



REQUEST FOR WAIVER RELATING TO SPECIAL TREATMENT FOR RICE OF THE PHILIPPINES

Revision

Pursuant to Article IX:3 of the Marrakesh Agreement Establishing the World Trade Organization (the "WTO Agreement"), the Philippines hereby submits for the consideration of the Council on Trade in Goods a request for a waiver within the meaning of Article IX:3 of the WTO Agreement from its obligations under Articles 4.2 and Section B of Annex 5 of the Agreement on Agriculture to continue the Philippines' special treatment for rice within the meaning of those provisions.

1 PURPOSE AND CIRCUMSTANCES OF THE REQUEST

Background

1.1 In 2006, pursuant to Section B of Annex 5 of the Agreement on Agriculture, the Philippines' special treatment for rice was extended from 1 July 2005 to 30 June 2012, as provided in the Rectification and Modification of Schedule LXXV – Republic of the Philippines G/MA/TAR/RS/99/Rev.1 dated 27 September 2006 (the "Extension Agreement"), which was certified by the WTO under WT/Let/562 on 8 February 2007.

Justification

1.2 The Philippines has been in the forefront of trade reforms in the WTO to support economic development. Its WTO simple average bound tariff is 35% in agriculture, which is just over half of the average bound tariff for all WTO developing Members of 60%. The Philippines has virtually no trade-distorting domestic support or export subsidies. The Philippine's agriculture sector therefore can be considered as one of the most open agricultural trading regimes in the WTO.

1.3 Rice is a predominant staple in the Philippines, which has about 2.4 million rice farmers. These farmers account for 34% of the Philippines' labour force; however, agriculture contributed less than 15% of the GDP in 2008. "Palay" (rice in the husk) contributed about 19% of gross value added in agriculture, hunting, forestry and fishing in 2011.

1.4 The Philippines has encouraged greater participation by the private sector in the importation of rice to complement the role of the National Food Authority (the government agency with the sole authority to import rice) in ensuring food security, and also to stimulate gradual and healthy competition in the domestic rice production as it becomes more market- oriented. However, the steps toward tariffication are not yet complete.

1.5 The Philippines therefore requests this waiver from the obligations contained in Article 4.2 and paragraphs 8 and 10 of Section B of Annex 5 of the Agreement on Agriculture to permit the Philippines to provide for market access for rice as specified in paragraph 3 and Annex A of the Draft Waiver Decision attached hereto until 30 June 2017.

1.6 As of the expiration of this waiver on 30 June 2017, the Philippines will subject rice to ordinary customs duties, established on the basis of a tariff equivalent determined in accordance with paragraph 10 of Section B of Annex 5 to the Agreement on Agriculture and the Guidelines for the Calculation of Tariff Equivalents attached to Annex 5.

2 SCOPE OF THE REQUEST AND DRAFT DECISION

2.1 The requested waiver is limited in scope to continuing the special treatment for rice (classified under the Chapter 10.06 of the Harmonized System) as agreed in the Extension Agreement and as further described in the draft decision of the General Council attached hereto.

3 CONCLUSION

3.1 In light of the exceptional circumstances explained above and the expiry of the Philippines' Extension Agreement for Special Treatment for Rice on 30 June 2012, the Philippines requests a waiver on the basis of Article IX:3 of the WTO Agreement from its obligations under Articles 4.2, paragraphs 8 and 10 of Section B of Annex 5 of the Agreement on Agriculture in order to provide market access for rice in accordance with Annex A of the Draft Waiver Decision attached hereto until 30 June 2017.

3.2 The Philippines requests that the Council for Trade in Goods give this application for a waiver expeditious and favourable consideration.

DRAFT DECISION ON WAIVER RELATING TO SPECIAL TREATMENT FOR RICE OF THE PHILIPPINES**DRAFT WAIVER DECISION OF [...] 2014¹**

The General Council,

Conducting the function of the Ministerial Conference in the interval between meetings pursuant to paragraph 2 of Article IV in accordance with Article IV: 1 of the Marrakesh Agreement Establishing the World Trade Organization (the "WTO Agreement");

Having regard to paragraphs 1, 3 and 4 of Article IX of the WTO Agreement, the Guiding Principles to be followed in considering applications for Waivers adopted on 1 November 1956², and the Understanding in Respect of Waivers of Obligations under the General Agreement on Tariffs and Trade 1994;

Recalling that pursuant to Section B of Annex 5 of the Agreement on Agriculture (AOA), the Philippines extended its special treatment for rice from 1 July 2005 to 30 June 2012, as provided in the Rectification and Modification of Schedule LXXV - Republic of the Philippines G/MA/TAR/RS/99/Rev.1 dated 27 September 2006 (the "Extension Agreement"), which was certified by the WTO under WT/Let/562 on 8 February 2007;

Noting that the Philippines has since 2001 encouraged private sector importation of rice to complement the National Food Authority's role and that the Philippines has pledged to continue encouraging private sector importations so as to ensure food security and stimulate competition in the domestic rice production and market;

Noting that the Philippines will, no later than 30 June 2017, subject rice to ordinary customs duties on the basis of a tariff equivalent calculated in accordance with paragraph 10 of Annex 5 to the Agreement on Agriculture and the Guidelines for the Calculation of Tariff Equivalents attached to Annex 5 of the Agreement on Agriculture;

Noting the commitment of the Philippines to apply its import regime for rice in full compliance with the WTO covered agreements at all times, except to the extent that non-compliance is specifically authorized under this temporary waiver which will last until 30 June 2017.

Decides, in view of these exceptional circumstances, as follows:

1. Subject to the terms and conditions set out hereunder, the WTO obligations of the Philippines under Article 4.2 and paragraphs 8 and 10 of Annex 5, Section B, of the Agreement on Agriculture, and the Philippines' commitment under the Extension Agreement³, shall be waived until 30 June 2017.
2. During the period starting in the month in which this waiver is approved and ending no later than 30 June 2017, the Philippines shall provide the minimum market access ("MMA") for rice specified in Part I of Annex A to this decision. Within the MMA, the Philippines shall also establish country-specific quotas as specified in Part II of Annex A to this decision. The maximum in-quota tariff on rice within the MMA shall be as specified in Part I of Annex A.
3. The Philippines shall notify, within 30 days after the adoption of this decision by the General Council, the minimum market access for rice specified in Annex A to this decision as a draft document containing modifications of Schedule LXXV – Republic of the Philippines (G/MA/TAR/...),

¹ Adopted in accordance with the Decision-Making Procedures under Articles IX and XII of the WTO Agreement agreed by the General Council on 15 November 1995 (WT/L/93).

² BISD 5S/25.

³ G/MA/TAR/RS/99/Rev.1.

which shall be made effective in accordance with the procedures set out in the Decision of 26 March 1980 on Procedures for Modification and Rectification of Schedules and Tariff Concessions (L/4962) (BISD 27S/25). The waiver shall terminate in the event that the Philippines fails to notify the minimum market access for rice specified in Annex A within 30 days in accordance with the terms of this paragraph.

4. There shall be an annual review of this waiver by the General Council to determine whether the exceptional circumstances justifying this waiver still exist and whether the terms and conditions herein have been met. On the basis of this annual review, the General Council may modify or terminate this waiver.

5. In the event that, at any time during the term of the waiver, the Philippines fails to afford a Member the benefits of concessions referred under paragraph 2 and Annex A herein or any other concessions entered into by the Philippines under this waiver, this waiver shall terminate and the importation of rice shall be subject to ordinary customs duties in accordance with the provisions of paragraph 10 of Annex 5, Section B, of the Agreement on Agriculture.

6. At the expiration of this waiver, and no later than 30 June 2017, the importation of rice shall be subject to ordinary customs duties in accordance with paragraph 10 of Annex 5, Section B, of the Agreement on Agriculture.

7. The concessions referred under paragraph 2 and Annex A herein and all other concessions entered into by the Philippines under this waiver shall cease to exist upon the termination or expiration of this waiver.

8. This decision does not affect Members' rights as set out in the Understanding in Respect of Waivers of Obligations under the General Agreement on Tariffs and Trade 1994.

**ANNEX A TO THE DRAFT WAIVER DECISION OF [...] 2014 RELATING
TO SPECIAL TREATMENT FOR RICE OF THE PHILIPPINES:**

**MINIMUM MARKET ACCESS FOR RICE IN THE PHILIPPINES 1 JULY 2012-30 JUNE 2017
RICE QUOTAS AND IN-QUOTA DUTIES EXPANDING ON THE MARKET ACCESS PROVIDED IN
G/MA/TAR/RS/99/REV.1 OF 27 SEPTEMBER 2006 AND WT/LET/562 OF 8 FEBRUARY 2007**

Part I: Rice Quotas¹ and In-Quota Duties²

Description of Products	Tariff item Number	Initial quota quantity and In-quota tariff rate	Final Quota Quantity and In-quota tariff rate	Implementation period from/to	Initial negotiating right	Other Terms and Conditions
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Rice	10.06 ¹ * ST – Annex 5	59, 730 MT 50%	119,460 MT 50%	1995/1999		NFA*
		119,460 MT 50%	238,940 MT 50%	2000/June 2005		NFA*
		350,000 MT 40%	350,000 MT 40%	July 2005/ 30 June 2012		NFA*
		350,000 MT 40%	350,000 MT 40%	1 July 2012/ 30 June 2013		NFA*
		645,134 MT 40%	645,134 MT 40%	1 July 2013 – 30 June 2014		NFA*
		805,200 MT 40%	805,200 MT 35%	1 July 2014 – 30 June 2015		NFA*
		805,200 MT 35%	805,200 MT 35%	1 July 2015 – 30 June 2017		NFA*

* - National Food Authority (NFA) has the first right to import minimum market access (MMA) volumes in accordance with the food security policies of the Philippines, taking into account increased private sector participation.

¹ Based on the tariff lines stipulated in Schedule LXXV – Philippines, covering tariff item numbers (HS Code) 1006.10 00 (rice in the husk, paddy and rough), 1006.20 00 (husked (brown) rice)), 1006.30 00 (Semi-milled or wholly milled rice, whether or not polished or glazed), and 1006.40 00 (Broken rice).

² If the rate scheduled under the ASEAN Trade in Goods Agreement (ATIGA) for the Philippines is lower than the rate specified in this Annex, the ATIGA rate shall constitute the in-quota rate for imports from any WTO Member.

Part II: Country Specific Quotas (CSQs)

WTO Member	Annual CSQs until 30 June 2017 (in metric tons and on a milled basis)			
	1 July 2013 – 30 June 2014	01 July 2014 – 30 June 2015	01 July 2015 – 30 June 2016	01 July 2016 – 30 June 2017
Australia	15,000	15,000	15,000	15,000
China	40,000	50,000	50,000	50,000
El Salvador	4,000	4,000	4,000	4,000
India	40,000	50,000	50,000	50,000
Pakistan	40,000	50,000	50,000	50,000
Thailand	228,067	293,100	293,100	293,100
Vietnam	228,067	293,100	293,100	293,100

PART III
GENERAL PROVISIONS

If the Waiver is approved in a month other than the month of July of any such period, the quota for that period shall be proportionately reduced.