fundamental guiding principle of the negotiations. As net food-importing developing countries, the CARICOM countries had open markets and had to ensure that no debilitating non-tariff barriers were erected against their exports. During stage two, the need for substantial progress in the negotiations had to be balanced with the need to ensure the participation of small developing countries with limited negotiating capital.

48. Ecuador recalled that it had supported the proposals presented by the Cairns Group (NG/W/11, 35, 54, 93). In Ecuador's view the new phase of negotiations had to concentrate on studying the proposals presented, especially with respect to improved market access conditions, substantial reductions in domestic support, the elimination of export subsidies and effective special and differential treatment for developing countries. Ecuador expressed concern that some Members were trying to introduce elements to evade the commitments they had made in the Uruguay Round. During phase two, Members' trade and non-trade concerns would have to be examined in light of the three pillars of the Agreement on Agriculture, within the agreed structure, and without getting side-tracked from the fundamental objective of the negotiations: achieving freer, less distorted and more equitable agriculture trade within GATT disciplines.

49. Pakistan was interested in further liberalization through the mandated negotiations. Pakistan had fulfilled its Uruguay Round obligations, yet it had not received the promised benefits. Thus Pakistan expected the negotiations to rectify the situation. Together with other developing countries, Pakistan had submitted several proposals (NG/W/13, 14, 37 and Corr.1), and was willing to further elaborate on its concerns. The work programme for the second phase had to reflect the interests and priorities of developing countries, including effective and binding special and differential treatment, removal of the present imbalances in the Agreement, and making up for the developmental deficit in the Agreement.

50. The representative of Lithuania (NG/W/152) indicated that although not yet a Member, Lithuania had participated in the first stage of negotiations to express its position through joint proposals with other transition economies (NG/W/56, NG/W/57) and through a written submission (NG/W/127). Lithuania recognized the benefits of substantial progressive reductions in agricultural support and protection in the long run, but noted that a single model for further reforms in agricultural trade was hardly possible. The specificity of countries in transition had to be taken into account because of the particular situation of agriculture in these countries as a result of ongoing structural reforms. Lithuania called for flexibility in market access and domestic support for transition economies, and especially for consideration of the commitments recently made during the accession negotiations.

#### ITEM B: ORGANIZATION OF FUTURE WORK

51. The Chairman recalled that at its first meeting in March 2000, the Special Session of the Committee on Agriculture had adopted a work programme for the first phase of the negotiations (the full statement by the Chairman is attached in Annex 1). As the discussions under the stock-taking item of the agenda had indicated, this first phase of the negotiations had been satisfactorily completed and it now remained to adopt a work programme for the next phase of the Article 20 negotiations. On the basis of an intensive process of informal consultations held since the February 2001 Special Session meeting, the Chairman proposed the work programme contained in NG/7 (copy attached in Annex 2) be adopted.

52. Before putting the work programme for adoption, the Chairman clarified that the list of trade and non-trade issues for the first two or three meetings was not exhaustive. Other issues would be taken up at subsequent meetings, so that all issues would be covered under the work programme for the second phase of the negotiations. He also indicated that the proposed schedule of meetings had been adjusted to allow for six Special Sessions until March 2002. In response to suggestions, arrangements would be made for longer rather than shorter sessions, depending on availability of conference rooms. Subject to confirmation, the planned dates for the upcoming informal meetings would be 21-23 May and 23-27 July 2001.

53. The Committee adopted the work programme as proposed.

54. The representative of Brazil noted that the work programme fell short of Brazil's expectations. Yet, for the sake of progress and of maintaining the momentum of the negotiations Brazil had joined the consensus. It emphasized that with this work programme, the Committee was not rewriting Article 20, nor prejudging the scope of the negotiations or setting priorities or a hierarchy, but setting an agenda for further work based on Members' proposals.

55. India also stated that it would have preferred to see many more things to be included in the work programme, but accepted it for the sake of consensus. Supported by Egypt, Grenada, the Dominican Republic and ASEAN, India indicated that in order to maintain the integrity of Article 20, the third bullet point of the work programme regarding special and differential treatment should refer specifically to developing country Members.

56. The representatives of Egypt and Grenada appreciated the reduction in the number of special sessions. Egypt urged the Chairman to be quite illustrative of the discussions in the informal meetings when reporting to the formal meeting. This would allow small delegations to have a summary of the informal meetings.

57. The representative of the Dominican Republic, speaking also on behalf of Cuba and Honduras, noted that it would be very difficult to accept any additional meetings. The three delegations had been flexible in accepting the number of meetings proposed, and had hoped that developed countries would also be flexible when it came to the number of meetings on implementation problems. Although they would have preferred a work programme centered around the three pillars of the Agreement on Agriculture, they had joined the consensus since the list of topics was not exhaustive and did not set priorities. Agriculture was one of the few sectors where developing countries enjoyed a comparative advantage. Yet five years after the conclusion of the Agriculture Agreement, they had not obtained the expected benefits. Nevertheless, developed countries had not shown the political will to resolve the implementation problems of other Uruguay Round Agreements. The three delegations recalled their stance that before a new round of negotiations was started implementation problems should be resolved.

ITEM C: OTHER BUSINESS, INCLUDING DATE AND TIME OF NEXT SPECIAL SESSION

58. No items were raised under other business. The next informal meeting was planned for 21-23 May 2001.

ITEM D: CHAIRMAN'S OUTLINE OF HIS REPORT TO THE GENERAL COUNCIL

59. The Chairman outlined the general content of the report he would be making to the General Council (NG/7, attached).

60. The Committee congratulated the Chairman on his leadership during the first phase of negotiations and thanked him for his excellent work.

**ANNEX 1**

**SEVENTH SPECIAL SESSION OF THE COMMITTEE ON AGRICULTURE  
26–28 March 2001**

**Statement by the Chairman  
on the First Phase of the Negotiations on Agriculture  
Ambassador Jorge Voto-Bernales**

This meeting is the seventh Special Session and marks the end of the first phase of the negotiations. As was agreed in March last year at the first Special Session, we must now take stock of the progress made so far in the negotiations.

The Uruguay Round Agreement on Agriculture and the related commitments in each Member's WTO Schedule of commitments were the first steps in a longer term reform process in agricultural trade as recognized in the Preamble and Article 20 of the Agreement. Article 20 required that the negotiations on continuing the reform programme be initiated one year before the end of the implementation period.

For the past twelve months the Committee on Agriculture meeting in Special Session has been negotiating the continuation of the reform process as required by Article 20 of the Agreement on Agriculture and in accordance with the decision of the General Council in February 2000.

In my view a great deal of progress has been achieved under the work programme established in March last year for the first phase of the negotiations. It is important of course that this momentum is sustained into and throughout the next phase of the negotiations.

In all, 44 negotiating proposals and 3 technical papers have been submitted by a total of 125 WTO Member countries covering the different issues related to agriculture trade that are of major and fundamental interest and importance to the participating countries concerned. In addition the Secretariat has made available 27 background papers at the request of Members in order to facilitate the negotiating process.

The examination of these proposals and submissions has been both detailed and intensive. This I am sure has contributed to heightening our appreciation of the wide range of interests involved, as well as the complexity of many of the issues which will have to be addressed in more detail in the next phase of the Article 20 negotiations.

In a sense the first phase of the negotiations, although it has involved a great deal of work in capitals and in the Special Session meetings, has been relatively straight forward. Its importance lies in the fact that the basic positions of participants are now on the table. The next phase will represent the beginning of a more challenging process.

At your request I have conducted extensive informal consultations on how the second phase of the Article 20 negotiations should be structured and organized. I would like to thank all delegations for their contributions and assistance in this regard. I am encouraged to believe that the draft work programme under consideration constitutes a finely balanced basis for the next phase of the negotiations.

I would now like to open the floor for Members to make their respective statements in the context of the stock-taking exercise.

## ANNEX 2

### SEVENTH SPECIAL SESSION OF THE COMMITTEE ON AGRICULTURE (G/AG/NG/7)

#### Report by the Chairman, Ambassador Jorge Voto-Bernales, to the General Council

1. The Special Session of the Committee on Agriculture, which was established by the General Council to conduct the negotiations for continuing the reform process under Article 20 of the Agreement on Agriculture (WT/GC/M/53, paragraph 39 refers), held its seventh meeting on 26-27 March 2001.
2. The agenda as set out in WTO/AIR/1504 was adopted.
3. In the course of the stock-taking exercise undertaken at this meeting in accordance with paragraph 6(b) of G/AG/NG/1, a number of general statements were made in which participants outlined, inter alia, their respective views regarding the 47 negotiating proposals and other submissions which had been presented and examined in the course of the first phase of the negotiations, as well as with respect to the organisation of the further work of the negotiations. It was generally agreed that the first phase of the negotiations for continuing the reform process had been satisfactorily completed. The statements made in the context of the stock-taking exercise and the related discussion will be fully reflected as appropriate in the detailed summary report of the meeting to be prepared by the Secretariat.
4. The Committee adopted the following work programme for the second phase of the negotiations for continuing the reform process under Article 20 of the Agreement on Agriculture:
  - Nature and scope of Work Programme: work in depth on all issues and options for policy reform set out in Members' proposals, with further elaboration as appropriate.
  - Basis of work: Article 20, negotiating proposals submitted by Members and their additional elaborated proposals.
  - Special and differential treatment is an integral part of all elements of the negotiations.
  - Organisation of Work Programme: work to be conducted in informal and formal meetings of the Special Sessions; Chair to prepare reports on the informal meetings and prepare annotated agendas ahead of the meetings.
  - Sequencing of Work Programme and Timetable: three Special Session meetings to be held back-to-back with the regular meetings of the Committee on Agriculture in September and December 2001 and in March 2002 (each of these Special Sessions would convene informally and conclude with short formal meetings), plus three informal Special Session meetings in May and July 2001 and in February 2002. Any additional meetings would be scheduled by the Chair after consultations with Members.
  - Review of progress of the negotiations shall take place in the formal March 2002 meeting.

Without prejudice to Article 20, which details the objective of the negotiations and the factors to be taken into account, the Chair recommends the following list of trade and non-trade issues drawn from Members' proposals for the first two/three meetings:

- Tariff quota administration
- Tariffs
- Amber Box
- Export subsidies
- Export credits
- State trading enterprises
- Export restrictions
- Food security
- Food safety
- Rural development

The foregoing work programme is adopted without prejudice to the decisions that may be taken at the fourth Ministerial Conference.

5. In adopting this work programme it was noted, with regard to the list of trade and non-trade issues for the first two or three meetings, that this listing was not exhaustive and that other issues will be taken up in the subsequent meetings, so that all issues will be covered as appropriate under the work programme for the second phase of the negotiations.

6. A number of the statements made at this meeting are to be circulated in the series G/AG/NG/W/- at the request of the delegations concerned. These statements will be listed in an addendum to this report in due course.

7. Subject to confirmation the planned dates for the informal meeting in May would be 21-23 May; and for the informal meeting in July, 23-27 July.

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