WORLD TRADE ORGANIZATION

RESTRICTED

G/AG/R/23
27 July 2000

(00-3096)

Committee on Agriculture

SUMMARY REPORT OF THE MEETING HELD ON 28 JUNE 2000

Note by the Secretariat

1. The Committee on Agriculture held its twenty-third regular meeting on 28 June 2000. In accordance with Rule 12 of the Committee's Rules of Procedure (G/L/142), Ambassador Jorge Voto-Bernales, of Peru, and Mr. Yoichi Suzuki, of Japan, were elected by acclamation as Chairman and Vice-Chairman, respectively, of the Committee to hold office until the end of the March meetings in 2001. As agreed by the General Council at its meeting on 7-8 February 2000, the Committee meeting in Special Sessions is to be presided by the Chairman and the regular meetings of the Committee by the Vice-Chairman (WT/GC/M/53, paragraph 39, refers).

2. The agenda of the meeting as contained in WTO/AIR/1335, as modified by the deletion of the question raised by the United States regarding G/AG/N/POL/32, was adopted.

Part I: The Review Process

Matters relevant to the implementation of commitments under the Reform Programme: Article 18.6

(a) Canada: Brazil – Export subsidies provided by PROEX

3. Canada expressed concern that Brazil, through its export credit programme PROEX, could be contravening the provisions on anti-circumvention of export subsidy commitments. Canada asked Brazil to provide data on the value and volume of exports of various agricultural products that had benefited from PROEX. Furthermore, it seemed that a number of agricultural products eligible for PROEX were not part of Brazil's Uruguay Round scheduled export subsidy reduction commitments. Canada wanted to know how Brazil ensured that any subsidized export credits received by such products would be in conformity with Article 10.1 of the Agreement on Agriculture.

4. The representative of Brazil responded that Canada's questions had been forwarded to the competent Brazilian authorities and that an answer would be forwarded to Canada as soon as possible.

(b) Canada: Mexico – Export subsidies provided for durum wheat

5. Canada referred to an announcement that Mexico would provide export assistance for the export of 300,000 tonnes of durum wheat in 2000. Canada enquired about the status of the programme and asked Mexico whether it planned to notify the programme as an export subsidy and whether this was the first time since Mexico's last notification in 1995 that export subsidies had been provided for wheat, maize, beans, sorghum and sugar.

6. The representative of Mexico responded that Canada's questions had been sent to the relevant authorities in Mexico City for consideration and that the replies would be forwarded to Canada upon receipt.

(c) Canada: Panama – Market access

7. Canada expressed serious concern regarding a number of trade-restricting actions taken by Panama since last autumn. In particular, Canada was worried about the increasing number of delays and rejections of licences for various products under the import licensing system operated by the Executive Directorate of Quarantine. Canada also reverted to an issue raised at the November 1999 meeting of the Committee on Agriculture relating to tariff increases for evaporated milk, pork and potatoes and the lack of a minimum level of access through tariff rate quotas for the latter two products. Canada inquired as to what Panama planned to do in order to respect its WTO commitments relating to import licences and tariff regimes.

8. Panama responded that, although request forms had changed and a new authorization certificate had been drawn up, the same procedures as before were being used in granting import licences in relation to sanitary and phytosanitary matters. Sanitary and phytosanitary licences were granted once the necessary requirements had been met before importation and there was a list of products which did not have to meet these requirements before being granted import licences. However, requests for import licences could be rejected in the case of products originating from a factory which had not received prior authorization. In the case of evaporated milk, the sanitary condition of evaporated milk from Canada was not being questioned, the problem related to changes in the documentation and was being examined through judicial procedures.

9. Concerning the process for acquiring sanitary and phytosanitary licences, the representative of Panama noted that it was a public process which consisted of filing a completed request form that was analysed by the competent agronomists or veterinarians of the *Dirección Ejecutiva de Cuarentena Agropecuaria* (DECA). Once the licence had been granted, stamped and signed, it was returned, through Unit 41 of DECA, to the applicant. The sanitary and phytosanitary import and/or transit licence cost 500 Balboas and was valid for 60 calendar days.

10. With regard to market access, Panama noted that the tariff quotas for pork and potatoes were in the process of being determined for the year 2000. On 18 October 1999, the tariff quotas for parts of the pork meat and potatoes tariff lines had been set at the level of Panama's WTO bound rates, which was higher than the 15 per cent tariff that had applied to these products in 1998. As imports had been above the bound tariff quota quantities, as for 1998, no quotas were opened in 1999 for those products. The delegate of Panama informed the Committee that for the second half of the current year, the respective tariff quotas would be opened in conformity with Panama's WTO commitments. Nonetheless, up to May 2000, imports of both pork and fresh potatoes were higher than the bound tariff quota quantities which showed that there were no restrictions on import for these products. Concerning annual quota quantities relating to other tariff quotas, 70 per cent of the dairy products quota, 100 per cent of the tomato products quota and 100 per cent of the rice quota, respectively, had already been opened, in line with Panama's WTO commitments.

11. Canada sought confirmation that since, according to the representative of Panama, the only licences required for importation into Panama related to SPS requirements, these would be in conformity with Panama's obligations under the SPS Agreement. Canada also looked forward to a quick opening of the tariff quotas for potatoes and pork for the year 2000 as previously mentioned by the representative of Panama. New Zealand, supported by the European Communities, noted its concern with changes to SPS certification as they related to trade in dairy products. These changes had made it more difficult for New Zealand to participate in Panama's market, particularly for evaporated milk, and New Zealand hoped for consultations between Panama and its trading partners in order to reform the import system. The representative of Panama reiterated that, in conformity with Panama's accession procedures, there had been no changes to the procedures since 1997 as only the certificate and the request forms had been changed.

(d) New Zealand: Venezuela – Dairy import regime

12. The representative of New Zealand reported that New Zealand had raised the issue of newly implemented tariff quota arrangements for dairy products with Venezuela several times before, including detailed discussions on methods used to allocate import licences. New Zealand, supported by Uruguay, expressed its ongoing concern about delays in the allocation of licences, the lack of transparency as well as the lack of detailed regulations covering Venezuela's import regime for dairy products.

13. The delegate of Venezuela confirmed that several meetings had already been held with New Zealand regarding this issue and Venezuela would continue to be forthcoming with both New Zealand and Uruguay, with a view to finding a satisfactory solution to the matter. The administration of tariff quotas for milk powder in Venezuela was transparent and in conformity with the relevant WTO import licensing provisions. The delegate of Venezuela stated that traditional importers were allocated 90 per cent of the quota and the remaining 10 per cent was reserved for new importers. To date, approximately 60 per cent of the total quota had been filled. Venezuela further noted that traditional importers were also the main buyers of powder milk. All the information relating to licences was set out on the web site of the Ministry of Production and Commerce at *platino.gov.ve/MAC/INDICE-P.HTM*. Furthermore, the requirements relating to obtaining import licences had been published in the national press in accordance with Venezuela's determination to apply a transparent system in line with its obligations under the WTO.

(e) United States: Egypt – Dairy tariffs in excess of bindings

14. The United States reverted to this issue, last raised at the September 1998 meeting of the Committee on Agriculture, to inquire about the reason why tariff rates for a number of identified dairy products were in excess of the bound levels. The representative of the United States asked for clarification as to when Egypt would effectively reduce applied rates to levels consistent with Egypt's WTO bindings.

15. The delegate of Egypt stated that WTO agreements including Egypt's Schedule of Concessions were an integral part of Egypt's domestic laws as ratified by the Parliament. Egypt had faithfully respected its Uruguay Round bound commitments in administering the tariff rates for all goods imported from WTO Members. Furthermore, any breach of the rule which was reported by a concerned party was immediately rectified by the Egyptian authorities.

(f) United States: Korea – Rice imports

16. The United States asked Korea to explain why Korean law did not allow imported rice to be used for any purpose other than processing and how this could be reconciled with the national treatment provisions of GATT 1994. Furthermore, according to the United States, the information provided in G/AG/N/KOR/27 showed that Korea did not meet the requirements for continuing to receive special treatment for rice. The United States inquired about the measures Korea had taken to ensure that imports took place during the importing period as specified in Annex 5.

17. The delegate of Korea responded that the Korean government purchased and sold a certain amount of food grains, mainly rice, to stabilize the market. Government-procured rice was purchased from both domestic producers and foreign suppliers. When selling the rice, the government would indicate whether it was to be used for government consumption, price stabilization or processing purposes and buyers were committed to use it only for the indicated purpose. He stated that Korea's government-run rice management system operated in compliance with the principle of national treatment since specific purposes were designated for all of the rice purchased by the government regardless of its origin. Furthermore, Korea had faithfully implemented its obligations regarding rice

imports as it had put in place all necessary measures to import the whole annual quantity. Korea would, however, endeavour to ensure that deliveries took place within the relevant calendar year.

18. The representative of the United States, supported by Australia, expressed his appreciation of Korea's stated efforts to import rice inside the calendar year. However, given the impact on the type of rice to be imported, the United States did not believe that the government purchasing monopoly on rice imports into Korea was fully in compliance with national treatment rules**.**

(g) United States: Panama – Use of import permits to regulate market

19. The United States expressed its concern regarding Panama's repeated use of import permits to regulate trade in a number of agricultural products. This practice raised problems linked to slow processing or rejection of requests and to domestic buying requirements. The United States asked Panama to clarify how the import permits were issued and to comment on reports of domestic buying requirements being linked to the issuance of the permits. The current system had been causing significant problems for US exporters of pork, beef, dairy, potatoes, onions and fresh vegetables in getting the necessary permits to ship products to Panama.

20. Panama reiterated that although request forms had changed and a new authorization certificate had been drawn up, the same procedures had been maintained concerning sanitary and phytosanitary measures related to import licences since 1997 and were regularly published in national newspapers. Concerning the process for acquiring sanitary and phytosanitary licences, the representative of Panama noted that it was a public process which consisted of filing a filled request form to be analysed by the competent agronomists or veterinarians of the *Dirección Ejecutiva de Cuarentena Agropecuaria* (DECA). Once the licence has been granted, stamped and signed it was sent back, through Unit 41 of DECA, to the requester. The sanitary and phytosanitary import and/or transit licence cost 500 Balboas and was valid for 60 calendar days. Regulations in Panama for issuing sanitary and phytosanitary licences required that these licences be granted in a brief period of time. No shipments were allowed without the relevant licence and the importer could not assume that the fact that his application had not been replied to implied that the licence had been granted. The representative of Panama further noted that sanitary and phytosanitary licences for import were not subject to domestic purchasing provisions but rather to the health conditions in the country, region, area, plant or factory that the goods came from.

(h) United States: Venezuela – Import restrictions

21. The United States expressed its concern over Venezuela's application of apparently WTO inconsistent practices which disrupted and restricted trade on a number of imported products. The United States noted that rules and procedures governing the administration of tariff rate quotas and importing requirements were frequently unclear and non-transparent, resulting in disruption to normal trade with unfilled or under-filled market access commitments. The United States asked Venezuela to provide some clarifications on the way in which import access was implemented for wheat, corn and sorghum, pork, poultry and other products.

22. The delegate of Venezuela indicated that bilaterals had been held with various countries to explain procedures linked to the administration of tariff quotas with the presence in Geneva of the official in charge of the administration of the system. The system for the administration of tariff quotas in Venezuela was transparent and in line with Venezuela's commitments under the WTO. Regarding wheat, the applicable tariff for in-quota imports was currently at 30 per cent in accordance with Venezuela's bound tariff rates, to be reduced to 20 per cent by 2004. The criteria for granting import licences for corn and sorghum were based on the submission of proof of imports in the previous two years by those traditional importers requesting licences. It was also noted that the feed industry for animals purchased domestic harvests of sorghum depending on the levels of production. The information on domestic purchases requested from producers of balanced feed for animals was

solely used for planning purposes. Since the entry into force of the regime, higher volumes than the 583,459 tonnes minimum access commitment of Venezuela for yellow corn had been imported.

23. On other products, the representative of Venezuela reiterated that no conditions of domestic purchases were placed on the granting of licences. An individual wishing to import sorghum as a traditional importer needed only to submit import data for the previous two years. Concerning the information requested from milk and soya importers, it was for the purposes of an ongoing statistical assessment of the respective chains of production. As to the documents requested from cheese importers, they were specified in the official bulletin published in line with Article 3 of Official Gazette No. 36831, of 17 November 1999, which specified the import licence regime for dairy products. The applicable legal regimes for the importation of pigmeat and poultry meat were: a permit from the Ministry of Health and Social Development, a sanitary certificate from the country of origin and a sanitary permit issued by the Ministry of Production and Trade. There were no conditions requiring domestic purchase. Imports of poultry meat originating from the United States were affected by a justified health restriction and Venezuela was awaiting the results of consultations it had undertaken with the *Office international des épizooties (OIE)* on the matter.

24. The United States noted that, despite the explanations received from Venezuela in bilateral meetings, importers and exporters felt that there were, in effect, domestic purchasing requirements in place. For example, the United States found it surprising that the 1 million tonne tariff rate quota for sorghum was not being filled at a time when domestic prices for sorghum were substantially above world market prices. Canada also noted that it was still awaiting Venezuelan responses to queries raised at the June 1999 Committee meeting, regarding the import permit system which applied for pork.

(i) Uruguay: Panama – Market access difficulties for beef

25. The representative of Uruguay stated that Uruguay had obtained in February 1998, recognition by Panama of Uruguay's status as being free from foot-and-mouth disease without vaccination. In 1999, health authorities of Panama had endorsed certain Uruguayan meat plants and the first Uruguayan meat shipments had been received in Panama. On 13 October 1999, Panama raised the applicable tariff for meat from 15 to 32 per cent. In the same month an agreement was reached between the health authorities of both countries to allow imports of Uruguayan meat in Panama provided that Uruguayan meat be subject to pre-shipment health controls. These controls were stricter than those that applied to local meat production in Panama. However, no further import permit applications were granted to Uruguay by the Ministry of Agricultural Development of Panama, with most applications being simply ignored. The representative of Uruguay reported that the many bilateral official contacts between Uruguay and Panama had been unfruitful. He stated that Panama had to comply with its WTO commitments and could not shift any responsibility of this matter to the private sector. Furthermore, imports from Uruguay in 1999 totalled 700 tonnes with a possible annual projection of 3,000 tonnes. These amounts could not have been able to distort a market which slaughtered roughly 63,000 tonnes per year.

26. The representative of Uruguay noted that Panama, through its Protocol of Accession to the WTO, had assumed certain obligations that were reflected in Section 2 of the first part of the Protocol. Panama had committed itself to the elimination of any mechanism or restriction related to import permits which could constitute a hidden barrier to trade, and in particular, Panama had undertaken not to apply any restrictive measures such as quotas for imports. Since the change of Government in 1999, the Ministry for Agricultural Development had begun to apply the use of sanitary import licences as a mechanism to control the supply of foreign meat products. This control had implied a quota or import quota system on meat products or products of animal origin, which in effect led to a prohibition of Uruguayan meat in violation of GATT 1994 rules and contrary to Panama's Protocol of Accession. In particular, the actions of the Ministry of Agricultural Development were contrary to Articles 31 and 141 of Panama Law No. 23 of 15 July 1997. Article 31 stated, *inter alia*, that sanitary

and phytosanitary licences should be granted within brief periods of time. Article 141 stated, *inter alia,* that the processing of non-automatic import licences should not have any additional restrictive or distortive effects on imports, and that procedures for non-automatic licences should be related in their scope and duration to the measure for which they were intended. Therefore, Uruguay requested an explanation from Panama regarding the fact that since 9 December 1999, Uruguayan meat had been barred access to the Panamanian market through the withholding of import licences and, furthermore, Uruguay also wished to know what measures would be adopted by the Government of Panama to remedy the situation.

27. The delegate of Panama responded that the method applied by the Republic of Panama in granting sanitary or phytosanitary licences was the same since 1997, regardless of the country of origin of the imported goods. There were differences established in terms of requirements to be met according to the health situation of each country, zone, region, plant or factory from which the goods originated. In order to analyse the sanitary condition of the products to be imported, spot checks were carried out. On 4 October 1999, a spot check was undertaken on a meat shipment from Uruguay of 830 crates out of which 27 crates showed the presence of the listeria monocytogenes bacteria, a pathogen harmful to human health. A second test applied on 8 October 1999, confirmed the presence of the bacteria. The remaining 803 crates were released for sale in the Republic of Panama. Panama applied these spot laboratory checks both for meats produced and marketed in Panama as well as for meat imported and exported. This was not the case of a discrimination against meat from Uruguay. In fact in November 1999, three licences were requested and granted for the import of beef from Uruguay for a total of 75,000 kilograms. The beef had been imported as it had complied with health requirements. He reiterated that there were no ban nor tariff quotas or other such quotas placed on imports of bovine meat from Uruguay or any other country, provided that products complied with health requirements and that Panama faithfully complied with its WTO commitments.

28. The representative of Uruguay thanked Panama for its readiness to continue bilateral consultations and noted that in all cases, listeria was a very temperature-sensitive bacteria which disappeared altogether once the meat was cooked.

Review of Notifications

The Committee reviewed the following notifications as listed in the agenda:

(i) on the administration of tariff and other quota commitments (Table MA:1): from El Salvador (G/AG/N/SLV/8), Poland (G/AG/N/POL/29 and POL/34), the United States (G/AG/N/USA/29/Rev.1) and Venezuela (G/AG/N/VEN/14);

(ii) relating to imports under tariff and other quota commitments (Table MA:2): from Australia (G/AG/N/AUS/26), Guatemala (G/AG/N/GTM/20), Hungary (G/AG/N/HUN/22), Korea (G/AG/N/KOR/27), Morocco (G/AG/N/MAR/14), New Zealand (G/AG/N/NZL/24), Poland (G/AG/N/POL/30 and POL/32), Slovak Republic (G/AG/N/SVK/21), Slovenia (G/AG/N/SVN/13) and the United States (G/AG/N/USA/30);

(iii) in the context of the special safeguard (Tables MA:3 to MA:5): from the European Communities (G/AG/N/EEC/24), Japan (G/AG/N/JPN/49, JPN/50, JPN/52 and JPN/53), Korea (G/AG/N/KOR/28), Morocco (G/AG/N/MAR/15), Namibia (G/AG/N/NAM/10), New Zealand (G/AG/N/NZL/23) and Slovak Republic (G/AG/N/SVK/22);

(iv) relating to domestic support commitments (Table DS:1): from Australia (G/AG/N/AUS/30), Bolivia (G/AG/N/BOL/4), Canada (G/AG/N/CAN/35), Chile (G/AG/N/CHL/8/Corr.2, CHL/10/Rev.1 and CHL/11), Dominican Republic

(G/AG/N/DOM/2/Corr.1), the European Communities (G/AG/N/EEC/12/Rev.1 and Corr.1 and EEC/17), Haiti (G/AG/N/HTI/3), Korea (G/AG/N/KOR/24/Corr.1), Macau, China (G/AG/N/MAC/6), Mongolia (G/AG/N/MNG/5), Morocco (G/AG/N/MAR/16), Namibia (G/AG/N/NAM/11), New Zealand (G/AG/N/NZL/18/Corr.1 and NZL/22), Norway (G/AG/N/NOR/25), Peru (G/AG/N/PER/3/Corr.1), Turkey (G/AG/N/TUR/10), United Arab Emirates (G/AG/N/ARE/3) and Venezuela (G/AG/N/VEN/16/Corr.1);

(v) relating to export subsidy commitments (Tables ES:1 to ES:3): from Bolivia (G/AG/N/BOL/3), Cyprus (G/AG/N/CYP/8/Rev.1), Estonia (G/AG/N/EST/1), the European Communities (G/AG/N/EEC/20/Rev.1 and EEC/23), Haiti (G/AG/N/HTI/2), Japan (G/AG/N/JPN/51 and JPN/54), Macau, China (G/AG/N/MAC/7), Mongolia (G/AG/N/MNG/6), Morocco (G/AG/N/MAR/17), Namibia (G/AG/N/NAM/9), Norway (G/AG/N/NOR/23 and Corr.1), Slovak Republic (G/AG/N/SVK/23), United Arab Emirates (G/AG/N/ARE/2) and the United States (G/AG/N/USA/32).

29. Specific points raised in relation to notifications listed in paragraph 28 above are summarized in Part I of the Annex to this report.

30. The following notifications were subject to preliminary review and are to be reverted to at the next meeting in accordance with paragraph 9 of the Committee's Working Procedures:

(i) on imports under tariff and other quota commitments (Table MA:2): from the European Communities (G/AG/N/EEC/27) and Indonesia (G/AG/N/IDN/21);

(ii) on special safeguard (Tables MA:3 to MA:5): from Japan (G/AG/N/JPN/55);

(iii) on domestic support commitments (Tables DS:1 and DS:2): from the European Communities (G/AG/N/EEC/26), Israel (G/AG/N/ISR/16) and Slovak Republic (G/AG/N/SVK/24 and SVK/25).

31. The Committee took note that no counter-notifications had been received under Article 18.7 of the Agreement.

Other matters relating to the Review Process

(a) Deferred replies to questions raised under the Review Process

32. No further deferred replies to questions raised at previous meetings had been received todate by the Secretariat.

(b) Overdue notifications

33. As had been agreed at the March 1997 meeting of the Committee on Agriculture (G/AG/R/10, paragraph 10 refers), the Secretariat made available a Room Document dated 28 June 2000, showing the current status of compliance with the notification obligations.

34. Australia, supported by Argentina, noted its concern regarding overdue notifications, particularly as Members were heading for negotiations, since some of the overdue notifications would have an impact on the quality of the background work to be undertaken by the Secretariat. Australia noted for instance that announcements by the United States of additional support provided in 1998 and 1999 were yet to be notified, making it difficult to see exactly how the various elements of the announced supports would be classified in the United States domestic support notification. Overdue

notification impacted the operation of the Committee as regards the review process but they also had an impact on the analysis that Members could undertake in preparing for the agricultural negotiations. The representative of Australia noted that these comments were addressed in particular to developed Members of the Committee who had been late in furnishing the appropriate notifications under the Agreement on Agriculture.

35. The representative of the United States noted that important resources were devoted to notifications and that the United States had started to prepare its 1998/99 domestic support notification. However, the question of how the supplemental payments would be notified was still under consideration. Generally, the United States submitted its annual domestic notification to the WTO in June in accordance with guidelines established for notifications. However, the 1998/99 notification was more data intensive and given resource constraints and a strong commitment to make certain technical improvements, such as better reporting at the sub-national level, additional time might be needed. However, the United States also wanted to point out that several of its trading partners still had not yet notified for 1997.

Part II: Other Matters within the Purview of the Committee

Other Business

36. The European Communities noted that the United States had imposed a 3-year-1-day quota from 1 June 1998, on imports of wheat gluten, which the European Communities was currently challenging. The European Communities' present concern was that the United States had acted in an unreasonable manner in its management of the quota for the last year of operation, which runs from 1 June 2000 to 1 June 2001. On 26 May, three working days before the third-year's quota came into force, the United States had published news of the replacement of the annual quota by four quarterly quotas. These quotas were managed on a first-come-first-served basis, which meant the product had to be physically in the port for the application to have been accepted. EU suppliers had shipped products based on the assumption that an *annual* quota of 27,543 tonnes would have been opened on 1 June. Instead, a quota of only 6,886 tonnes had been opened and the allocations had been cut to about 23 per cent of the proposed quantities. Despite suggestions from the European Commission of several ways in which this could have been achieved without causing undue disruption to traders and without prejudicing the actual management of the quotas, the United States had chosen the use of four new and *separate* mini-quotas. This had meant that no trader could be sure to supply buyers with any quantity of product entered under subsequent quotas. This prevented forward contracting and seriously disrupted long-term relations between sellers and buyers. The European Communities believed that the United States had chosen a system of quota management designed to inflict maximum commercial damage on EU traders. However, the delegate of the European Communities noted that this was not the object of action under the Agreement on Safeguards. He maintained that the imposition of a quarterly quota was contrary to WTO policy and law. Concerning policy, the Committee had to condemn any abuse of quota management by way of imposition of a system designed to disturb commercial relations rather than to facilitate them. Concerning law, Article XIII of GATT provided that product "en route" when a new quota was imposed should enter under the prior system. The EC product, up to about 90 per cent of the annual amount, was effectively "en route".

37. The representative of the United States responded that the question would be referred to the authorities in Washington in order to provide an official response to the European Communities, even though the United States felt that normally such an issue would have been covered by the Safeguards Committee rather than by the Committee on Agriculture.

38. The representative of UNCTAD informed the Committee that an expert meeting on the "Impact of the Reform Process in Agriculture on Least-Developed Countries and Net Food-Importing

Developing Countries, and ways to address their concerns in multilateral trade negotiations" was to be held from 24 to 26 July 2000.

Date of Next Meeting

39. The next regular meeting of the Committee on Agriculture will be held on 27 September 2000. The airgram convening the meeting and containing the draft agenda will be issued on Friday, 15 September 2000.

ANNEX – Part I

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Review of Notifications by the Committee on Agriculture on 28 June 2000

Summary of Specific Points Raised and Responses Thereto

Table MA:1 Notifications

El Salvador G/AG/N/SLV/8 Tariff Quota Administration (Table MA:1)	
Points raised by other Members	**Response by Notifying Member**
Cheddar, in blocks or in bars	
New Zealand: Reason for introducing tariff quotas for these products.	El Salvador made use of its rights and honoured its obligations by opening a tariff quota for cheddar (HS 0406.90.20).
Canada: Terms of access, including tariff rates, for all other cheese lines which were scheduled, but not included in the notified tariff quota.	The applied duty is: 40 per cent *ad valorem*.
Australia/New Zealand: Reasons for preferring public auctioning over other allocation methods.	This method of administration has been selected in order to ensure transparency in the allocation process.
Australia: Existence of specific eligibility criteria to qualify for a licence.	The interested applicants must participate in the public auction carried out by BOLPROES in accordance with the terms which are established with respect to each product.
Argentina/Australia: Whether auctions have already taken place; if so, whether import licences have been assigned; level of fee paid by importers.	Four licences, totalling 67.2 tons, have already been delivered to importers who presented an Award Certificate together with their application.
Argentina: Whether the import licence can be extended following the issuance of an Award Certificate as suggested under point b) or not, as suggested under point c).	Upon request, the import licence can be extended for 10 days at most by the Ministry of Economy. The request for extension must be accompanied by the corresponding Award Certificate.
Australia: Possibility to re-allocate licences to other importers in the event that original licence-holders fail to import within the three-month period.	The licences are non-transferable during the three-month period. Once this period lapses, the licences cannot be re-allocated.
Australia: Whether El Salvador has considered that the premiums might constitute additional charges in excess of tariff bindings and therefore breach Article II of GATT 1994. *Australia, supported by New Zealand, clarified the context against which their concerns regarding the GATT legality of auctioning were expressed.*	Request that the question be reformulated so that Government authorities may be able to prepare an adequate answer.

Poland G/AG/N/POL/34 Tariff Quota Administration (Table MA:1)	
Points raised by other Members	**Response by Notifying Member**
Canada/United States: **Pork and poultry** – Basis for maintaining restrictive licensing requirements given the low levels of TRQ imports in 1999;	These requirements were not designed to restrict access but rather to prevent some unfavourable developments such as monopolistic practices. In 1999, Poland has recorded cases where licences were obtained for large quantities by groups of importers. Actual imports only partly represented the total number of allocations. This contributed to underfill of certain quotas.
Meat of swine : maximum delay foreseen between the approval of the licence and its actual issuance; guarantees required from the importer.	The maximum delay foreseen between the submission of an application and its issuance is 30 days, although in practice, importers are waiting for about 7 days. For the moment, no guarantees are required.
Canada/United States: **Wheat and meslin**	
Basis for reducing the limit per application to 1,500 tons in the year 2000	These requirements were not designed to restrict access but rather to prevent some unfavourable developments such as monopolistic practices. In 1999, Poland has recorded cases where licences were obtained for large quantities by groups of importers. Actual imports only partly represented the total number of allocations. This contributed to underfill of certain quotas.
Basis for applying more stringent licensing requirements given that, in 1999, imports were only 49,814 tons out of a TRQ of 388,000 tons (POL/32 refers);	In 2000, a duty-free tariff quota of 100,000 tons was opened. Importers will probably show no interest in importing under the WTO tariff quota during the year 2000. The m.f.n. tariff currently applied on durum wheat is 3 per cent.
Whether importers can make multiple applications;	Importers may apply only after the previous allocation has been utilised.
Fees associated with each application.	A fee of 200 Polish Zlotys applies to each transaction valued at up to 100,000 Polish Zlotys. A fee of 400 Polish Zlotys is associated to higher-value transactions.
Australia, Canada and the United States noted that the reduction of the size of licence allocations coupled with limited validity periods of import licences have severely restricted the ability of exporters to ship wheat to Poland. As previously expressed by Australia, the system discriminates against distant suppliers. Despite the assurances provided by Poland in its responses, the United States reiterated that US exporters did show an interest in shipping wheat to Poland at in-tariff quota rates but were effectively kept out of the market. Canada noted that the limit per application is smaller than a typical commercial shipment. The system was found to place disproportionate burdens on wheat exports in non-economically viable, and unrealistic, vessel size quantities.	

United States G/AG/N/USA/29/Rev.1 Tariff Quota Administration (Table MA:1)	
Points raised by other Members	**Response by Notifying Member**
Thailand: **Sugar** (raw, refined and sugar-containing products) - Revision of the size of country allocations.	No change to the historical allocation procedure is planned this year or next as regards the tariff quotas concerned. Access conditions for Mexican sugar will continue as per the commitments undertaken under NAFTA.

Venezuela G/AG/N/VEN/14 Tariff Quota Administration (Table MA:1)	
Points raised by other Members	**Response by Notifying Member**
Canada: Revenue stamp – Clarification of amount in monetary terms; whether the fee approximates the cost of services rendered.	The granting of the import licence generates an internal tax equivalent to 15 tax units. The tax unit is established in the Stamp Law (published in the Official Gazette No. 5391 Extraordinary dated 22 October 1999). The Revenue Stamp is currently equivalent to 11,600 Bolivares. This is an internal tax and not a cost generated by services rendered.
Canada: Andean Price Band System (APBS) Whether the APBS applies to the listed TRQs;	Confirmed. All the notified tariff quota products are presently subject to the APBS.
If so, products affected and impact on the in-quota duty rates.	The APBS foresees that the total duty to be applied to minimum access tariff quotas cannot exceed the bound duty. If the resulting duty is lower than the bound in-quota duty, the lower duty will apply.
Australia: Confirmation that allocation of licences to traditional importers is automatically based on previous imports; if not, basis for allocation.	Confirmed. The allocations are automatic and based on the imports effected during the previous 2 years.
Australia: Possibility to re-allocate licences to other importers in the event that original licence-holders fail to import within the three-month period and do not seek a new licence.	Under such circumstances, the unused portion of the original allocation is reincorporated into the total volume of the tariff quota and redistributed in the following trimester. Within the prescribed period of validity of the licence, the importer is given a great deal of flexibility to meet internal market demand, thus guaranteeing the fulfilment of the minimum access commitments undertaken by Venezuela.
Australia/Canada: **Cheese** and other **dairy products** Reasons for requirements listed under item (a)9;	Importers of milk must submit such information in order to ensure the effective application of sanitary controls. This requirement was in place prior to the establishment of the current import licensing regime.
Reason why importers of cheese are required to provide details of purchases of domestic raw milk as per item (a)10; details on the use of such information;	The misunderstanding arises because the listing of requirements under item (a) covers all dairy products and are not discriminated by sub-product category. Details on purchases of raw milk are not required from cheese importers. The allocation of import licences is not subject to the fulfilment of domestic purchase requirements.
Existence of domestic purchase requirements to qualify as a traditional importer or to obtain an import licence; in particular, whether allocations are proportional to domestic purchases of milk.	The import licensing requirements for cheese are described in the Official Notice published in accordance with Article 3 of the Gazette No. 36-831 which sets up the import licensing regime for all dairy products. Domestic purchase requirements of raw milk are not listed among them. Traditional importers: the licence allocations are automatic. The only applied criterion is with respect to the imports effected during the previous 2 years (item (8) covers the supporting evidence to be provided by importers of dairy products).
Argentina/Australia: **Oleaginous products** Reasons why importers must provide a list of domestic raw materials, as per item(a)9;	This is required for statistical purposes and for the evaluation of the oleaginous production chain which is characterized by a high degree of concentration.

Venezuela G/AG/N/VEN/14 Tariff Quota Administration (Table MA:1)	
Points raised by other Members	**Response by Notifying Member**
Existence of domestic absorption requirements to qualify as a traditional importer and/or obtain an import licence.	The above request of information does not imply the existence of domestic absorption requirements as a pre-condition for the obtention of import licences. The allocation of licences to traditional importers is automatic and based on imports effected during the previous 2 years. Ten per cent of the tariff quota is distributed among new entrants.
Australia: **Sugar cane** – Reason why sugar processing plants are required to submit a report of the state of payments to sugar cane producers.	This requirement became necessary in view of the state of insolvency of some sugar processing plants *vis-à-vis* national producers. Venezuela decided to request this information in order to prevent a social and economic crisis in the sector. It is worth noting that the main importers are also the main processors of sugar cane.

Table MA:2 Notifications

Australia G/AG/N/AUS/26 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
Thailand: **Cheese** (Processed cheese, not grated or powdered) – Reasons for the low fill rate;	There is no separate tariff quota for processed cheese not grated or powdered (actually, imports of this particular cheese category have increased substantially from 1998 to 1999). The notified imports cover a range of cheese products. Australia does not consider a fill rate of 78 per cent as being low. This level reflects market factors, including that suppliers of cheese are getting better returns in other markets. In 1999, the imports under this tariff quota accounted for approximately 37 per cent of Australia's total cheese imports.
Whether the implementation of a tariff-only regime has been considered.	The operation of this tariff quota is being monitored to ensure that the import opportunities are being provided and that the administration system does not adversely impact on the fill rate. The implementation of any change would be the result of this review process.
Additional comments: Australia pointed out that a duty-free, tariff-only regime already applies to the tobacco tariff quota.	

Guatemala G/AG/N/GTM/20 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
Canada: Import data for all of the scheduled commitments.	Guatemala undertook to provide a reply at a later stage.

Hungary G/AG/N/HUN/22 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
Australia: Noted that Hungary has previously explained low fill on the basis of market factors: whether Hungary has considered implementing an applied tariff rate on products where the domestic industry is competitive and there is low import demand (such as fruit and vegetables, beer, cereals, dairy products)	The implementation of applied tariff rates has not been considered. Hungary considers that its m.f.n. bindings for agricultural products are comparatively low on a European-wide basis. Any further improvements of market access conditions will be the outcome of the current agricultural negotiations.
Argentina/Mexico/New Zealand/United States: Continued under-fill, in particular for : **Apples and pears** **Beer** **Bovine animals and meat** **Cheese and curd** **Milk and cream** **Poultry** **Wheat**	Hungary is both a significant producer and exporter of these products. Imports usually serve to expand consumer choice or compensate shortfalls in domestic production. The tariff quota volumes for some of these products were originally established as minimum access quotas, thus based on base period domestic consumption, not historical imports. Since 1986-88, domestic consumption has decreased and consumption patterns changed. In addition, preferential access under FTAs may have also affected the fill rates. Beer : significant foreign investment took place since the beginning of the 1990s in the domestic beer sector which resulted in increasing production and efficiency gains. Some foreign free trade partners are accorded preferential access.
Canada/United States: **Swine** – Reason for the sharp decrease in the fill rates from 100 per cent in 1997 and 1998 to 54 per cent in 1999. *Referring to the reduction of the application limit in 1999 (HUN/18 refers), Canada questioned the rationale behind it. Since it is claimed that such changes do not affect TRQ use, how could they possibly respond to the observed decrease in import demand? Hungary clarified this relationship by mentioning the impact of deposits on importers' application decisions (discussed below).*	*See above reply.* The application limit for swine was adjusted to take into account the evolution of the size of commercial shipments. The size of commercial shipments decreased due to the decline in import demand arising from increasing domestic production. The application limit for swine is the normal commercial quantity in Hungary. There is no link between the reduction of the limit and the decrease registered by the fill rate.
New Zealand: **Volume restrictions placed on licences** – Whether consideration was given to the possible negative impact on exporters' ability to use the tariff quotas; possible elimination of such restrictions.	Hungary does not consider that the volumetric restrictions placed on import permits have a negative impact on exporters' ability to use the tariff quotas.
United States: **High quality beef** – Indication of volume actually imported under the bovine meat TRQ given that the fill rate in 1999 was only 23 per cent;	The exact import figure is not available as Hungary has not established specific tariff lines for this product category. On the basis of import lines indicated by the United States, i.e. HS 0201.20 and HS 0201.30, it would appear that total imports under heading HS 0201 were in fact effected under these two tariff sub-items and amounted to 440 tons in 1999.
Eligibility and other special conditions to be met by applicants; whether beef imports under the TRQ must only be used for processing; whether importers are required to distinguish between types of beef, either by degree of processing, price, quality; if so, rationale; *According to the United States, this end-use requirement effectively precludes any imports of high quality beef from entering the Hungarian market. Hungary recalled that this TRQ was originally established as a current access opportunity which had been traditionally used by processors.*	The only criteria is that importers must be processors.

Hungary G/AG/N/HUN/22 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
Procedural steps to be followed by an importer who wants to secure an allocation in order to import fresh, chilled, high quality beef to be used in the hotel and restaurant trade;	An application must be completed and sent to the relevant national authority, the Ministry of Economy, which issues import permits. The importer must then make a deposit which will be reimbursed as soon as the allocated share has been utilised, at least up to the 80 per cent level.
Confirmation that all of the beef products falling under HS 0202 are afforded equal opportunity of access to the TRQ.	Confirmed.
<u>Additional comments</u>: *While the existence of genuine market circumstances that would lead to the underfill of some of the tariff quotas (especially for milk powders and milk and cream) was not disputed, <u>Australia</u> reiterated its concerns, already mentioned in the context of the review of POL/34 above, relating to the difficulties faced by distant suppliers when the size of import allocations is particularly small. In Australia's view, this concern relates to those other, non-purely market driven factors, which are negatively impacting on the fill rates. This view was supported by the <u>United States.</u> The emphasis was placed on the sharp drops in fill rates observed for beef, pork and poultry following the reduction of allocations to 25 tons per application. <u>Hungary</u> recalled the smallness of the country and its land-locked situation. Given these key market characteristics, as well as the prevalence of road transportation, interested exporters would inevitably have to adapt the size of their consignments in consequence or choose alternative solutions such as warehousing.*	

Korea G/AG/N/KOR/27 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
Australia/New Zealand: Significant reduction in percentage fill rates for the following TRQs: **Beef** **Dairy (**Other milk and cream (0 per cent fill); whey powder, whole milk powder) **Swine, live**	Since late 1997, the financial crisis has had an adverse impact on exchange rates, national incomes and prices of imported agricultural products. Declining import demand continued to affect the fill rates until 1998. The import demand for other milk products was also reduced due to substitution effects from milk-containing food preparations (HS 1901).
New Zealand: Whether the application of a tariff-only treatment has been considered.	The Korean economy has been recovering from the economic crisis and imports of agricultural products, including those under tariff quota administration, are increasing. In this context, Korea is not considering, at this stage, the application of a tariff-only regime.
United States: **Popcorn** – Progress made by government authorities in adjusting discrepancy noted in G/AG/R/22.	Consultations are still being held with the relevant Ministry to revise the Customs Law and adjust the discrepancy. Usually, the revision of the Law is scheduled to take place once at the end of the calendar year.

Morocco G/AG/N/MAR/14 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
<u>Preliminary comment</u>: *Imports under tariff quotas are not subject to prior approval or import licensing procedures. Consequently, the fill rates are a direct reflection of prevailing market conditions. In 1998, all tariff quotas were filled with the exception of rice, sheepmeat and poultry meat (68 per cent fill rate).*	
Thailand: **Rice** – Low quota fill rates for several products, especially rice.	The level of domestic consumption remains quite low. Local production amply satisfies domestic requirements. Usually, imports only take place during drought periods.
Australia: **Sheepmeat** - Explanation for the sharp drop in the fill rate.	This is due to a marked preference towards fresh meat products and to substitution effects with bovine meat.

New Zealand G/AG/N/NZL/24 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
Thailand : **Fresh apples** - Noting that the applied rate of duty is zero, explanation for the low rate of quota fill;	The current fill rate entirely reflects import decisions taken by individual traders. Imports are duty-free and no quantitative limits are imposed on individuals or companies wishing to import apples. Currently, New Zealand imports apples from a number of countries including the United States, France and Japan. The low demand for imported apples can be explained in a number of ways. New Zealand is among the world's largest and most competitive apple exporters. With the development of new varieties and modern storage technology, domestic production is competitive almost all year round.
Whether the removal of the tariff-quota system and the introduction of a tariff-only regime has been considered.	New Zealand is not considering changing its administration system as it currently operates as if it were a tariff-only regime.

Poland G/AG/N/POL/30 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
Canada: Noting that some TRQs are reported as exactly filled, confirmation that data on in-quota imports is only provided up to Poland's commitments.	Confirmed.
Canada: Non-reporting of data with respect of all scheduled tariff lines falling within the same TRQ. <u>*Example*</u>*: Wheat and meslin flour (HS 1101), rye flour (HS 1102) and food preparations of flour, meal, starch or malt extract (HS 1901) are notified; but other tariff items committed by Poland are not reported, i.e. HS 1008; 1103; 1104; 1109; 1902; 1904; 1905 and 2102).*	The Polish Schedule contains a number of global tariff quotas. In many cases, only a few items contained in each global tariff quota have higher out-of-quota tariff rates. In these cases, the sub-quota volumes are calculated on the basis of several parameters, such as import and consumption structures. The remaining items are imported at applied rates not higher than in-quota rates with no administrative arrangement in place. These are not notified.
Basis for calculating the quantities applying to the subset of tariff lines within the TRQs.	
Availability of import data for the TRQs which were not opened.	Import data are published by the Central Statistical Office.

Slovak Republic G/AG/N/SVK/21 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
Australia/New Zealand/United States: Reasons for the continued underfill, or the sharp drops of fill rates, for a number of TRQs including:	
Butter	These are the leading export items of the food industry. The fill rate registered for milk and cream is directly influenced by imports from the Czech Republic, which were three times higher than the tariff quota volume.
Milk and cream	
Live bovine animals and bovine meat	These are traditional export items. Low fill is explained by the existence of sufficient domestic supplies which led to decreasing import demand.
Live sheep and sheepmeat	

Slovak Republic G/AG/N/SVK/21 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
Australia: **Rape seed** and **rape oil** - Noted that the low fill rates were previously attributed to the competitiveness of domestic production: whether the implementation of applied tariff rates has been considered.	In 1999, the country was self-sufficient in both products and there was no import demand. Trade within the Customs Union with the Czech Republic may also have influenced the fill rates The seasonal pattern of imports of rape seeds at times may adversely impact on the domestic production. For this reason, the implementation of applied tariffs only has not been considered at this stage.

Slovenia G/AG/N/SVN/13 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
Argentina/Australia/Canada/Korea/New Zealand: Reasons for low fill rates, or sharp reduction of percentage fill, for the following TRQs:	All tariff quotas were opened and entirely distributed. Imported quantities reflect the level of commercial interest in the items concerned.
Beef Fresh and frozen beef carcasses; Other fresh beef cuts; Fresh and other frozen beef offal;	Meat processors' demand is for fresh meat. However, there is a domestic oversupply. In addition, imports under preferential trade agreements, and thus more favourable access terms, were realized in 1999.
High quality beef; Salted beef	There is no commercial demand for these categories since they are relatively unknown types of meat in the domestic market. Increased imports will depend on the actual level of consumer demand.
Cereals Feed barley; Yellow corn	The terms of access under preferential trade agreements were more favourable than under the respective tariff quota regimes. Slovenia's free trade partners are also the traditional suppliers of these items.
Milling wheat	Following the 1998 harvest, there was an accumulation of stocks. These were released back to the domestic markets in 1999. Total imports in 1999 amounted to 48,791 tons. Thus approximately 50 per cent of total imports were realized through the tariff quota regime.
Dairy Butter	Domestic consumer demand is traditionally low and rather directed to imported margarines and other butter substitutes. Imports under preferential trade agreements are realized through more competitive terms of access.
Whole milk powder	Domestic production is satisfying internal market needs and generating excess supply for exports. Slovenia is a net exporter of milk and dairy products. Imports under tariff quota are only effected in response to consumer demand for product varieties which are not domestically produced.
Pork, fresh carcasses	The terms of access under preferential trade agreements were more favourable than under the tariff quota regimes and larger quantities were imported through these schemes.
Rape and colza oil	The market access conditions in 1999 were more competitive under preferential trade agreements.
New Zealand: Progress achieved in implementing changes in tariff quota administration regime, as announced during the June 1999 meeting. *New Zealand expressed its satisfaction in relation to the changes that were already introduced, and hoped that Slovenia's planned expansion of the first-come, first-served method to all of its tariff quotas is eventually adopted.*	On 1 January 2000, Slovenia introduced on a trial basis a first-come, first-served tariff quota allocation method for certain tariff headings. This has provided the authorities with some experience in tariff quota distribution. The competent authorities will continue to develop the efficiency of this administration system. The list of products subject to this system will be expanded.

United States G/AG/N/USA/30 Tariff Quota Fill (Table MA:2)	
Points raised by other Members	**Response by Notifying Member**
New Zealand: **Cheddar** and **Swiss Emmentaler cheeses** – Place where the tariff quota quantities for the period were notified.	Changes in the US administration system were notified in G/AG/N/USA/2 dated 8 March 1995. Such changes were introduced in response to requests from countries with allocations.
New Zealand/Thailand: – Reasons for underfill or zero fill. **Dried cream and dried whey/buttermilk** **Blended syrups** **Cotton** (harsh, rough, waste) **Green ripe olives** **Ice-cream**	Market access opportunities were made available during the period in question. Since there are no measures in place to restrict imports and since most of these products were imported on a first-come, first-served basis, under-utilisation is related to market conditions. Some items which have minimal or no in-quota imports, such as cotton waste, have a zero in-quota duty.
Lowfat chocolate crumb	This product is not being used by domestic manufacturers as much as in the past, resulting in small in-quota imports.
*<u>Additional question from Mexico</u>: **Peanuts** – Whether non-NAFTA Mexican exports to the United States are included in the notified import volume.*	*The United States undertook to provide a response at a later stage.*
Thailand: Whether the application of a tariff-only regime has been considered, especially for those TRQs with zero percentage fill.	The United States is of the view that the issue of consistent underfill of tariff quotas merits further discussion in the agriculture negotiations.
Australia: **Sugar, raw** – Expectations regarding future levels of fill rates, given the continuing decline of imports.	The Uruguay Round minimum access commitment for raw sugar will continue to be honoured. The extent to which the raw sugar cane tariff quota is subscribed in the future will depend on domestic market conditions and world sugar markets.

Tables MA:3 to MA:5 Notifications

European Communities G/AG/N/EEC/24 Summary of Special Safeguard Actions (Table MA:5)	
Points raised by other Members	**Response by Notifying Member**
Argentina/Australia: **Price-based** - Volumes facing additional duties.	No details are available as regards import volumes under the price-based safeguard.
Australia: **Volume-based**- Meaning of *"made operational"*.	The Community legislation provides that additional duties may be collected in accordance to the provisions of Article 5 of the Agreement on Agriculture. The words "*has been made operational*" mean that for certain products, the additional duties are effectively collected if the volume trigger is exceeded.

Japan G/AG/N/JPN/49 Price-Based Special Safeguard (Table MA:4)	
Points raised by other Members	**Response by Notifying Member**
New Zealand: <u>New Zealand</u> continues to be concerned with Japan's reluctance to use other countries' c.i.f. prices from the 1986-88 base period for the calculation of trigger prices and finds that the use of the 1988 c.i.f. price alone is not appropriate, and not in conformity with Article 5.1(b). Reasons for not choosing the 1986 and 1987 external reference prices (ERPs) as set out in Article 5.1(b).	Japan sets the trigger price in compliance with Article 5.1(b) based on the 1988 import price c.i.f. Since the harmonized system nomenclature was introduced in Japan in 1988, the import price of the tariff line in question between 1986-87 is not available. The Agreement on Agriculture prescribes that "*the reference price shall, in general, be the average c.i.f. unit value of the product concerned or otherwise shall be an appropriate price in terms of the quality of the product and its stage of processing.*" This means that a Member is not, at any time, obliged to use the c.i.f. unit value of other countries.

Japan G/AG/N/JPN/50 and JPN/53 Price-Based Special Safeguard (Table MA:4)	
Points raised by other Members	**Response by Notifying Member**
Argentina/Australia: **Wheat flour** – Details on calculation of the trigger price, including c.i.f. import price; conversion ratio; reference milling cost in the base period.	Since no imports were realized during the base period, the trigger price was set according to the following method. The average c.i.f. import price for wheat (which is the primary product), i.e. 24.02 Yen per kg., was multiplied by the conversion ratio, i.e. 1.4, and the external milling cost of 13 Yen per kg. was added. This calculation is in full compliance with Article 5.1(b). <u>Sources</u>: conversion ratio is from Japan's Schedule; external milling cost is from the US publication <u>*Wheat Situation and Outlook Report*</u>.

Japan G/AG/N/JPN/52 Summary of Special Safeguard Actions (Table MA:5)	
Points raised by other Members	**Response by Notifying Member**
Australia: Quantity of imports affected by SSG actions summarized in the present notification.	<u>Condensed milk</u> : After the volume-based SSG was invoked, 35 tons were imported under higher tariff rates resulting from SSG action. <u>Inulin</u>: No imports of inulin were effected after the imposition of the volume-based SSG. <u>Wheat starch, other starches (excl. Sago starches)</u> ; <u>peas</u>; <u>food preparations containing not less than 30 per cent natural milk constituents</u>; <u>wheat flour</u> : the price-based SSG was only invoked against each individual freight which fell short of the trigger price on the notified day. To avoid disclosing information on individual traders' imports, Japan has not published the volume of imports affected by the price-based SSG.

Korea G/AG/N/KOR/28 Summary of Special Safeguard Actions (Table MA:5)	
Points raised by other Members	**Response by Notifying Member**
New Zealand: Reason why out-of-quota imports were effected when the respective tariff quotas were not filled. **Ground nuts** (shelled)	All the tariff quota quantity was imported in 1998. Because there were some weight losses during the shipping of the goods, the notified import volume appears to be understated by 1.7 per cent.
White ginseng	Import prices drastically increased due to soaring exchange rates in 1998. Despite the application of a low in-quota duty, it even proved impossible to fill the tariff quota. However, some importers resorted to under-invoicing in order to be able to buy ginseng at out-of-quota rates.
New Zealand: **Volume-based** - Absence of MA:3 notifications for the products subject to a volume-based SSG in 1998;	As mentioned during the 18th Session of the Committee, Korea has difficulty in notifying within the set deadlines because it takes considerable time to the Customs Service to inform the Ministry of Agriculture of any volume-based trigger. The products on which the SSG is triggered are mostly imported from non-WTO Members. In future, Korea will endeavour to notify any volume-based SSG as early as possible.
Calculation details;	This information will be provided in writing to New Zealand.
Volume of imports realized prior to the application of the SSG.	In 1998, the volume-based SSG was applied to imports of wheat starch and ginseng. Even though there were no imports prior to the invocation of the SSG, the tariff quotas of both products were fully allocated. The triggering of the SSG had no effect on imports under tariff quotas. By the end of the year, the tariff quota for wheat starch had been filled.

Table DS:1 Notifications

Australia G/AG/N/AUS/30 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
Green Box	
Canada: Whether some of the listed programmes, at both the Commonwealth and State levels, are new; related Table DS:2 notifications. In particular :	Some programmes are new and some are existing programmes. In some cases, improvement in data collection results in programmes being reported that were not previously notified.
Chicken Meat and Egg Industry R&D;	R&D support to these industries is not new and was in operation during the base period as reflect in Australia 's AGST tables.
Deer Industry R&D;	This programme item had not previously been separately identified due to the small scale of funding. A Table DS:2 notification will be provided.
CP2002 Sugar Programme; National Weeds Programme; Delicatessen Programme;	These are new programmes and the corresponding Table DS:2 notifications will be provided.
Farm Household Support	Described in G/AG/N/AUS/18 (pp. 7 refers). Applications were closed in 1997 and the programme ceased in 1998-99.
United States: "Natural Disaster Relief Payments" provided by the Commonwealth Government (CG) as well as the State or Territory Governments - Confirmation that all payments meet Annex 2 para 8 criteria, in particular those outlined in para 8(a).	These payments are part of the Exceptional Circumstances (EC) assistance provided by the CG to support viable farmers undergoing rare, severe, and unpredictable events. It is part of a broader policy package, the *Agriculture-Advancing Australia* (AAA) aimed at increasing farmers' responsibility in designing appropriate risk management strategies. The EC assistance is in full compliance with Annex 2 para 8 criteria: • *It is only available following a declaration of "exceptional circumstances" by the Government* EC events are usually drought-related but could also include other events such as frost. Income declines from fluctuations in seasonal conditions or from falling commodity prices are expected to fall within the bounds of normal risk management, not "exceptional circumstances"; • *The nature of the assessment process imposes rigorous tests to determine that the impact of the event that relief is provided for is severe and prolonged*. Decisions on EC applications by the Commonwealth Minister of Agriculture, Fisheries and Forestry generally draw on objective assessment by an expert advisory body. Since July 1998, of the 20 regions that have applied only 4 have been declared eligible while two applications are pending. • *A production loss significantly higher than the 30 per cent threshold (Annex 2 para 8) is required* before the impact of an event would be considered severe.

<table>
<tr><th colspan="2">Canada G/AG/N/CAN/35 Domestic Support (Table DS:1)</th></tr>
<tr><th>Points raised by other Members</th><th>Response by Notifying Member</th></tr>
<tr><th colspan="2">Green Box</th></tr>
<tr><td>European Communities: Meaning of "Canada reserves the right to identify certain payments as meeting the criteria of Annex 2, irrespective of how programmes are classified in this notification"; rationale and background; programmes concerned.</td><td>When it was not possible to claim that all payments and support under a programme met the criteria in Annex 2, the programme was reported as non-product specific AMS support. This applied to the Feed Freight Assistance Adjustment Fund, most economic and regional development agreements and to grants to provincial adaptation councils. The statement was included so that in a countervailing duty investigation, Canada would not be prejudiced in defending certain payments under programmes classified as AMS support as non-countervailable on the ground that they are green.</td></tr>
<tr><td>Australia: "<u>Marketing and Promotional Services</u>" - Details on projects undertaken by Agriculture and Agri-Food Canada's Market and Industry Services Branch (MISB).</td><td>The MISB negotiates trade agreements, advances Canada's agriculture and agri-food trade interests, resolves barriers to domestic and international trade, develops and manages strategic approaches between government and industry as well as fosters alliances within the industry and with foreign firms. Its services are designed to promote growth in export and domestic markets and to attract and maintain capital, technologies and markets. The cost of providing these services is reflected in the operating and capital budget of the MISB. The expenditures do not involve payments to producers or processors.</td></tr>
<tr><td>Australia: "<u>Infrastructural Services</u>" – Details on listed projects; confirmation that these do not involve the provision of subsidized on-farm facilities.</td><td>The following major items are included: (a) Operating expenditures by the <u>Prairie Farm Rehabilitation</u> Administration ($60.5 million) such as in-house programmes that help conserve soil/water resources (e.g. community pastures, Shelterbelt and Southwest Saskatchewan irrigation projects); (b) The portion of the <u>Green Plan Programme</u> that is not paid directly to producers ($22.0 million), designed to promote the conservation and enhancement of natural resources in agriculture; (c) Alberta's <u>Irrigation Rehabilitation and Expansion Programme</u> ($19.7 million).

Canada has closely followed the criteria to ensure that the programmes reported under infrastructural services do not subsidize the provision of on-farm facilities, other than for the reticulation of generally-available utilities.</td></tr>
<tr><td>Australia: "<u>Decoupled Income Support</u>" – Breakdown of expenditures by programme item.</td><td><table>
<tr><th>Programme item</th><th>$ million</th></tr>
<tr><td>Western Grain Transition Payments</td><td>707.5</td></tr>
<tr><td>Arable Acres Supplementary Payments</td><td>49.8</td></tr>
<tr><td>National Transition Scheme for Apples (decoupled income portion)</td><td>2.7</td></tr>
<tr><td>Canada-Alberta Hog Industry Development (decoupled income portion)</td><td>2.8</td></tr>
</table></td></tr>
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Canada G/AG/N/CAN/35 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
United States: "Gross Revenue Insurance Programme (GRIP)" – Method used to account for GRIP payments; non-reporting of outlays for 1996 period; clarification of basis for reporting given that Statistics Canada Catalogue No. 21-603 shows 1996 GRIP payments totalling C$294 Million.	Support under GRIP was measured as two-thirds of total payments per crop year, reflecting the two-third share of premiums paid by government (federal and provincial). Payments to producers were accrued to the relevant crop year. By crop year 1996/97, GRIP had terminated so there was no payout for that crop year. GRIP payments reported in Statistics Canada Catalogue 21-603 refer to gross payments, i.e., not only the government share, and are reported by calendar year.
Korea: Nature, operation, and reasons for classifying the following programmes in the Green Box:	These were publicly funded programmes which did not have the effect of providing price support to producers.
"Other general services";	These services do not fit in any of the General Service sub-categories of Annex 2 para 2; they did not involve direct payments to producers. In 1996, the following measures were implemented: (a) two federal/provincial measures ($720,000) – the Agricultural Employment Services which involves the operation of offices to help farmers assess labour needs and recruit workers; and the Memoranda of Understanding – setting up discussion fora that relate to agricultural labour, including the operation of offices to help farmers assess labour needs and recruit workers. (b) two provincial measures ($4.75 million) – the Agricultural Service Board (Alberta) provides the infrastructure for the delivery of weed control, disease and pest control, soil and water conservation programmes and enables the administration of related programmes at municipal level; the Alberta Summer Farm Employment Programme enables young people to learn about career opportunities in farming.
"Other".	This category consists of the Technology Innovation component of the Canada-Quebec Subsidiary Agreement on Agri-Food. The objective is to speed up the rate of adoption and dissemination of technologies and innovative production systems and the development of new products. This is achieved through field testing of research and through extension and advisory services activities reported as "General Services". Since some of these projects involve field testing on farm premises, some producers received some direct payments as reimbursement for the time they devoted to the project (data collection, supplies, travel, etc.). The payments were not related to, or based upon, the type or volume of production, prices, factors of production employed. No production was required. The results of the research are made publicly available on the Internet. The programme meets Annex 2, para 5 criteria.

Canada G/AG/N/CAN/35 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
Product-specific AMS	
United States: ST/DS:4 - Reason why price-related direct payments are included in the value of production to calculate the *de minimis* level*;* category of payments used to make the adjustment; value of payments by commodity.	This approach is consistent with the method used in AGST/CAN. It is based on the need to neutralize the differences across products or countries stemming from differences in how support is provided. When support is provided as market price support, production is valued at world prices plus the price gap. When support is provided through payments, production is valued at world prices. Unless the value of production is adjusted upward in the latter case, products or countries relying on direct payments would automatically show higher percentage support than if the same amount of support were provided as market price support. Thus the value of production denominator includes price-related direct payments from ST/DS:6. An amount from column 7 of ST/DS:6 is added to the value of production of each product.
United States: **Eggs, turkey, chicken** (ST/DS:5) – Reason for not notifying market price support for these commodities given the maintenance of a rigid supply management system; establishment of producer prices.	In 1996, as was the case in the base period indicated in AGST/CAN, no administered rice applied in the chicken, turkey and egg sectors.
Korea/United States: Operation of the Market Revenue Programme (MRP) for dried beans and wheat (ST/DS:6).	The MRP is a federal-provincial programme operating in Ontario since 1996. MRP payments are made when the average annual market price falls below the support price. The payment per acre is two thirds of the difference between the support price and the average annual market price, multiplied by the guaranteed production (85 per cent of probable yield). The MRP support price for an eligible crop is 85 per cent of the 15-year average Ontario price (adjusted for production costs using an input price index). The amounts reported in ST/DS:6 equal total payments, by product, for crop year 1996/97.
Korea/United States: **Wheat and durum** (ST/DS:4) – Reason for the increase in support compared to 1995;	The observed increase derives mainly from higher non-exempt direct payments as shown in ST/DS:6. The increase was due mainly to (a) the timing of payments under the Freight Cost Pooling Assistance Programme (payments were made in 1996/97 and are thus reflected in the 1996 notification) and (b) the cost incurred by the federal government in covering the deficit of the Ontario Wheat Producers Marketing Board for the 1996 crop year.
European Communities/New Zealand/United States : **Milk products**; **Butter**; **skim milk powder** (ST/DS:5 and ST/DS:6) Confirmation that milk used for domestic consumption (end uses under Classes 1-4) is covered under the price support system; justification for not including all milk produced and prices under Classes 1-4, but only milk produced under Class 4a.	 -
Whether support was only granted to butter and skim milk powder; whether milk products benefited from Provincial Direct Payments;	Butter and skim milk powder are the only products to which support prices apply. There were no provincial direct payments for milk and milk products. *See also answers below.*

Canada G/AG/N/CAN/35 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
Details on support measures for butter and skim milk powder; clarification of linkages between these measures;	Support to milk in 1996 consisted of three components (summarized in ST/DS:7): (a) Dairy subsidy ($156.5 million): these are federal direct payments at a given rate per hectolitre to producers of **industrial milk** and **cream**. (b) Market price support for milk ($457.1 million): only **butter** and **skim milk powder** received administrated prices in 1996. (c) Provincial programmes ($0.1 million): this refers to provincial support for artificial insemination in the dairy industry in Nova Scotia and Ontario. There are no linkages between (a) and (b).
"*Sales for further processing in Classes 5 (a)-(c)*" – Meaning; method used to differentiate supported exports and non-supported exports; Differing quantities eligible to receive market price support in 1995 and 1996; justification for omitting production under these Classes if prices are supported above world price levels;	Changes in dairy pricing in 1995 and 1996 made it necessary to alter the method of calculating market price support for milk in 1996, compared to 1995. Prior to these changes, production eligible to receive the support price for butter and skim milk powder was the total production of each of these products. Under the Class 5 permit system introduced in the 1995-96 dairy year, some butter and skim milk powder was no longer eligible to receive the support price. This applied to dairy products used by further processors for certain specific uses. Since 1 August 1995, butter and skim milk powder for use in further processed products is priced in Classes 5(a)-(c) and milk for processing into butter for export is priced in Classes 5(d) and (e). For skim milk powder, pricing in Classes 5(d) and (e) started around 1 March 1996. Eligible production of butter and skim milk powder therefore has to exclude the quantities priced in Class 5. This is done by subtracting from total production the quantities priced in Classes (a)-(c) and by subtracting the quantities exported. However, as some quantities that were exported in 1996 had been purchased at the support price during the transition to the special class system, these quantities are added back into eligible production.
Whether the same calculation method has been used each year; if not, volume of eligible production in 1996, based on the 1995 method.	The above calculation details show that the decline in eligible quantity between 1995 and 1996 results mainly from the exclusion of quantities that did not receive the support price, i.e. for further processing and exports. As the policy provisions in 1996 differed from those in 1995, it is not meaningful to apply the 1995 calculation method to 1996.
Korea: Nature of payments provided (ST/DS:7):	
"<u>Advance Payments for Crops Act</u>"	The programme applied to all storable crops grown in Canada, except wheat and barley grown in the Canadian Wheat Board designated area. It enabled producer organizations make cash advances at harvest to individual producers of up to $250,000. The first $50,000 was interest free to producers. Support is measured as the interest payments made by the federal government to financial institutions (such as banks) on behalf of the producer organizations. In April 1997, the programme was merged with others into the Agricultural Marketing Programmes Act.

Canada G/AG/N/CAN/35 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
"System Improvement Reserve Fund"	The programme was established in 1986 to finance programmes which would reduce costs in the grain handling and transportation system in western Canada. The fund was used to finance some of the additional trucking costs incurred by farmers when hauling grains or oilseeds to an alternative elevator following branch line abandonment and to fund trucking costs from off-line elevators to elevators on operating rail lines. The fund provided compensation for shipments through 31 December 1999, after which time the programme was terminated.
Non-product specific AMS	
European Communities/Korea: "Net Income Stabilization Account, (NISA)". Programme details;	NISA is a national programme introduced in 1991. It is operating in all provinces and assists producers in stabilizing their farm incomes through an individual farm account concept. Governments match annual producer deposits into an individual NISA account up to a maximum of 3 per cent of their eligible net sales of agricultural commodities (which include most commodities reportable as farming income for tax purposes with the exception of supply-managed commodities, i.e. dairy, poultry, eggs). Producers may also deposit up to an additional 20 per cent of eligible net sales into their account. The annual eligible net sales limit per farmer is $250,000. Producers may access funds from their accounts on an annual basis. Access to funds: (a) can be triggered when the farm's operating margin drops below the average operating margin for the previous five years; or alternatively, (b) producers can withdraw funds from their account to bring their individual (or family) income up to a pre-determined threshold, currently set at $20,000 for an individual or $35,000 for a family.
Difference between "NISA" and "NISA Enhancement";	In addition to a participant's equivalent deposit allowed under the NISA Agreement, participants in some provinces may make an enhanced equivalent deposit into their NISA accounts. The enhanced matching contributions are available to participants in several provinces and range between 1 and 3 per cent of eligible net sales. The enhancements are separate programmes under different authorization than NISA and are thus reported separately.
Reason for classifying the programme as being non-product specific.	Since NISA and NISA Enhancement are designed and operated as whole farm income programmes, it is not possible to identify support to individual products.
European Communities/United States: "Crop Insurance" Operation details;	This programme operates in all provinces. It is designed to stabilize farm incomes by moderating the economic effects of crop losses caused by natural hazards. Producers and federal and provincial governments pay premiums into crop insurance accounts.

Canada G/AG/N/CAN/35 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
Rationale behind calculation method; clarification of "long-run average contribution from governments"; derivation of the 56 per cent government share of support;	Indemnities are based on a farmer's average crop yield and are triggered when a farmer suffers a yield loss due to a covered hazard. In principle, the producer share of crop insurance premiums is 50 per cent and the federal and provincial government shares are 25 per cent each. Analysis over the long term (since 1981) has shown that the contributions from governments have amounted to 56 per cent of total contributions. Consequently, the share of governments is the total indemnities paid to producers each year is represented by this percentage.
Information on indemnities per crop. *Additional comments: Since the trigger is based on yield losses, the European Communities reiterated its interest for information on the amount of subsidies per crop. Canada undertook to convey this question to the competent authorities.*	Crop insurance is available to virtually all commercially grown crops (more than a hundred). Variations in crop losses generate year-to-year variations in total indemnities. Under the Farm Income Protection Act, the Crop Insurance programme reports annually on total indemnities, which are notified as non-product-specific support.
Korea: "Assistance toward long-term adjustment in the horticulture industry" – Operation of the programme; target beneficiaries.	This programme included research and marketing projects to help producers and processors adjust in the long-term to domestic and international market conditions.
Types of crops benefiting from the scheme;	As the programme did not target individual products, beneficiaries included producers and processors of a wide variety of horticultural products, such as fruit and vegetables, honey and maple syrup.
European Communities: "Tobacco Diversification Plan" - Reason for classifying the programme as being non-product specific.	This programme consisted of two components in 1996: (a) the Diversification component in Ontario which funded projects in commodity pioneering and value-added activities (product and market development); and (b) the Tobacco Transition Adjustment Initiative (TTAI) in Price Edward Island which made direct payments to producers who gave up all their remaining tobacco quota and left tobacco growing. There was no tobacco-related programme in other provinces. As the Tobacco Diversification Plan did not support producers of any particular product, it is reported as non-product specific support.
European Communities/United States: "Federal Credit Concessions" – Programme details;	This programme consists of three measures: (a) Farm Credit Corporation (FCC) loans ($-5.184 million in 1996); (b) Veterans Loans Administration (VLA) ($0.08 million); and (c) Farm Improvement and Marketing Cooperative Loans Act (FIMCLA, previously called Farm Improvement Loans Act in base period documentation), a loan guarantee programme ($-1.873 million). Support under (a) and (b) is measured by multiplying the stock of debt by the gap between the weighted commercial rate and the commercial rate. Support under (c) is measured as claims paid less producer fees and recoveries. These calculation methods are the same as in AGST/CAN.
Treatment of negative AMS figure.	Document G/AG/W/44 dated 14 March 1999, *Treatment of Negative Components in AMS and Total AMS – Discussion Paper by Canada*, refers. Positive and negative amounts arising from different policy measures applying to a product (or as non-product-specific support) may partially offset one another in calculating the product-specific AMS (or the non-product-specific AMS). Such offset would not be allowed, however, between two product-specific AMS or between a product-specific and the non-product-specific AMS.

<table>
<tr><th colspan="2">European Communities G/AG/N/EEC/12/Rev.1 and Corr.1 Domestic Support (Table DS:1)</th></tr>
<tr><th>Points raised by other Members</th><th>Response by Notifying Member</th></tr>
<tr><td>Philippines: <u>Environmental programmes</u> – Description of programmes, particularly those relating to extensification and conservation of genetic resources in agriculture; conformity with Annex 2 para 12.</td><td>G/AG/R/15 pp. 46-47 refer. The objectives of the environmental programs are the promotion of agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside. To achieve such objective, Member States have to draw up schemes by means of zonal programs for at least 5 years. These must contain a definition of the geographical area, a description of the proposed objectives and their justification and the conditions for the grant of aid.

These schemes may provide aid for farmers who undertake:
• to reduce substantially the use of fertilizers and/or plant pesticides, or to maintain the reductions already made, or to introduce or continue organic farming.
• to change, by means other than those referred to in the first indent, to more extensive forms of crop, including forage production, or to maintain extensive production methods introduced in the past, or to convert arable land into grassland;
• to use other farming practices compatible with the requirements of protection of the environment and natural resources, as well as maintenance of the countryside and the landscape (e.g. upkeep of habitats like traditional orchards, field margins and river banks), or to rear animals or local breeds in danger of extinction;
• to set aside farmland for at least 20 years with a view to use it for purposes connected with environment, in particular for the establishment of biotopes reserves or natural parks or for the protection of hydrological systems;
• to ensure the maintain of abandoned farmland or woodlands;
• to manage land for public access and leisure activities.

The environmental schemes are drawn up by member states and have to meet the specific conditions as required in Annex 2 paragraph 12. The schemes are subject to the approval by the Commission and their implementation is monitored by the competent authorities in the member states and by the Commission’s services.</td></tr>
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<table>
<tr><th colspan="2">Korea G/AG/N/KOR/24/Corr.1 Domestic Support (Table DS:1)</th></tr>
<tr><th>Points raised by other Members</th><th>Response by Notifying Member</th></tr>
<tr><th colspan="2">Green Box</th></tr>
<tr><td>Australia/Canada/United States: "<u>Structural adjustment assistance through resource retirement</u>" -</td><td>The programmes described below were notified under Annex 2 para 10. They were implemented on a temporary basis to prevent excessive milk supplies by reducing the number of dairy cows and dairy calves because of declining domestic milk consumption due to the financial crisis.</td></tr>
</table>

Korea G/AG/N/KOR/24/Corr.1 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
Compliance of both programmes with Annex 2 para 10; in particular with the requirement that the product be permanently removed from marketable agriculture.	• Purchase of Dairy Calves for the Purpose of Disposal: the objective was to exclude dairy cattle from milk production for commercial purposes. Dairy calves were purchased at 100 thousand Won per head on the condition that they should be slaughtered after being purchased. None of the purchased dairy calves was used again for milk production. Most died from diseases, were buried or burnt, or provided free to non-profit organizations, including charity foundations. • Compensatory Payment for Slaughtering Dairy Cows: payments were made for only part of the income losses incurred by farmers from the voluntary slaughtering of dairy cows with milking capabilities (100 thousand Won per head). There was no other requirement but the slaughtering of dairy cows. Furthermore, these payments were not based on the type or quantity of production, or domestic or world prices. Therefore the programmes are in compliance with Annex 2 para 10 criteria.
Submission of related Table DS:2 notification.	These are the same types of programme as those for Stock Management of Livestock Animals in Supporting Table DS:4 of Korea's Schedule. Therefore, these programmes were not separately notified in Table DS:2.

Mongolia G/AG/N/MNG/5 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
New Zealand: "National Programme Green Revolution" - Whether this programme is new; if so, submission of related Table DS:2 notification.	The related Table DS:2 notification was sent to the Secretariat on 16 June 2000 and is being processed.

Morocco G/AG/N/MAR/16 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
Green Box	
Australia: "Structure and Infrastructure" - Information and programmes included; products eligible.	This measure concerns the provision of equipment for maintenance, extension and restoration of buildings; reconditioning and acquisition of equipment; for the external services in charge of the monitoring and the follow-up of agricultural activities in various parts of the country. This measure does not cover any specific product in particular.
Australia: "Domestic Food Aid" – Operations; delivery to beneficiaries; meaning of "*compensation less levies*"; whether direct payments are made to producers.	Certain basic commodities are subsidized when destined to the less favoured populations. The subsidy covers the difference between the international price and the subsidized consumer price. The subsidy benefits the consumer, not the producer. The net compensation is calculated as the difference between (a) the compensation for basic commodities and (b) import levies.
Australia: "Livestock Protection" - Annex 2 category; basis for payments.	This consists in the provision of feedstuffs in favour of regions that were formally declared as drought stricken by the competent government authorities.

New Zealand G/AG/N/NZL/22 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
Green Box	
Australia: "<u>Community Irrigation Schemes</u>" – Consistency of on-site operation and maintenance activities with Annex 2 para 2(g).	The payment is fully consistent with Annex 2 para 2(g). Expenditure is solely related to the maintenance of off-farm capital works on the one remaining irrigation scheme still owned by the Crown.
United States: "<u>Rural Sector Assistance Programme</u>" - Production loss required to trigger payments; basis for calculation the production loss.	The scheme is consistent with Annex 2 para 8. New Zealand is currently considering carefully whether this programme might fit more accurately in another Green Box category. If necessary, a revised notification will be provided. The notified expenditure relates to 1,715 grants, representing an average of $180 per family per week for four weeks. Grants are usually one-off, one month payment but recipients may reapply for the payment each month. The grants are in effect social welfare payments to provide for essential family expenses such as food, and amount to approximately 50 per cent of the normal unemployment benefit. The grants do not restore profitability or enhance the physical integrity of the farm. In June 1992, New Zealand phased out support aimed at directly restoring business viability and/or the physical integrity of farm or horticultural operations affected by an adverse climatic event or natural disaster.
Korea: "<u>East Coast Afforestation Grants</u>" – Operation;	The programme was established in 1992 to address the problem of severe erosion in the East Coast region of the North Island. With the overall objective of sustainable land management, the scheme was modified in 1999 to, *inter alia*, widen the available treatment options to include forestry and reversion to indigenous scrub or forest. The requirement that trees must be intended for harvesting was eliminated.
Consistency with Annex 2, para 12 criteria;	• The programme is fully consistent with Annex 2 para. 12 criteria. Eligibility is determined as part of a clearly-defined government conservation programme. Payments depend on the fulfilment of specific commitments under the scheme as set out in each application. Each year, the Ministry of Agriculture and Forestry sets an upper limit on the aggregate amount of the subsidy based on statistical estimates of the actual cost of implementing such schemes.
Eligibility requirements	These are set out in the Forestry ("East Coast Grants Regulations 1992"). Individuals who either own or have an interest in, "target land" within the Gisborne district, or who are acquiring the right to use the land, are eligible for payments. "Target land" is land that does not have sufficient vegetation cover for either current or future effective erosion control. Applications must contain a forest management plan that covers the area to be planted each year for up to three years and the tending regime to be followed. The amount of payment is determined by an annual bidding system.

Norway G/AG/N/NOR/25 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
Green Box	
New Zealand/United States: "Grain Price Support" – Details on (a) price support payments covered by ST/DS:5 and (b) payments made for food security purposes;	This is a separate budgetary item within the main budgetary item also covering public stockholding for food security purposes (NOK 21.8 million) on the Ministry of Agriculture's budget. For reasons of transparency, the total expenditures of the budgetary item were included in the Green Box of the Norwegian Schedule, although the price support element is covered in ST/DS:5. The price support element is thus covered in the Schedule, in ST/DS:1, and in ST/DS:5.
Request that programme be removed from ST/DS:1 because of non-compliance with fundamental criteria.	Norway has chosen to include the total budget item in the notification in order to keep it in line with its Schedule.
United States: "Compensation for Natural Disaster" – Compliance with Annex 2 para 8; production loss triggering payments; payments calculation basis.	Norway undertook to provide a reply at a later stage.
New Zealand: "Summer Dairy Operations in Mountainous Regions" - Noted that eligibility conditions require producers to (a) farm the designated areas over the summer, and (b) ensure at least four weeks of deliveries to a dairy per summer (G/AG/R/19 refers). Consistency with fundamental criteria; whether farmers would receive the support even if they were not farming the designated areas; if not, the programme should be part of Norway's current AMS.	This subsidy compensates for the extra costs of keeping dairy cows on summer pasture in mountainous areas in order to ensure the conservation of mountainous agricultural landscape and safeguard traditional milk production in mountainous regions, including the conservation of traditional buildings. The allowance is paid in the form of a lump sum per year. The requirements of milk delivery are designed to ensure that only summer farms with milk production based on mountainous pasture receive the payment. The payment has no or minimal influence on total milk production, which is limited by quotas. The scheme is consistent with Annex 2 para 12 (a) and (b).
New Zealand: "Production on Steep Areas" - Noted that the payments appear to be calculated on a per hectare basis. Consistency with fundamental criteria; whether farmers would receive the support even if they were not farming the designated areas; if not, the programme should be part of Norway's current AMS.	The programme aims at safeguarding the cultural landscape through the encouragement of farming activities in steep and remote areas. The objective is to compensate for extra costs due to difficult topographical production conditions in steep areas. Support is only available to farms that have an elevation equal or steeper than 1:5, on at least 50 per cent of their total production area. The types of productions eligible for support are coarse fodder (including grasslands and pasture), grain, potatoes, berries, fruit and vegetables. Support is calculated on a per hectare basis, within a maximum amount per farm equal to a maximum of 5 hectares. Approximately 23,900 hectares were covered by the scheme. The scheme has thus minimal effects on production and trade. The scheme is consistent with Annex 2 para 12 (a) and (b).

Norway G/AG/N/NOR/25 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
New Zealand: "Vacation and Replacement Scheme" – Consistency with Annex 2 paras 5(d) and (e). *In New Zealand's view, the scheme appears related to production as the workers hired and employed in the absence of the farmer are most likely employed to keep up production on the farm (G/AG/R/19 refers.).*	The objective of the programme is to enable livestock producers to hire workers for replacement during vacations and time off in line with national regulations related to the work environment. The maximum payment, which takes the form of an annual lump sum per farm, aims at partly compensating a full time farmer. Part time farmers are granted an accordingly reduced payment (calculated on the basis of the number of animals kept in the farm). The maximum amount, calculated for each farm, is not payable until the hiring expenses are legitimized, in order to avoid misuse of the scheme. The scheme thus gives an opportunity to farm families to take a couple of weeks off without production being affected. It operates according to Annex 2. The production factors employed are not influenced by the scheme. If the hired worker did not do the job, the farm family itself had to do it, but without the same opportunities for vacations.
Thailand/United States: "Promotion and Storage" – Description of operations; details on market regulation, promotion and sale; payment method used to *"obtain administered prices*"; consistency with Annex 2 para 13(b) if payments are indeed made with this objective.	This programme covers several measures: (a) payments allocated to information and generic marketing activities of fruit and vegetables in order to facilitate the sale of these products and to secure supplies in all parts of the country; (b) payments to facilitate the demand for ecological products. The payments are allocated on the basis of applications. The item "obtain administered prices" is included in the AMS market price support calculations in accordance with Annex 3, para 8.
AMS	
New Zealand: Deduction of negative non-product specific AMS component – Justification of this approach which has the potential to allow for domestic support commitments to be circumvented.	The taxes on fertilizers and pesticides are deducted from the non-product-specific AMS. These taxes were also included in the Norwegian Schedule. According to Annex 3 para.4, specific agricultural levies or fees paid by producers shall be deducted from the AMS.

Turkey G/AG/N/TUR/10 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
Canada:	
Request that Turkey provides its Current Total AMS in Turkish Lira, i.e. the currency of its Uruguay Round Supporting Tables.	The calculations of domestic support in terms of Turkish Lira have become meaningless in view of the chronic rates of inflation suffered by Turkey since 1995.
Data on yearly rates of inflation; Explanation of the reasons why these rates are considered to be excessive for the Committee to give due consideration to this issue as foreseen in Article 18.4 of the Agreement on Agriculture	Inflation rates fluctuated between 88 and 53 per cent between 1995 and 1999. However, the rate of inflation has dropped during the course of the year 2000. Turkey will therefore submit the calculations in Turkish Lira in next year's domestic support notification.
Australia: EMS vs. AMS – Purpose for using the EMS in an Annex to ST/DS:5 (product-specific AMS);	Up to 1998, Turkey has been using the EMS. However, in response to questions raised by Members during the review process, the basis for calculations in 1999 was changed to the AMS and Turkey will continue to do so in future. The Annex to ST/DS:5 in 1999 mistakenly reads "EMS" and the Secretariat will issue a corrigendum in this respect.

Turkey G/AG/N/TUR/10 Domestic Support (Table DS:1)	
Points raised by other Members	**Response by Notifying Member**
Non-translation of support from Annex to ST/DS:5 to ST/DS:5. *Having listened to the reply, Australia still remained confused about the way support to sugar beet was reflected in this notification, especially since "the same calculations are applicable to both tables" (i.e. Annex to ST/DS:5 and ST/DS:5). Thus, if support to sugar beet were properly reflected, this would lead to an AMS breach.*	These are omitted for no particular reason. The same calculations are applicable to both tables.
Canada/New Zealand/United States: **Sugar beet** –	
Steps taken by Turkey to bring itself into compliance with its domestic support obligations (in 1999, EMS = 51.61 per cent of the value of sugar beet production);	This problem arises only with respect to sugar beets. As reflected in the Annex to ST/DS:5, the average reference price for sugar beets was noticeably low in 1986-88, which affects the calculation results. In addition, exchange rate adjustments have not kept us with rates of inflation. This has resulted in an over-valued Turkish Lira, further aggravating the problem. Nevertheless, Turkey is fully aware of its WTO commitments and has recently launched an agricultural policy reform programme. Within this framework, Turkey will be further reducing its budgetary outlays for domestic support. The state sugar factories which predominantly buy sugar from the producers will also be privatised.
Elaboration of the argument "*there is no private buyer*" (previously invoked as a justification for exempting support from AMS commitments) and in-depth explanation of Turkey's reasoning in this regard;	-
Request that a modified notification be submitted to include this support in the AMS calculation.	Turkey does not deny that support to sugar beet is above the *de minimis* level. Turkey will solve this problem when implementing its agricultural policy reform.
Additional comments. The United States noted that Turkey was in violation of its commitments as support levels for sugar beet are in excess of domestic support commitment level for the second year in a row. Moreover, according to Canada and the United States, the absence of private sector trade in this commodity does not appear to be a valid reason for exempting support from reduction commitments, nor does it justify the provision of support in excess of Turkey's commitments. Australia noted that since sugar factories are state-owned, calculations for market price support should be notified in ST/DS:5.	
United States : **Wheat** – Calculation details of *de minimis* support, 9.95 per cent in 1999 (i.e. same level as in 1998); source of wheat production figures in 1999 in view of differing data obtained from other sources; existence of a published source for the applied administered price and the market price reported in the notification.	Results show the same percentage by pure coincidence. The wheat production figure (18 million tons in 1998) was officially published by the Institute of State Statistics. As notified, there is a published source for the applied administered price: the Official Gazette. In 1999, the applied administered price for Anatolian hard red winter was 80,000 Turkish Lira per kg. The market price in 1999 was the average price of the largest three grain stock exchanges in Turkey.
Argentina/Australia: Value of production figures to support the *de minimis* claims, including for sugar beet.	This information is specified in the Annex to ST/DS:5.

Table DS:2 Notifications

European Communities G/AG/N/EEC/17 New or Modified Domestic Support (Table DS:2)	
Points raised by other Members	**Response by Notifying Member**
Philippines: Nature and manner in which minimum standards for hygiene, environment and animal welfare are determined;	These are established in EC and national legislation.
Conformity of above standards with Annex 2 paras 11 and 12.	During the discussions of the EC domestic support notifications for 1995/96 and 1996/97, detailed information has been provided on the measures and their compatibility with specific provisions of Annex 2. In the Agenda 2000 reform, some existing measures were slightly modified. On top of the existing requirements, as regards the financial and physical restructuring of their operations, recipients have also to comply with the above minimum standards.

Tables ES:1 to ES:3 Notifications

Cyprus G/AG/N/CYP/8/Rev.1 Export Subsidies (Table ES:)	
Points raised by other Members	**Response by Notifying Member**
Canada: Article 9.4 subsidies – Description of programme operations and how payments are effectuated; confirmation that subsidies are restricted to Article 9.1(d) and (e) types of programmes.	Undertook to provide a reply at a later stage.
New Zealand: **Wine alcohol and other grape products** - Noted that, notwithstanding Article 9.2(b), export subsidies were provided in excess of commitment levels. Detailed breakdown of subsidy programmes; explanation of how Cyprus is going to bring itself back into conformity.	Undertook to provide a reply at a later stage.

Estonia G/AG/N/EST/1 Export Subsidies (Table ES:1)	
Points raised by other Members	**Response by Notifying Member**
Canada: **Milk** - Confirmation of reported plans to launch a state-run company to encourage exports through financial subsidies; if so, details on programme operations and prices paid to producers.	There has been an open debate in Estonia on how to maximize revenues from milk exports. However, there is no state-run company, nor any government plan to establish any. Likewise, there are no plans to subsidize milk exports. Estonia is aware of its WTO commitments.

European Communities G/AG/N/EEC/20/Rev.1 Export Subsidies (Table ES:1)	
Points raised by other Members	**Response by Notifying Member**
Australia: **Rice** – Destination of subsidized exports.	Destinations which may benefit from export refunds are published in the relevant regulation. However, actual exports to specific countries cannot be linked back to export refunds.

European Communities G/AG/N/EEC/23 Export Subsidies (Table ES:1)	
Points raised by other Members	**Response by Notifying Member**
Australia: Circumstances or particular market conditions in 1997/98 which led to the use of cumulated export subsidies.	The use of the provisions of Article 9.2(b) is not linked to any particular market conditions.

Morocco G/AG/N/MAR/17 Export Subsidies (Table ES:1)	
Points raised by other Members	**Response by Notifying Member**
Canada/Thailand: **Flowers, fruit and vegetables** – Operation details on freight subsidies in 1998; programme operations; method of payment.	This is a freight subsidy benefiting flowers, fruits and vegetables. The amount to be allocated depends on the number of applications received and actual export opportunities. The subsidy is pre-financed by air transport carriers. The application files are then directly forwarded to the Ministry of Agriculture and Rural Development for examination and final decision.

Norway G/AG/N/NOR/23 and Corr.1 Export Subsidies (Tables ES:1-ES:3)	
Points raised by other Members	**Response by Notifying Member**
Argentina/Australia/Thailand: **Cheese**; **Meat (**bovine, swine, sheep and lamb**)** - Circumstances which led to the increase of subsidy outlays and quantities for these products.	Norway made use of the right to carry-over unused quantities or outlays in accordance with Article 9.2(b) and its WTO commitments. This reflected the actual market situation in 1998, where total supplies including imports and stocks were in excess of domestic demand. Subsidized exports of swine meat were reduced from 4,547.1 tons in 1997 to 817.9 tons in 1998, and subsidized exports of sheep and lamb meat were reduced 1096.6 tons in 1997 to 785 tons in 1998. Subsidized export volumes for these products did not increase, as reflected in the corrigendum issued on 8 March 2000.
Thailand: **Processed agricultural products** - Details on the types of products involved.	The main products receiving export subsidies are pizza and chocolate. The subsidy compensates for the high prices of raw materials in order to ensure the competitiveness of the food processing industry at world market prices.

Slovak Republic G/AG/N/SVK/23 Export Subsidies (Table ES:1, ES:2, ES:3)	
Points raised by other Members	**Response by Notifying Member**
Argentina/Australia: **Other dairy** (cheese) - Circumstances which led to the continued use of cumulated export subsidies.	During several years, this group of commodities has been exported in significant quantities. The Slovak Republic made recourse to the provisions of Article 9.2(b) due to changing world market conditions in 1998 and 1999. Changes in the dairy market situation in Central and Eastern Europe have also influenced the country's previous market orientation and increased the necessity to use cumulated export subsidies.
Canada: **Malt** – Circumstances with led to the increase of both outlays and subsidized exports in 1999.	Due to the decrease of the world market price for malt in 1999, the Slovak Republic provided higher amounts of export subsidies. However, these remained within the scheduled limits.

United States G/AG/N/USA/32 Export Subsidies (Table ES:1, ES:2)	
Points raised by other Members	**Response by Notifying Member**
Philippines/Thailand: **Poultry meat**	
Trends in notified outlays (none in 1996; US$863,000 in 1997; and US$1.4 million in 1998);	Export Enhancement Programme (EEP) subsidies for poultry do not show an increasing trend. The poultry EEP was a small programme for just 3,546 tons covering part of the 1997 and 1998 reporting periods.
Export markets of subsidized exports;	Eligible markets for poultry meat EEP exports during the period in question included Egypt, Jordan, Lebanon, Oman, United Arab Emirates and Yemen.
Whether the United States are prepared to consider eliminating export subsidies for agricultural products of particular interest to developing countries, such as poultry meat.	The limited use of EEP for poultry is consistent with the US commitments negotiated during the Uruguay Round. The United States is looking forward to address this issue in the agriculture negotiations.

United States G/AG/N/USA/32 Export Subsidies (Table ES:1, ES:2)	
Points raised by other Members	**Response by Notifying Member**
Australia/Japan/Korea: **Skim milk powder**; **Other milk products** –	
Reasons for the sharp increase in export subsidies (using roll-over provisions). *Korea noted that in 1998 the United States had provided export subsidies to skim milk powder amounting to 136 per cent of the scheduled commitment level in terms of budgetary outlays and 154 per cent of the scheduled volume commitment level. For other milk products, the figures were 128.6 per cent and 106.8 per cent respectively.*	The use of Article 9.2(b) flexibility during the 1997 period was explained at the June 1999 Committee meeting. At the end of 1997, approximately 70,755 tons of skim milk powder were available to program from this flexibility. Due to unusually strong markets and the availability of skim milk powder, part of this volume was apportioned over the 1998 reporting period. The United States remains committed to the elimination of export subsidies in the agriculture negotiations.
Status of the Dairy Export Incentive Programme (USA/22 refers).	The DEIP has not been abolished. The skim milk powder figure reported in Table ES:2 is from published US trade statistics and includes exports with and without DEIP assistance.
European Communities: Update of all export subsidy notifications to take into account Appellate Body findings on US Foreign Sales Corporations (FSC).	Direct and on-going negotiations are currently taking place with the European Communities in an attempt to solve this important issue. The United States is looking forward to make further progress with a view to conclude these negotiations as expeditiously as possible. However, in the interest of greater transparency, the United States submits the most recent edition of its Statistics of Income Bulletin, developed by the US Internal Revenue Service, which provides the most recently published annual financial statistics related to use of FSC. This report shall be available at the Secretariat for consultation by interested Members.
European Communities/Japan: Food aid -	
Explanation of differences with volumes of coarse grains notified in USA/31;	The quantity of coarse grains food aid in the 1998 export subsidy notification only includes sorghum, whereas the coarse grains figure in the 1998/99 Table NF:1 notification includes sorghum, sorghum grits, and corn. Since there is no reduction commitment for sorghum grits and corn, these products are not incorporated into the coarse grains figure in the export subsidy notification.
Reason why pulses are not listed; absence of Table ES:3 notification.	A Table ES:3 showing exports of pulses as food aid is not included because this information is already provided in the Table NF:1 notification. In addition, the United States' understanding of the notification requirements is that this information is not required in the US export subsidy notification.
Reasons for the sharp increase of wheat exported as food aid; *The European Communities and Japan noted the doubling of food aid, especially wheat and wheat flour, between 1997 and 1998.*	Wheat export as food aid increased following the implementation of the Food Aid Initiative, which provided for donations of wheat to countries where food needs existed. In addition, the United States also implemented the Food Assistance Package for Russia, which also accounted for increased exports of wheat as food aid.

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