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# **Committee on Agriculture**

## TREATMENT OF LDCS AND NFIDCS UNDER WTO AGRICULTURE RULES

#### NOTE BY THE SECRETARIAT1

- 1.1. At the Twelfth Session of the Ministerial Conference, Ministers adopted a Declaration<sup>2</sup> on the Emergency Response to Food Insecurity. Paragraph 8 of the Declaration mandates a work programme to be elaborated under the auspices of the Committee on Agriculture to examine ways for the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (Marrakesh Decision) to be made more effective and operational and to, inter alia, consider the needs of LDCs and NFIDCs to increase their resilience in responding to acute food instability by considering the best possible use of flexibilities to bolster their agricultural production and enhance their domestic food security as needed in an emergency. The Committee considered the issue of the elaboration of work programme at its June and September 2022 meetings. The Secretariat was requested at those meetings to prepare a compilation of flexibilities available to Least Developed Countries (LDCs) and Net Food-Importing Developing Countries (NFIDCs) under the existing WTO agriculture rules. The present note has accordingly been prepared to assist the discussions on the mandated work programme.
- 1.2. The note takes into account the discussion<sup>3</sup> in June and September Committee meetings as well as the specific written submissions<sup>4</sup> and suggestions made thus far in connection with the work programme. The note also acknowledges the latest Secretariat compilation on "Special and Differential Treatment Provisions in WTO Agreements and Decisions" in WT/COMTD/W/258. It also refers to some existing rules, though strictly not in the nature of S&D provisions, which may be deemed to have an important bearing on issues which have been raised in the discussions on the work programme. The note uses the following definition of LDCs and NFIDCs:

# **Definition of LDCs and WTO NFIDCs**

**LDCs:** Least-developed countries which have been designated as such by the Economic and Social Council of the United Nations, as indicated in paragraph 1(a) of the Decision of the Committee on Agriculture relating to the establishment of the list of NFIDC in G/AG/3.

**NFIDCs:** Paragraph 1 (b) of G/AG/3 establishes the process and criteria for inclusion of a developing country Member in the list as follows: "any developing country Member of the WTO which was a net importer of basic foodstuffs in any three years of the most recent five-year period for which data are available and which notifies the Committee of its decision to be listed as a Net Food-Importing Developing Country for the purposes of the Decision." Interested developing country Members are required to submit a request for inclusion in the list of NFIDCs along with relevant statistical data. The Committee has accordingly established a list of NFIDCs and reviews that list at its regular March meetings. The latest list can be found under G/AG/5/Rev.11.

 $<sup>^1</sup>$  This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO. The document incorporates Members' comments on the previous version in RD/AG/94 as reflected in paragraphs 1.1, 1.6 and 1.15(d) of this document.

<sup>&</sup>lt;sup>2</sup> WT/MIN(22)/28 - WT/L/1139.

<sup>&</sup>lt;sup>3</sup> G/AG/R/102 and G/AG/R/103 (to be issued).

 $<sup>^4</sup>$  G/AG/W/223 and G/AG/W/224.

#### MARRAKESH DECISION

- 1.3. The Marrakesh Decision establishes some specific mechanisms to ensure that the implementation of the Uruguay Round agricultural reform programme "does not adversely affect the availability of food aid at a level which is sufficient to continue to provide assistance in meeting the food needs of developing countries, especially least-developed and net food-importing developing countries". Under paragraph 3 of the Decision, Ministers agreed:
  - i. to review the level of food aid established periodically by the Committee on Food Aid under the Food Aid Convention 1986 and to initiate negotiations in the appropriate forum to establish a level of food aid commitments sufficient to meet the legitimate needs of developing countries during the reform programme;
  - ii. to adopt guidelines to ensure that an increasing proportion of basic foodstuffs is provided to least-developed and net food-importing developing countries in fully grant form and/or on appropriate concessional terms in line with Article IV of the Food Aid Convention 1986;
  - iii. to give full consideration in the context of their aid programmes to requests for the provision of technical and financial assistance to least-developed and net food-importing developing countries to improve their agricultural productivity and infrastructure.
- 1.4. Paragraph 4 of the Marrakesh Decision includes Members' agreement "to ensure that any agreement relating to agricultural export credits makes appropriate provision for differential treatment in favour of least-developed and net food-importing developing countries".
- 1.5. Article 16 of the Agreement on Agriculture (AoA) sets out that developed country Members shall take such action as is provided for within the framework of the Marrakesh Decision. Simultaneously, the Committee on Agriculture has been mandated to monitor the follow-up to the Decision, as appropriate.<sup>5</sup>
- 1.6. The Committee on Agriculture adopted a Decision<sup>6</sup> for the establishment of the list of NFIDCs, established a notification requirement<sup>7</sup> (called Table NF:1) for donor Members to report actions taken within the framework of the Decision, and provided in its working procedures<sup>8</sup> for a dedicated annual discussion at November meetings to monitor actions taken within the framework of the Decision on the basis, *inter alia*, of Members' Table NF:1 notifications<sup>9</sup>. The Secretariat background notes in the G/AG/W/42/ series provide detailed information on the implementation of the Marrakesh Decision. These notes include information on 'technical and financial assistance' within the framework of the implementation of the Marrakesh Decision, including based on a summary of Members' Table NF:1 notifications.

## **EXPORT COMPETITION**

1.7. The provisions of the Marrakesh Decision and the specific mechanisms established therein have a strong and explicit bearing on the WTO agriculture rules under the export competition pillar. This section accordingly looks at the existing rules in this pillar specifically from the point of view of their relevance to LDCs and NFIDCs and the elements of the Marrakesh Decision.

<sup>&</sup>lt;sup>5</sup> Article 16.2 of the AoA refers.

<sup>&</sup>lt;sup>6</sup> G/AG/3.

<sup>&</sup>lt;sup>7</sup> Pages 33-34 of G/AG/2.

<sup>8</sup> Paragraph 18 of G/AG/1.

 $<sup>^{9}</sup>$  Record of Members' annual Table NF:1 notifications may be consulted in documents in the G/AG/GEN/86/ series.

- 1.8. Lower rate of reduction and time-limited exemption from export subsidy commitments: Developing country Members applied a lower<sup>10</sup> rate of reduction while inscribing their export subsidy reduction commitments in Section II of Part IV of their schedules. Among the NFIDCs<sup>11</sup>, the Bolivarian Republic of Venezuela is the only Member who had such reduction commitments and had accordingly used this flexibility in scheduling its export subsidy reduction commitments in the Uruguay Round. Additionally, pursuant to Article 9.4 of the AoA, developing country Members, during the implementation period, were not required to undertake commitments in respect of export subsidies listed in subparagraphs (d) and (e) of Article 9.1 provided that these are not applied in a manner that would circumvent reduction commitments. Among the NFIDCs, Barbados, Mauritius, Morocco, Pakistan, Sri Lanka and Tunisia have reported the invocation of Article 9.4 whereas none of the LDCs have notified recourse to Article 9.4.
- 1.9. **Nairobi Ministerial Decision on Export Competition**: At MC-10 in December 2015, Ministers adopted a Decision<sup>12</sup> on Export Competition. The decision provided for the elimination of export subsidy entitlements and established disciplines on other export measures with equivalent effect. Paragraph 3 of the Nairobi Decision reaffirms the commitments under the Marrakesh Decision and its review by the Ministerial Conference and monitoring by the Committee on Agriculture:

"Nor can anything in this Decision be construed to diminish in any way the existing commitments contained in the Marrakesh Ministerial Decision of April 1994 on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-developed and Net Food-importing Developing Countries and the Ministerial Decision of 14 November 2001 on Implementation-related Issues and Concerns<sup>13</sup> on, inter alia, commitment levels of food aid, provision of food aid by donors, technical and financial assistance in the context of aid programmes to improve agricultural productivity and infrastructure, and financing normal levels of commercial imports of basic foodstuffs. Nor could it be understood to alter the regular review of these decisions by the Ministerial Conference and monitoring by the Committee on Agriculture."

- 1.10. Elimination of export subsidy entitlements; longer timeframe for developing Members: Under the Nairobi Decision on Export Competition, developing Members were offered longer timeframe to eliminate export subsidy entitlements. While these entitlements stood eliminated immediately as of the date of the Nairobi Decision (i.e. 19 December 2015) for developed country Members, developing country Members were required to do so by the end of 2018. For some select products, both developed and developing Members got an extra time to eliminate export subsidy entitlements. As stated above in paragraph 1.8, Bolivarian Republic of Venezuela being the only NFIDC Member with export subsidy entitlements in its Uruguay Round Schedule benefitted from this flexibility in terms of a longer period to eliminate those entitlements. It may also be noted that long-before the Decision was adopted at MC-10 to eliminate export subsidy entitlements, the actual use of these entitlements for the provision of export subsidies had significantly declined. This has especially been the case for export subsidies for basic food stuffs like grains, oilseeds or vegetable oils where the actual use of such subsidies had been virtually negligible at the time of the adoption of the Nairobi Decision.
- 1.11. **Extended recourse to Article 9.4:** The Nairobi Decision on Export Competition also provided that developing country Members shall continue to benefit from the provisions of Article 9.4 of the AoA until the end of 2023. The timeline was agreed to be longer for LDCs, and NFIDCs listed in G/AG/5/Rev.10; these Members could benefit from the provisions of Article 9.4 until the end

 $<sup>^{10}</sup>$  Two-thirds of the generally-required reduction of 36% and 24% in budgetary outlay and quantity commitment levels respectively during a longer period of 10 years.

 $<sup>^{\</sup>rm 11}$  LDCs were exempt from undertaking reduction commitments, including under the export competition pillar.

<sup>&</sup>lt;sup>12</sup> WT/MIN(15)/45 - WT/L/980.

<sup>&</sup>lt;sup>13</sup> Document WT/MIN(01)/17.

 $<sup>^{14}</sup>$  There was an accelerated timeframe for implementing commitments for cotton, as per paragraph 12 of WT/MIN(15)/45 - WT/L/980.

 $<sup>^{15}</sup>$  Until the end of 2020 for developed Members who agreed to eliminate as of 1 January 2016 all export subsidies on products destined for LDCs, and end of 2022 for developing Members. Footnotes 4 and 5 of WT/MIN(15)/45 - WT/L/980 refer.

<sup>&</sup>lt;sup>16</sup> Among Members with export subsidy entitlements at the time of the adoption of the Nairobi Export Competition Decision, Bolivarian Republic of Venezuela is the only remaining Member who is yet to circulate its modified export subsidy Schedule pursuant to that Decision.

of 2030. As stated above in paragraph 1.8, a number of NFIDCs Members have reported recourse to Article 9.4 in their annual Table ES:1 notifications.

1.12. **Disciplines on export financing support:** The Nairobi Decision on Export competition includes disciplines on export credits, export credit guarantees and insurance programmes ("export financing support"). The Decision requires that the provision of export financing support shall be in conformity with the "terms and condition" covering maximum repayment terms<sup>17</sup> and self-financing<sup>18</sup>. Under the S&D provisions, exporting developing country Members, including LDCs and NFIDCs, had been provided with additional time to implement the maximum repayment term of 18 months.<sup>19</sup> LDCs and NFIDCs listed in G/AG/5/Rev.10 are accorded differential and more favourable treatment in respect of their imports or acquisition of basic foodstuffs; Paragraph 17 of the Decision in such cases provides for additional allowance in maximum repayments terms:

"Notwithstanding the terms of paragraphs 15(a) and 16 above, least-developed and net food-importing developing countries listed in G/AG/5/Rev.10 shall be accorded differential and more favourable treatment comprising allowance for a repayment term in respect of them of between 36 and 54 months, for the acquisition of basic foodstuffs. <sup>20</sup> Should one of these Members face exceptional circumstances which still preclude financing normal levels of commercial imports of basic foodstuffs and/or in accessing loans granted by multilateral and/or regional financial institutions within these timeframes, it shall have an extension of such a time-frame. The standard monitoring and surveillance provisions, as resulting from this Decision, shall apply to these cases. <sup>21</sup>"

- 1.13. **Disciplines on international food aid:** The Nairobi Decision on Export Competition contains disciplines to meet the objective of preventing or minimizing commercial displacement and simultaneously reaffirms Members' "commitment to maintain an adequate level of international food aid, to take account of the interests of food aid recipients and to ensure that the disciplines contained hereafter do not unintentionally impede the delivery of food aid provided to deal with emergency situations"<sup>22</sup>. The Decision also acknowledges the role of recipient governments in decision-making on international food aid.<sup>23</sup> There are some provisions on international food aid in the AoA and the Nairobi Decision specifically related to LDCs/NFIDCs and the Marrakesh Decision:
  - a. Article 10.4 of the AoA and Paragraph 3 (ii) of the Marrakesh Decision seek to ensure that international food aid provided, especially to LDCs and NFIDCs, should, to the extent possible, be in fully grant form. The Nairobi Decision on Export Competition now requires donor Members to ensure that all international food aid is in fully grant form.<sup>24</sup>
  - b. Paragraph 27 of the Nairobi Decision seeks to limit instances of monetization of international food aid "for the purpose of transport and delivery of the food assistance" while simultaneously allows its use "to redress short and/or long term food deficit requirements or insufficient agricultural production situations which give rise to chronic hunger and malnutrition in least-developed and net food-importing developing countries.<sup>25</sup>"
  - c. Paragraph 32 of the Nairobi Decision include a review provision and provides that "Members agree to review the provisions on international food aid contained in the preceding paragraphs within the regular Committee on Agriculture monitoring of the implementation of the Marrakesh Ministerial Decision of April 1994 on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-developed and net food-importing developing countries".

<sup>&</sup>lt;sup>17</sup> Paragraph 15 (a) of WT/MIN(15)/45 - WT/L/980.

<sup>&</sup>lt;sup>18</sup> Paragraph 15 (b) of WT/MIN(15)/45 - WT/L/980.

<sup>&</sup>lt;sup>19</sup> Paragraph 16 of WT/MIN(15)/45 - WT/L/980.

<sup>&</sup>lt;sup>20</sup> Belize, the Plurinational State of Bolivia, Ecuador, Fiji, Guatemala, Guyana, Nicaragua, Papua New Guinea and Suriname shall also have access to this provision.

<sup>&</sup>lt;sup>21</sup> In the event that Cuba is a recipient Member in this situation, the time-frame can be greater than 54 months and any such monitoring and surveillance shall not apply without the prior express consent of Cuba.

<sup>&</sup>lt;sup>22</sup> Paragraph 22 of WT/MIN(15)/45 - WT/L/980.

<sup>&</sup>lt;sup>23</sup> Paragraph 31 of WT/MIN(15)/45 - WT/L/980.

<sup>&</sup>lt;sup>24</sup> Paragraph 23(b) of WT/MIN(15)/45 - WT/L/980.

<sup>&</sup>lt;sup>25</sup> Belize, the Plurinational State of Bolivia, Ecuador, Fiji, Guatemala, Guyana, Nicaragua, Papua New Guinea and Suriname shall also have access to this provision.

1.14. **Transparency of global food aid shipments:** WTO Members report information on food aid in their ES and NF notifications, and later also as a part of their response to the export subsidy questionnaire (ECQ) forming part of the Nairobi Decision on Export Competition. This information does not however permit the Secretariat to produce a comparable year-wise data series on global food aid shipments. Secretariat in its background notes in the G/AG/W/42/ series prepared for the annual monitoring of the Marrakesh Decision had regularly included year-wise data until 2014 on food aid shipment quantities, including by recipients (e.g. LDCs, NFIDCs), based on the WFP International Food Aid Information System (INTERFAIS). The WFP has since discontinued the INTERFAIS and the collection of global food aid flow data.<sup>26</sup> Reporting by the parties to the successive Food Aid Conventions had been another source of data on global food aid shipment quantities; under the latest Food Assistance Convention (FAC), 2013, the annual food assistance commitments, as well as the reporting on them by the FAC Parties, is primarily in monetary (rather than quantity) terms. In the absence of reliable data on global food aid quantities, it may not be feasible to accurately examine trends in global food aid deliveries.

# **DOMESTIC SUPPORT**

- 1.15. There are **S&D** provisions in the domestic support rules in the AoA and decisions offering flexibilities to both LDCs and NFIDCs:
  - Article 6.2 states: "In accordance with the Mid-Term Review Agreement that government measures of assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries, investment subsidies which are generally available to agriculture in developing country Members and agricultural input subsidies generally available to low-income or resource-poor producers in developing country Members shall be exempt from domestic support reduction commitments that would otherwise be applicable to such measures, as shall domestic support to producers in developing country Members to encourage diversification from growing illicit narcotic crops. Domestic support meeting the criteria of this paragraph shall not be required to be included in a Member's calculation of its Current Total AMS." There are several developing country Members who have reported recourse to Article 6.2 exemption in their domestic support notifications. Among the LDCs, the users include Bangladesh, Burundi, Chad, the Gambia, Lesotho, Madagascar, Malawi, Mali, Nepal, Senegal, Togo and Zambia. Among the NFIDCs, the users include Barbados, Botswana, Cuba, Dominican Republic, Egypt, El Salvador, Honduras, Jordan, Maldives, Mauritius, Mongolia, Morocco, Namibia, Pakistan, Peru, Senegal, Sri Lanka and Tunisia.
  - b. In relation to the calculation of Current Total AMS, Article 6.4 (b) says: "For developing country Members, the de minimis percentage under this paragraph shall be 10 per cent". Bangladesh is the only **LDC** which has thus far notified support falling under "AMS" and claimed de minimis. Among **NFIDC**s, the following Members reported to have used the de minimis exemption in the calculation of Current AMS: Barbados, Dominican Republic, Jordan, Mauritius, Pakistan, Peru and Tunisia.
  - c. There are four Members in the NFIDC list who have Total AMS reduction commitments in the Schedule (and hence benefitted during the assumption of those commitments from lesser reduction percentage in Base Total AMS and a longer transition period)<sup>27</sup>: Jordan, Morocco, Tunisia and Bolivarian Republic of Venezuela.
  - d. For public stockholding programmes for food security purposes (PSH) and domestic food aid in Annex 2 of the AoA, footnote 5 states: "For the purposes of paragraph 3 of this Annex, governmental stockholding programmes for food security purposes in developing countries whose operation is transparent and conducted in accordance with officially published objective criteria or guidelines shall be considered to be in conformity with the provisions of this paragraph, including programmes under which stocks of foodstuffs for food security purposes are acquired and released at administered prices, provided that the difference between the acquisition price and the external reference

<sup>&</sup>lt;sup>26</sup> Since the discontinuation of INTERFAIS, the FAO has been exploring to develop a food aid data collection system to monitor and report on global food aid transactions.

<sup>&</sup>lt;sup>27</sup> Article 15.2 of the AoA refers.

price is accounted for in the AMS." Similarly, under footnote 5 &6: "For the purposes of paragraphs 3 and 4 of this Annex, the provision of foodstuffs at subsidized prices with the objective of meeting food requirements of urban and rural poor in developing countries on a regular basis at reasonable prices shall be considered to be in conformity with the provisions of this paragraph." Support under PSH programmes entailing acquisition of stocks at administered price should normally be reported in two distinct supporting tables of the relevant Member's domestic support notification: Supporting Table DS:1 (Green Box) and Supporting Table DS:5 (market price support). Under the agreed domestic support notification requirements and formats in G/AG/2, however, there is no prescribed product-specificity in reporting Green Box support in the Supporting Table DS:1 making it difficult to link PSH support in Supporting Table DS:1 to product-specific price support that is expected to be reported in Supporting Table DS:5. Even for Supporting Table DS:5 in such cases, there is no mandatory guidance in G/AG/2 to attribute the notified market price support to PSH programme. In the absence of explicit cross-reference across two relevant supporting tables (1 and 5) by notifying developing Members, finding beneficiary LDC and NFIDC Members in terms of their actual recourse to these flexibilities is, therefore, challenging. Factually, among the **LDC** Members, Nepal and Zambia have reported PSH support under the Green Box whereas Botswana, Namibia and Pakistan have similarly reported PSH support under the Green Box from among the NFIDCs. As regards the provision of domestic food aid, Afghanistan, Madagascar, Mali and Nepal among the LDC Members have reported support in their domestic support notifications under paragraph 4 of Annex 2. Similarly, among the NFIDCs, the list of Members having notified recourse to paragraph 4 of Green Box include Cuba, El Salvador, Jordan, Morocco, Peru, Sri Lanka and Venezuela, Bolivarian Republic of. Footnote 5 and footnote 5 & 6 of Annex2 leave open the possibility of public stocks being used for the provision of domestic food aid. However, this may be verified only based on a notifying Member so reporting in its Supporting Table DS:1.28

- 1.16. Under the **Bali PSH Interim Mechanism**,<sup>29</sup> developing country Members' compliance with domestic support obligations in relation to support to traditional staple food crops under PSH programmes, existing as of 7 December 2013, shall not be challenged under the Dispute Settlement Mechanism provided the conditions under the Bali Interim Mechanism are met. None of LDC or NFIDC Members has thus far invoked the PSH Interim Mechanism.
- 1.17. Under the agreed **notification requirements and formats in G/AG/2**, "least-developed Members should submit Supporting Tables DS:1 to DS:3 every two years" (all other Members are required to submit Table DS:1 notification annually).<sup>30</sup> LDCs generally submit their Table DS:1 notifications every other year.
- 1.18. While the access to the Green Box under Annex 2 of the AoA is uniformly applicable to all Members (except the S&D element stated above), Ministers at Bali recognized "the contribution that General Services programmes can make to rural development, food security and poverty alleviation, particularly in developing countries." In the **Decision on General Services**<sup>31</sup> adopted at Bali, Ministers elaborated on the non-exhaustive list of General Service support programmes in paragraph 2 of Annex 2 to, inter alia, include: "i) land rehabilitation; ii) soil conservation and resource management; iii) drought management and flood control; iv) rural employment programmes; v) issuance of property titles; and vi) farmer settlement programmes in order to promote rural development and poverty alleviation". Several LDCs and NFIDCs routinely report General Services support (Green Box) in their domestic support notifications. At least in one case, an NFIDC Member (El Salvador<sup>32</sup>) reported support for "soil conservation and resource management"

<sup>&</sup>lt;sup>28</sup> Among LDCs and NFIDCs, only in the case of Sri Lanka, there was a common product (wheat flour) reported in the Supporting Table DS:1 (Green Box) under the PSH programme and simultaneously it being provided as domestic food aid under subsidized conditions. The notification doesn't, however, explicitly say that subsidized wheat flour provided as domestic food aid originated in PSH stocks. G/AG/N/LKA/2 refers.

<sup>&</sup>lt;sup>29</sup> WT/MIN(13)/38 - WT/L/913 and WT/L/939 refer.

<sup>&</sup>lt;sup>30</sup> The notification compliance document by the Secretariat in the G/AG/GEN/86/ series and call and reminders for notifications by the Central Registry of Notification (CRN) also take this into account.

<sup>&</sup>lt;sup>31</sup> WT/MIN(13)/37-WT/L/912.

<sup>&</sup>lt;sup>32</sup> Refer, for example, to G/AG/N/SLV/58.

and "drought management and flood control" under General services based on the guidance in the Bali Decision.

## **MARKET ACCESS**

- 1.19. Based on the Uruguay Round agricultural modalities<sup>33</sup>, developing Members assumed tariff reduction commitments in their schedules by availing of specific S&D flexibilities, including in the form of **lesser reduction rates and assuming ceiling bindings** in respect of the then unbound tariff lines rather than undertaking tariffication, and implemented those reduction commitments over a longer period of time; LDCs were exempt from undertaking reduction commitments. Because of not undertaking tariffication to convert non-tariff border measures into ordinary customs duties, the concerned developing Members could not reserve the rights to use special agricultural safeguards (SSG) on such products. Some developing Members, including those who used the ceiling binding for some eligible products, also undertook tariffication for some other products and negotiated the SSG rights in their schedules. The list of developing country Members with SSG rights also includes **NFIDCs**: Barbados, Botswana, El Salvador, Eswatini, Morocco, Namibia and Venezuela, Bolivarian Republic of.<sup>34</sup>
- 1.20. Notwithstanding the requirements under Article 4.2 of the AoA, developing country Members Under Annex 5, Section B, had the **possibility to defer tariffication** generally for a period of 10 years in respect of a primary agricultural product that is the predominant staple in its traditional diet. This special treatment flexibility was availed by two developing Members in the Uruguay Round, neither of which was an LDC or NFIDC.
- 1.21. At the Ninth Session of the Ministerial Conference in December 2013 at Bali, Ministers adopted a **Decision on tariff quota administration**<sup>35</sup>. An underfill mechanism<sup>36</sup> has also been established under the Decision to deal with cases where quota administration is believed to be contributing to lower fill rates or under-fill. The final stage of the Underfill mechanism contains an S&D element whereby developing importing Members, rather than being immediately obliged to change the TRQ administration method to either first-come first-served at customs (FCFS) or an automatic unconditional license on demand system, may choose an alternative TRQ administration method or maintain the current method and close an underfill matter by demonstrating a prescribed increase in the fill rate over a minimum of two years. If after the two years the prescribed increase in the fill rate has not been achieved, the concerned developing Member would be subject to the standard requirement (i.e. change the TRQ administration method to either first-come first-served at customs (FCFS) or an automatic unconditional license on demand system), if so requested by interested exporting Member(s); if no request is made, the concern shall be marked as "closed".<sup>37</sup> No LDC Member has scheduled TRQ commitments whereas Barbados, Dominican Republic, El Salvador, Morocco, and Bolivarian Republic of Venezuela among **NFIDC** Members have TRQ commitments in their schedule.
- 1.22. Under the **Nairobi Decision on cotton**<sup>38</sup>, Ministers agreed that developed country Members, and developing country Members declaring themselves in a position to do so, shall grant, to the extent provided for in their respective preferential trade arrangements<sup>39</sup> duty free and quota free market access for cotton and cotton related products<sup>40</sup> originating from LDCs as from 1 January 2016.<sup>41</sup>

<sup>33</sup> MTN.GNG/MA/W/24.

<sup>&</sup>lt;sup>34</sup> Barbados is the only Member in this list to have notified recourse to SSG.

<sup>&</sup>lt;sup>35</sup> WT/MIN(13)/39-WT/L/914.

<sup>&</sup>lt;sup>36</sup> In Annex A to the Bali TRQ Decision.

 $<sup>^{</sup>m 37}$  This was agreed as a part of the review of the operation of the Bali TRQ Decision in March 2022. WT/L/1132 refers.

<sup>38</sup> WT/MIN(15)/46-WT/L/981.

<sup>&</sup>lt;sup>39</sup> In this regard, China declares itself in a position to do so to the extent provided for in its preferential trade arrangements and political commitments.

 $<sup>^{40}</sup>$  As included in the list annexed to the Decision and covered by Annex 1 of the Agreement on Agriculture.

<sup>&</sup>lt;sup>41</sup> Paragraphs 2 to 4 of WT/MIN(15)/46 - WT/L/981.

## **EXPORT RESTRICTIONS**

- 1.23. **Article 12.1 of the AoA** provides that a Member instituting any new export prohibition or restriction on foodstuffs in accordance with Article XI:2(a) of GATT 1994 shall give due consideration to the effects of such measures on importing Members' food security, give advance notice in writing, consult, upon request, with any other Member having a substantial interest as an importer with respect to any matter related to the measure in question, and provide, upon request, necessary information to that importing Member. This, while strictly not an S&D provision, may also serve LDCs and NFIDC Members' food security interests in view of their dependence on world market for a large share of their food consumption.
- 1.24. **Article 12.2 of the AoA** is an S&D provision which exempts developing Members from transparency obligations under Article 12.1 unless that developing Member is a net-food exporter of the specific foodstuff concerned. Among LDC and NFIDC Members, only Myanmar notified<sup>42</sup> its export restriction on rice in 2020.

 $<sup>^{\</sup>rm 42}$  G/AG/N/MYN/21 (and Add.1).

## **ANNEX**

# Provisions of the Agreement on Agriculture, Ministerial Decisions, Committee's decisions, and other documents referred to in the background note

- 1. Agreement on Agriculture: Article 4.2, Article 6.2, Article 6.4 (b), Article 9.4, Article 10.4, Article 12, Article 15.2, Article 16, Annex 2, and Annex 5.
- 2. Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries.
- 3. Nairobi Ministerial Decision on Export Competition (WT/MIN(15)/45 WT/L/980).
- 4. Bali Ministerial Decision on Public Stockholding for Food Security Purposes (WT/MIN/(13)/38 WT/L/913) and General Council Decision (WT/L/939)
- 5. Understanding on Tariff Rate Quota Administration provisions of agricultural products, as defined in Article 2 of the Agreement on Agriculture (WT/MIN(13)/39 WT/L/914)
- 6. Notification requirements and formats adopted by the Committee on Agriculture (G/AG/2).
- 7. Decision by the Committee on Agriculture relating to the establishment of a list of WTO Net Food-Importing Developing Countries (G/AG/3).
- 8. WTO list of Net Food-Importing Developing Countries within the framework of the Marrakesh Decision (G/AG/5 series. Latest list contained in G/AG/5/Rev.11 dated 24 September 2020).
- 9. Bali Ministerial Decision on General Services (WT/MIN(13)/37 WT/L/912).
- 10. General Council Decision on the Review of the Operation of the Bali Decision on TRQ Administration (WT/L/1132)
- 11. Nairobi Ministerial Decision on Cotton (WT/MIN(15)/46 WT/L/981).
- 12. Uruguay Round agricultural modalities Note by the Chairman (MTN.GNG/MA/W/24).