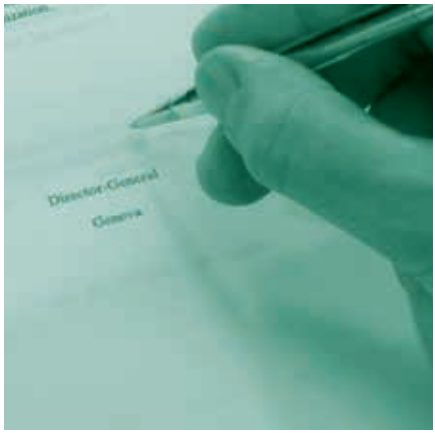
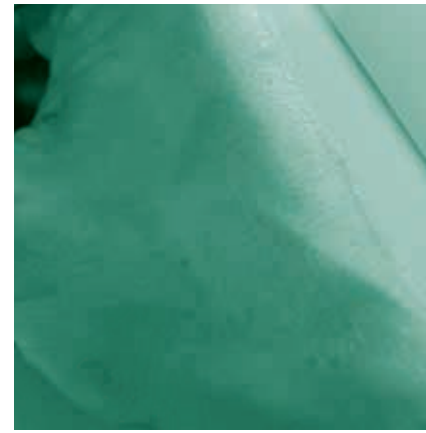
WORLD TRADE ORGANIZATION

The WTO Agreements Series
Agriculture

Third edition





The WTO agreements series

The WTO's agreements are the legal foundation for the international trading system that is used by the bulk of the world's trading nations. This series offers a set of handy reference booklets on selected agreements. Each volume contains the text of one agreement, an explanation designed to help the user understand the text, and in some cases supplementary material. They are intended to be an authoritative aid for understanding the agreements, but because of the legal complexity of the agreements, the introductions cannot be taken as legal interpretations of the agreements.

The agreements were the outcome of the 1986–1994 Uruguay Round of world trade negotiations held under the auspices of what was then the GATT (the General Agreement on Tariffs and Trade). The full set is available in *The Results of the Uruguay Round of Multilateral Trade Negotiations: The Legal Texts*. It includes about 60 agreements, annexes, decisions and understandings, but not the commitments individual countries made on tariffs and services. A full package of agreements that includes over 20,000 pages of commitments is available from WTO Publications in a 34-volume set, as well as a CD-ROM, *The Results of the Uruguay Round*.

The volumes in this series

Agreement Establishing the WTO

Agriculture

GATT 1994 and 1947

Sanitary and Phytosanitary Measures

Technical Barriers to Trade

Contents

Introduction

The WTO Agreement on Agriculture entered into force when the World Trade Organization (WTO) came into being on 1 January 1995. Its main objective is to reform agricultural trade so that it is closer to competitive market conditions — but also to serve other objectives.

The first steps in that reform are already in place. Developed countries phased in their reform over six years from 1995 to 2000, developing countries (other than least developed countries, who did not have to cut tariffs and subsidies) did so over 10 years, from 1995 to 2004. The new lower limits on tariffs, domestic support and export subsidies are now locked into place. Some countries that negotiated to join the WTO after 1995 implemented their reforms after they joined, and some more recent members are still doing so. New negotiations since 2000, now part of the Doha Round, aim to make further reductions in tariffs and subsidies.

The "agricultural" products covered by the Agreement are specific to it. They include processed food and drink but exclude forestry and fisheries products.

This publication explains the Agreement, which is part of a larger package of WTO treaties signed in Marrakesh, Morocco, on 15 April 1994 at the end of the 1986–94 Uruguay Round of multilateral trade negotiations. The package updated the agreements of the trading system previously managed under the General Agreement on Tariffs and Trade (GATT, which deals with goods and is legally known as GATT 1994), expanded their scope to include services and intellectual property, and created the WTO. The Agriculture Agreement was also new, and a result of the negotiations. A separate booklet, *Sanitary and Phytosanitary Measures, deals with a related agreement on regulations on food safety and animal and plant health.*

The WTO Secretariat has prepared this publication to help the public understand the Agriculture Agreement. The publication starts with a brief description of how the WTO agreements relate to each other. Next comes a short explanation of why this new agreement was negotiated and what it covers. The Agriculture Agreement and its key principles are then described in some detail. This includes accounts of how they have been viewed in official disputes, the main means of interpreting legal complexities in WTO agreements.

The publication turns next to the work on agriculture in the WTO, particularly the Agriculture Committee. Reaching agreement is only the start of reform. Countries still have to implement what they have agreed, and a crucial part of the WTO's work is to allow governments to monitor each other to see how well they are keeping their promises. That means they have to share information with each other and to have an opportunity to discuss that information — "transparency" and "peer review". In agriculture, this is handled by regular sessions of the Agriculture Committee. The committee also meets in "special sessions" for Doha Round

negotiations on the sector. The committee's mandate, role and activities are described in this section, along with the issues in the negotiations.

A separate section answers a number of frequently asked questions about the Agreement.

The publication concludes with legal and official texts in full: the Agreement, its annexes, the 2013 Bali ministerial decisions and one declaration on agriculture, and the Nairobi decisions on agriculture. These include the historic decision to eliminate agriculture export subsidies and set disciplines on export measures with equivalent effect, the most important reform of international trade rules in agriculture since the WTO was founded.

In order to make the publication easier to read, the terms "country" and "member" are used interchangeably for much of the text even though legally some members are "separate customs territories", and one member (the European Union) is a group of countries. This is also in the spirit of the 1994 Marrakesh Agreement Establishing the WTO, which includes this explanatory note:

> "The terms 'country' or 'countries' as used in this Agreement and the Multilateral Trade Agreements are to be understood to include any separate customs territory Member of the WTO.
>
> "In the case of a separate customs territory Member of the WTO, where an expression in this Agreement and the Multilateral Trade Agreements is qualified by the term 'national', such expression shall be read as pertaining to that customs territory, unless otherwise specified."

The basic structure of WTO agreements

The conceptual framework

Broadly speaking, the WTO agreements for the two largest areas of trade — goods and services — share a common three-part outline, even though the details are sometimes different (see Figure 1).

- They start with general disciplines contained in the General Agreement on Tariffs and Trade (GATT) (for goods), the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Figure 1: The basic structure of the WTO agreements

Umbrella	**AGREEMENT ESTABLISHING THE WTO**		
	Goods	**Services**	**Intellectual property**
Basic principles	GATT	GATS	TRIPS
Additional details	Other goods agreements and annexes	Services annexes	
Market access commitments	Countries' schedules of commitments	Countries' schedules of commitments (and MFN exemptions)	
Dispute settlement	**DISPUTE SETTLEMENT**		
Transparency	**TRADE POLICY REVIEWS**		

Then come additional agreements and annexes dealing with the special requirements of specific sectors or issues. These deal with the following:

For goods (under GATT)
Agriculture
Regulations for food safety, animal and plant health protection (SPS)
Textiles and clothing
Technical regulations and standards for products (technical barriers to trade)
Trade-related investment measures
Anti-dumping measures
Customs valuations methods
Pre-shipment inspection
Rules of origin
Import licensing
Subsidies and countervailing measures
Safeguards
For services (the GATS annexes)
Movement of natural persons
Air transport
Financial services
Shipping
Telecommunications

- Finally, there are the detailed and lengthy schedules (or lists) of commitments made by individual countries allowing specific foreign products or service providers access to their markets. For GATT, these take the form of binding commitments on tariffs for goods in general, and combinations of tariffs and quotas for some agricultural goods. For agriculture, the GATT "schedules" now include a part containing countries' commitments on subsidies to support the disciplines of the Agriculture Agreement in this area. For GATS, the commitments state how much access foreign service providers are allowed for specific sectors, and they include lists of types of services where individual countries say they are not applying the "most-favoured-nation" principle of non-discrimination.

Much of the Uruguay Round dealt with the first two parts: general disciplines and disciplines for specific sectors. At the same time, market access negotiations were possible for industrial goods. Once the principles had been worked out, negotiations could proceed on the commitments for sectors such as agriculture and services. Negotiations after the Uruguay Round and before the Doha Round began in 2001 focused largely on market access commitments: financial services, basic telecommunications, maritime transportation (under GATS) and information technology equipment (under GATT).

The agreement in the third area of trade covered by the WTO — on intellectual property (IP) — covers general IP disciplines as well as disciplines covering specific IP areas, such as copyright, patents, trademarks and geographical indications. Other details come from conventions and agreements outside the WTO.

The agreement on dispute settlement contains specific procedural disciplines on how to conduct WTO disputes while the Trade Policy Review Mechanism aims to ensure that WTO members' trade policies and practices are transparent.

Also important

One other set of agreements not included in the diagram above is also important: the two "plurilateral" agreements not signed by all members: fair trade in civil aircraft and government procurement. (Originally there were four agreements, but those concerning dairy products and bovine meat were terminated at the end of 1997.)

Finally, members who joined the WTO since 1995 through the 'accession' route have legally binding membership documents — known as their "protocols of accession" — which are an integral part of the WTO Agreement. A protocol also contains legally binding provisions that apply to the new member.

The legal framework

The conceptual structure is reflected in the way the legal texts are organized. The short Marrakesh Agreement Establishing the World Trade Organization sets up the legal and institutional foundations. Attached to it is a much lengthier set of four annexes.

- Annex 1 contains most of the detailed rules, and is divided into three sections:
  - 1A, containing the revised General Agreement on Tariffs and Trade, the other agreements governing trade in goods, and a protocol which ties in individual countries' specific commitments on goods
  - 1B, the General Agreement on Trade in Services, texts on specific services sectors, and individual countries' specific commitments and exemptions
  - 1C, the Agreement on Trade-Related Aspects of Intellectual Property Rights.

Collectively, the agreements included in Annex 1 are referred to as the multilateral trade agreements since they comprise the substantive trade policy obligations which all the members of the WTO have accepted.

- Annex 2 sets the rules and procedures for dispute settlement.
- Annex 3 provides for regular reviews of developments and trends in national and international trade policy.
- Annex 4 covers the plurilateral agreements which are within the WTO framework but which have limited membership.

Finally, the Marrakesh texts include a number of decisions and declarations on a wide variety of matters that were adopted at the same time as the WTO Agreement itself.

Agriculture Agreement

An overview

Historically, governments have intervened in the agriculture sector more than in other sectors. Agriculture was always covered by the General Agreement on Tariffs and Trade, which entered into force in 1948. But numerous exemptions meant agricultural trade escaped most of the disciplines that applied more generally to trade in industrial products. The result was the widespread use of measures that obstructed imports — import bans, limits on quantities that could be imported (quotas), high import duties, import duties whose rates varied and so created market uncertainty, minimum import prices, and various impediments not related to tariffs such as regulations and the activities of state trading enterprises. Major agricultural products such as cereals, meat, dairy, sugar and a range of fruits and vegetables faced trade barriers on a scale unseen in the rest of merchandise trade.

The exemptions also allowed huge subsidies in richer countries. These artificially increased production and exports from the subsidizing countries, driving down world prices. Farmers in developing countries and developed countries with lower, or non-existent, subsidies struggled to compete with subsidised production and exports in wealthier countries. Developing countries' own governments often made life worse for their farmers by taxing exports or requiring purchases at low prices. These policies seriously distorted agricultural trade.

Traditionally, GATT negotiations had focused on opening markets. In agriculture, it became increasingly obvious that the problems were much broader. When the Uruguay Round negotiations were launched in 1986, the reform programme for agriculture aimed to tackle the sector comprehensively. All measures affecting agricultural trade came under scrutiny, from the various forms of trade barriers to domestic price and income support and export subsidies.

Clearer rules for regulations on food safety and animal and plant health (sanitary and phytosanitary) were needed in order to discipline the measures. Regulations for protecting consumers, livestock and crops had to be genuine and not an excuse to be protectionist, to bypass agreements on opening markets.

Balance is the key to rule-making deals in the WTO. The balance that emerged from the Uruguay Round in the Agriculture Agreement is between agricultural trade liberalization and governments' rights to pursue legitimate policy goals in the sector. Those goals include "non-trade concerns" such as food security, rural development and environmental protection. The two agreements on Agriculture and Sanitary and Phytosanitary Measures were negotiated in parallel.

Introduction to the Agriculture Agreement

The 1986–94 Uruguay Round negotiations produced the first comprehensive set of multilateral trade rules specifically on agriculture. There are four main components:

(1) the WTO's Agreement on Agriculture (sometimes abbreviated as AoA)

(2) the "schedules" or lists of commitments WTO members have made to set new limits on tariffs and other aspects of market access, and on domestic support and export subsidies (they are called "schedules" because they include timetables for moving to the new tariff and subsidy limits)

(3) the Sanitary and Phytosanitary (SPS) Measures Agreement

(4) the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries.

"Agriculture" does not mean the same in all these documents. In particular, the Agriculture Agreement does not include fisheries and forestry products. The SPS Agreement does.

The Uruguay Round deal provided a framework for the long-term reform of agricultural trade and domestic policies. The Agriculture Agreement reflects the compromises made to satisfy the many interests represented in the negotiations. Over 120 countries participated, including developed, developing and least developed countries, and net importers and exporters. The Agreement establishes a number of general rules and commitments, mainly in three areas sometimes called the "**three pillars".** These are: **market access, domestic support** and **export competition** (which covers export subsidies and export-related measures with equivalent effect). The Agreement came into effect in 1995 along with the WTO. Its 21 articles are divided into 13 parts. It has five annexes.

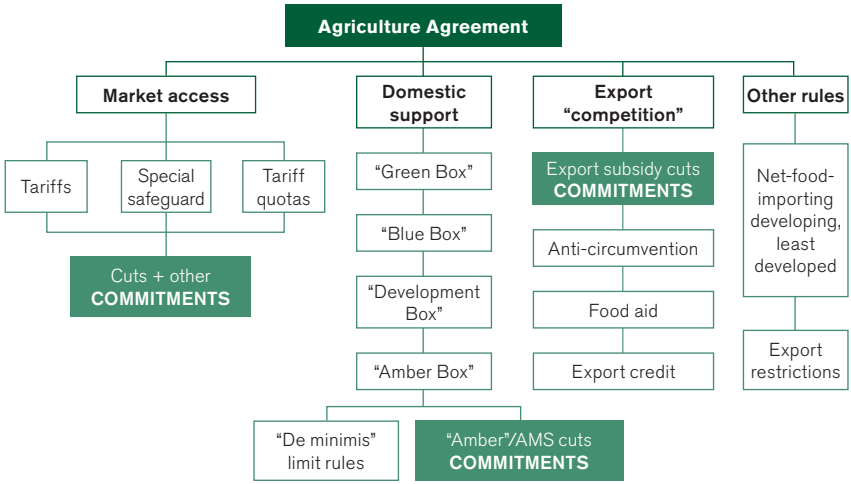
The 1995 Agreement is described in detail below. Briefly, it starts by defining the agricultural products that it covers. It deals with legally binding commitments on market access such as reduced import duties and related issues, domestic subsidies such as price and income support that have an impact on trade, and export subsidies.

The Agreement does allow governments to support their rural economies. This should preferably be through policies that do not distort trade, or do so minimally. It also allows some flexibility for developing and least developed countries in the way they and other countries implement their commitments.

The cuts that developing countries made on their subsidies or tariffs as a result of the Uruguay Round were smaller than for developed countries, and they were given extra time to do it. Least developed countries were not required to make any reductions. Special provisions deal with the interests of poorer countries that rely on imports for their food supplies, and the concerns of least developed economies.

In this way, the Uruguay Round deal kicked off a reform programme in agriculture. The Agreement's preamble recognizes that the reform has the long-term objective of establishing a fair and market-oriented

Figure 2: The Agriculture Agreement in a nutshell



agricultural trading system. The Agreement committed WTO members to continue the reform by resuming negotiations in 2000. It also takes into account non-trade concerns, including food security, and environmental protection. Developing countries enjoy treatment (such as more lenient and flexible terms, officially known as "special and differential treatment"). This includes a pledge to improve opportunities for their exports to gain access to other markets, under improved terms.

Cuts in richer countries' subsidies means their exports are no longer artificially cheap, and therefore food supplies can be more expensive for importing countries. The Uruguay Round included a separate ministerial decision to deal with the concerns of two groups of countries that relied on cheaper, subsidized food from industrial countries: least developed countries as a whole, and other developing countries that are net food importers. This "Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed (LDCs) and Net-Food-Importing Developing Countries (NFIDCs)" recognizes that these two groups of countries might need help temporarily to adjust to higher priced imports resulting from the reforms.

Backing up this set of rules are the commitments member governments have made to limit tariffs and provide access to their markets in other ways, and to reduce domestic support and export subsidies. These pledges are listed in legally binding documents known as "schedules" (because they include timetables for reaching the commitment levels). They are an integral part of the updated General Agreement on Tariffs and Trade (GATT).[1] The other

1 Lawyers distinguish between two versions of GATT: (1) the original pre-Uruguay Round version, now called GATT 1947; and (2) GATT 1994, the original GATT 1947 updated by the Uruguay Round. For simplicity, this introduction simply uses GATT. References to provisions applying after 1994 (including in the Agriculture Agreement) can be assumed to be GATT 1994.

WTO agreements complement the Agriculture Agreement — governments have to observe them as well, when devising agricultural trade policies.

Relationship with other WTO agreements

In principle, all WTO rules on trade in goods apply to agriculture. These rules are in the agreements themselves and various legal documents known as "understandings". They include the General Agreement on Tariffs and Trade, and pacts such as those dealing with sanitary and phytosanitary measures, customs valuation (how customs authorities value goods in order to calculate import duties), import licensing, pre-shipment inspection (when governments require imports to have been inspected for price, quantity and quality before they were exported), safeguard measures (temporary increases in tariffs to deal with import surges or price falls), subsidies in general, and various standards, regulations and labelling requirements that imports have to meet (known as "technical barriers to trade"). The WTO agreements on services (the General Agreement on Trade in Services or GATS) and on "trade-related aspects of intellectual property rights" (TRIPS) also apply to agriculture.

The relationship is spelt out legally in the Agriculture Agreement's Article 21. This says that the GATT and all other WTO agreements on trade in goods (officially Annex 1A of the Marrakesh Agreement establishing the WTO) apply but if there is a conflict, then the rules in the Agriculture Agreement prevail (Article 21.1).

Products covered by the Agreement

The products covered are specific to the Agriculture Agreement. Included are commodities and other farm produce, and processed products such as confectionery, alcoholic and non-alcoholic drinks and tobacco products. Excluded are fish, fishery products, forestry products, and those manufactured from fibres such as cloth and clothing.

The legal provision defining the coverage is Annex 1 of the Agriculture Agreement, with a reference in the Agreement's Article 2. This definition of agricultural products is based on the product categories set up under the World Customs Organization, specifically the 1992 version of the WCO's "Harmonised System" (HS92). Annex 1 defines the agricultural products covered by the Agreement as those within Chapters 1 to 24 of the Harmonized System (excluding fish and fish products), including, for example:

- basic agricultural products such as wheat, milk and live animals, and products derived from them, such as, bread, butter and meat
- processed agricultural products, for example chocolate and sausages
- wines, spirits, and tobacco products
- fibres, such as, cotton, wool and silk
- raw animal skins for leather production

Rules and commitments

The Agriculture Agreement then spells out a number of general rules for governments' actions affecting agricultural trade. This works

in three main areas: market access (measures applying to imports), domestic support granted to farmers and export "competition" (a term used for export subsidies and export-related policies having similar effect).

Many of these rules translate into commitments that each country makes to improve market access and reduce subsidies that distort trade by affecting prices or production. The commitments vary: they are specific to each country, which is why they are known as "specific" commitments. Officially they are called individual countries' "schedules of commitments", documents listing the new commitments and when the new limits will be met (plus some exceptions). They are legally binding and are an integral part of the umbrella treaty covering all trade in goods, the General Agreement on Tariffs and Trade (GATT).

Time to implement commitments

Reforms cannot be introduced overnight. Once the Uruguay Round deal was struck, negotiators gave their countries a period to phase in the commitments they had pledged. This was designed so that each could adjust more easily to the tariff and subsidy reductions it had made. The agreed "implementation period" for developed countries to phase-in their commitments was six years from 1995. Developing countries, whose cuts were in any case more modest, were also given more time: 10 years. Governments could choose the type of year used to implement these cuts: 12-month periods based on the calendar, or the marketing or crop seasons, or the government's own fiscal year.

For this reason, the exact implementation period could even vary within a country: the year that one country used for tariff reductions might not be the same as the one it used to cut export subsidies, for example. (Even though the phase-in period is now long completed for the original WTO members, that difference still remains in the annual notifications that they continue to submit on how they are living up to their pledges.)

Schedules: the commitments and phase-in timetable

The commitments on agriculture come from the 1986–94 Uruguay Round talks, or from newer members' negotiations to join the WTO.

The goods schedules cover commitments on all products, including non-agricultural goods, with a timetable for phasing in reductions. Those on agriculture are listed in two of the four parts, I and IV:

- the legally bound maximum tariff rates ("bound tariffs") for each product, phased in from the start to the end of the implementation period (six years for developed countries, ten for developing) are in Part I, Section IA
- tariff quota commitments (minimum quota sizes and the lower tariff rates within the quotas) are set out in Part I, Section IB
- domestic support commitments are in Part IV, Section I
- export subsidy commitments are in Part IV, Sections II and III.

Almost every WTO member has a schedule of commitments. Exceptions include EU members who have a single combined schedule, as do Switzerland and Liechtenstein. The schedule is legally binding because it is part of the WTO

agreements. For original members, the schedules are annexed to an agreement called "the Marrakesh Protocol to the General Agreement on Tariffs and Trade 1994". For newer members, the schedules are annexed to their "Protocol of Accession".

Peace Clause

In WTO agreements, "peace clauses" are usually provisions that shield members from legal action under other agreements or the dispute settlement system. This is also known as "due restraint". The Agriculture Agreement includes one, a temporary peace clause that has now expired. This is the "due restraint" of Article 13. Agricultural subsidies allowed under the Agriculture Agreement were shielded from legal challenge (or other action) for nine years under specific provisions of the umbrella General Agreement on Tariffs and Trade or the more specific Subsidies and Countervailing Measures Agreement. This peace clause expired at the end of 2003. Therefore, the Subsidies Agreement now applies to agricultural subsidies (subject to the Agriculture Agreement's Article 21 which deals with the relationship between the Agriculture Agreement and other WTO agreements).

Key principles: the three pillars

Market access

The conceptual framework

The Uruguay Round and the Agriculture Agreement introduced an important change into agricultural markets. Previously trade flows had been impeded by a myriad of regulations and restrictions other than tariffs — so-called non-tariff measures. Some, such as standards for food safety, animal and plant health and other purposes, are now disciplined by the agreements on Sanitary and Phytosanitary Measures and Technical Barriers to Trade. The Agriculture Agreement itself tackles other non-tariff barriers (discussed in more detail in another section, below), in particular one group: restrictions on the quantities that could be imported either through various forms of quotas, or outright import bans — known as "quantitative restrictions". They have been replaced by protection that is only in the form of tariffs. And in addition, the tariffs have to be within legally-bound limits.

The change stimulated agricultural investment, production and trade in several ways. First, with the shift primarily to tariffs, access to markets became more transparent, predictable and competitive. Second, the change strengthened links between national and international agricultural markets and this helped redistribute scarce resources to activities where they were most productive.

The Uruguay Round did not invent tariff-only protection for individual agricultural products but it strengthened it considerably. Countries already had tariffs on many products and in many cases countries also promised to keep the tariffs within legally-bound ceilings known as "bindings". Before the Uruguay Round, 35% of agricultural products (defined at a detailed level known as "tariff lines") had these ceilings. The negotiations made this more consistent and comprehensive — all countries now legally bound their tariffs on all agricultural products and specified them in WTO schedules.

In order to achieve this, countries had to deal with the many products where access to markets was restricted by quotas and import bans. Often the restrictions protected major temperate zone agricultural products, but others were also sheltered. The Uruguay Round negotiations aimed to end these restrictions. The agreed means was "tariffication": replacing the non-tariff barriers on agricultural products with tariffs giving an equivalent level of protection. As a result, in developed countries tariffs replaced other forms of trade barriers on around one fifth of all agricultural products. The share was considerably smaller for developing countries. The result: the Agriculture Agreement outlaws all quotas and import bans on agricultural products, and — unlike in other sectors — virtually all agricultural products traded internationally now have tariff limits that are legally binding in the WTO.

'Bound' tariff limits: concessions and schedules

Countries open their markets largely by promising to keep their customs duties within lower limits. In negotiations, the promise to open markets — or to keep them open — is seen as a "concession", a response to demands from trading partners. In a sense, tariff negotiations are about exchanging concessions.

Once agreed, those commitments are written into legal documents called tariff "schedules", listing not only the agreed maximum levels on each country's tariffs by product, but also the timetable for phasing in those limits. Each WTO member has a schedule of tariff commitments covering all agricultural products. The schedules are an integral part of the General Agreement on Tariffs and Trade (GATT), the umbrella treaty covering trade in all goods, and are therefore legally binding. The schedules are usually detailed, listing hundreds or thousands of products for each country, although in some cases the agricultural products are defined more generally. The tariff limits in the schedules include the results of tariffication — when restrictions on quantities were converted to equivalent tariffs. In many cases, tariffication resulted in duty rates that were considerably higher than for industrial products, reflecting the high level of protection for agricultural goods before the Uruguay Round and the WTO. Many developing countries bound their previously unbound tariffs at "ceiling" levels, which were considerably higher than the rates they were actually applying before the WTO era.

Developed countries agreed to reduce their tariffs by an average of 36% on all agricultural products, so long as no product had a cut of less than 15%. This would be completed in six years from 1995.

For developing countries, the average cut was 24%, subject to a 10% minimum, phased in over 10 years. Many developing countries, with bound "ceiling" rates, did not have to cut those rates. Least developed countries had to bind all agricultural tariffs, but did not have to reduce any of them.

Access opportunities and tariff quota commitments

Tariffication still resulted in high tariffs, some of them prohibitive. So as part of the package, WTO members agreed to keep their markets open for tariffied products at the same level as in 1986–88, the first three years of the Uruguay Round negotiations — they agreed to maintain "import access opportunities" at levels corresponding to those existing in that base period.

But there might have been little or no market access for a product in 1986–88. So if this had been less than 5% of domestic consumption, the market opening had to be topped up and made available to all supplying countries equally ("on a most-favoured-nation basis") so that eventually it reached 5% of domestic consumption. More specifically, WTO members agreed that in these cases, the combined effect should be a market access opportunity of at least 3% of 1986–88 consumption in 1995, the first year of the Agriculture Agreement and the WTO, rising gradually to 5% by 2000 for developed countries, and by 2004 for developing countries.

How is a "market access opportunity" provided? The most common form is a tariff quota (sometimes called a tariff-rate quota, TRQ), where quantities inside the quota are charged a lower duty or no duty at all. For these market access opportunities, the duty inside the quota had to be low or minimal either in absolute terms or in relation to the "normal" ordinary customs duty charged on out-of-quota imports. As with tariffs, these tariff quotas are legally bound. The size of the quota, the tariff rates inside and outside the quota, and any other conditions, are listed in the schedules of those members who use them.

Most tariff quotas in agriculture come from the Uruguay Round negotiations. A number also resulted from new members' negotiations to join the WTO later. Altogether, at the time of writing (May 2015), 37 WTO members (counting the EU and its 28 member states as one) had tariff quotas specified in their schedules. There are more than 1, 000 tariff quotas on individual products across the WTO's membership. These tariff quotas are binding commitments. However members are allowed autonomous tariff quotas at any time, for example to stabilize the domestic price after a poor harvest.

Non-tariff border measures prohibited

Article 4.2 of the Agriculture Agreement prohibits a range of non-tariff measures that were previously used on agricultural goods when they crossed borders as imports or exports. These include:

- quantitative import restrictions (quotas and import bans)
- variable import levies (where duties were raised or lowered according to world market prices, so that import prices matched domestic prices supported by the government)
- minimum import prices (also protecting domestic producers)
- discretionary government powers when issuing import licences
- voluntary export restraint agreements (often agreed by exporters under pressure from importers)
- non-tariff measures maintained through state-trading enterprises (such as requiring some or all imports to be handled by these enterprises).

Only "ordinary customs duties" are now allowed when agricultural goods cross borders. This applies to all products covered by the Agriculture Agreement, whereas for other goods, including fisheries and forestry products, non-tariff import restrictions can still be used under Article XI:2(c) of the umbrella General Agreement on Tariffs and Trade.

Article 4.2 of the Agreement on Agriculture does not outlaw all forms of non-tariff import restrictions. Measures available to governments — provided the measures are consistent with the GATT or other WTO agreements applying generally to all goods — include:

- import restrictions to reduce balance-of-payments problems (Articles XII and XVIII of the GATT)
- general safeguards (Article XIX of the GATT and the Safeguards Agreement)
- general exceptions (Article XX of the GATT, which deals with a range of concerns such as public morals, conservation of resources, and human, animal and plant life and health)
- the Sanitary and Phytosanitary Measures, covered by the SPS Agreement, which deals with food safety and animal and plant health
- the Technical Barriers to Trade, such as product standards, technical regulations and labelling covered by the TBT Agreement
- other measures covered by general WTO provisions that are not specific to agriculture.

Special treatment

As an exception, a small number of WTO members were allowed to continue with the restrictions that are normally prohibited on a handful of products. They had to meet the strict conditions of Annex 5 of the Agriculture Agreement. One required them to provide access to their markets for those products through import quotas that gradually expanded.

Four countries were allowed this "special treatment" as a result of the Uruguay Round: Japan, Republic of Korea and the Philippines for rice, and Israel for cheese and sheep meat. Chinese Taipei, which completed its membership negotiation in 2001, was also allowed special treatment for rice. By May 2015, four of the five had ceased to apply these restrictions, and are now limited to tariffs only. Japan, Chinese Taipei, Israel and Republic of Korea have converted the restrictions to equivalent tariffs (they have "tariffied") and started to apply ordinary customs duties on the relevant products. The Philippines has been allowed to postpone the transition to ordinary customs duty for rice until June 2017.

The special safeguard

When countries converted their restrictions to tariffs, their producers faced increased competition from imports. Uruguay Round negotiators agreed that some temporary protection was needed for extreme cases. So, as a third element of the tariffication package, members have the right to raise import duties temporarily on tariffied products in order to deal with import surges or a fall in world prices. This is known as the special safeguard (SSG) provision of the Agriculture Agreement (Article 5). It can only be used if the right is reserved. "SSG" has to appear beside the products concerned in the member's list of commitments (its "schedule"). Thirty-three members — both developed and developing — have reserved this right (counting the EU as a single member), for a limited number of products in each case.

The special safeguards provisions for agriculture differ from normal safeguards under the separate Safeguards Agreement. For agriculture, the government does not have to show that the import surge

or price fall is causing serious injury to domestic producers. The duty increases can be triggered automatically when import volumes rise above a certain level (the volume trigger), or if prices fall below a specified reference price shipment by shipment (the price trigger). When the special safeguard is triggered by an increase in volume, the higher duty applies until the end of the year. If it is triggered by a price fall, any additional duty can only be imposed on the particular shipment. The additional duty cannot be applied to imports within a tariff quota.

From 1995 to 2015 the special safeguard has been used at least once by only one third of the members that had claimed the right — 11 of the 33 — triggered either by volume or price changes.

Market access in the post-Uruguay Round negotiations

New negotiations on agriculture began in March 2000, under the Agriculture Agreement's Article 20 ("Continuation of the Reform Process"). When the Doha Round was launched in 2001, the agriculture talks became part of the round. Members agreed that for market access in agriculture, the talks should aim for substantial improvements. In the early phase of negotiations five key points emerged:

- the type of formula for reducing tariffs that would lead to "substantial improvements in market access"
- how products that countries consider to be politically sensitive might be treated (all countries have these)
- how developing countries might be given additional flexibility for their "special products" and be able to raise tariffs temporarily under "special safeguards" for dealing with import surges or price falls
- how to deal with conflicting interests between developing countries that have preferential access to developed countries' markets and those that do not
- how to provide market access for tropical products and crops grown as alternatives to illicit narcotics — also an issue concerning developing countries.

By 2008, members had developed a comprehensive draft text on these and other issues in agricultural market access but did not reach agreement despite their intensive efforts. The text is known as the "draft modalities" (sometimes called "Rev.4" because it is the fourth revision of document: TN/AG/W/4/Rev.4).

At the 2011 Ministerial Conference in Geneva, members recognized that they needed to try something different, to focus on issues in the Doha Round where progress might be possible. This included the possibility of agreement — provisional or final — on selected subjects ahead of a possible final deal on the entire set of Doha issues.

The next Ministerial Conference, in Bali in 2013, saw agreement on one component of the market access pillar — an "understanding" on the administration of tariff(-rate) quotas ("TRQ administration"). The issue arose because some countries felt that the methods used to allocate shares of the tariff quotas among importers could impede imports, leaving the quotas under-filled. The solution is to monitor chronic underfill. If a quota is persistently under-filled, then members will try to resolve this by sharing information and consulting

each other in the Agriculture Committee. If that fails, the importing government has to change the method it uses to administer the quota. Developed countries have to allow imports in, first-come first-served, at the importing ports until the quota limit is reached, or issue import licences upon every request ("automatic licence on demand") up to the quota limit. Developing countries can choose any alternative administration method, including continuing with the one they are already using. The understanding will be reviewed in 2019: the paragraph dealing with the change of administration method — including the flexibility for developing countries — will lapse in 2019 unless members agree to extend or modify it. Even then, countries on an opt-out list would not need to apply it. They are: Barbados, Dominican Republic, El Salvador, Guatemala and the United States.

Domestic support

The conceptual framework

- The agricultural package of the Uruguay Round fundamentally changed the rules on the domestic support that governments provide for agriculture. As with many WTO deals, it strikes a balance between different objectives. One is to discipline and reduce domestic support, particularly when trade is "distorted" — when prices are raised or lowered artificially or production is stimulated. The other is to leave governments with ample scope to cater for the diverse circumstances in their agricultural sectors. The agreed approach also aims to ensure that the countries' commitments on market access and export subsidies are not undermined by the way they support agriculture domestically.
- Under the Agriculture Agreement, all domestic support that benefits farmers is subject to rules. Conceptually, there are two basic categories of domestic support, based on whether trade is "distorted" — when prices and supply or production differ from their normal market levels — or not:
- **support that does not distort trade**, or does so minimally. This has been nicknamed "Green Box" support because it is allowed without any limit. It includes measures such as government-funded agricultural research or training)
- **trade-distorting support** such as a government buying-in at a guaranteed price. Most of this is called "Amber Box" support because it is constrained ("amber", or yellow, comes from the "slow down" colour on traffic lights). Variants are described in the sections below.

In addition, all WTO members have included pledges to reduce or limit Amber Box support, expressed in money values, in their lists of commitments (their "schedules") — with some exceptions.

The Green Box

"Green Box" support is allowed without any limit (which also means there are no "reduction commitments" — again, the colour is taken from "go" on traffic lights). It covers two broad categories: Government service programmes and direct payments. The criteria — general or for specific types of measures — are in Annex 2 of the Agriculture Agreement. Generally, the measures must not distort trade or production, or at most do so minimally. They must be provided through publicly-funded government programmes (including when a government foregoes revenue). They must not involve transfers from consumers, and

they must not have the effect of supporting prices for producers. In addition, in the case of developing countries special treatment is provided in respect of governmental stockholding programmes for food security purposes and subsidized food prices for urban and rural poor. The Green Box is available to both developed and developing countries.

Government service programmes

Annex 2 of the Agriculture Agreement groups specific government programmes under these headings: general services, public stockholding for food security, domestic food aid, direct payments to producers, decoupled income support (i.e. not linked to current production or prices or to inputs or other factors of production used), government funding in income insurance and income safety-net programmes, relief from natural disasters, structural adjustment through producer retirement (producers withdrawing from production), structural adjustment through resource retirement (resources withdrawn from production), structural adjustment through investment aid, environmental programmes, and regional assistance programmes.

Each of these qualifies for the Green Box provided the general criteria are met (e.g. not distorting trade, not supporting prices), along with conditions for each specific type of measure.

General services are divided further to include:

- research in general and for environmental protection or on particular products
- pest and disease control programmes, in general and for pests and diseases related to specific products
- agricultural training, extension and advisory services
- inspection services, including general inspection services and the inspection of particular products for health, safety, grading or standardization
- marketing and promotion services
- infrastructural services, including electricity, roads and other means of transport, markets and ports, water supply, and other.

The Bali Ministerial Decision on General Services (document WT/MIN(13)/37 of 11 December 2013) expanded the list of general services by adding several programmes considered to be particularly important for developing countries for rural development, food security and poverty alleviation. These programmes are related to land reform and rural livelihood and all are given a clearer "green light" to continue.

Direct payments and other support to producers

Also in the Green Box are direct payments to producers that are not linked to production decisions: although the farmer receives money from the government, this does not influence the type or volume of agricultural production — it is "decoupled" payment. The amount paid must not be linked to production, prices or factors of production (e.g. land, labour, inputs) in any year after a fixed base period. That also means the farmer receiving the payment must not be required to produce at all. The criteria for Green Box direct payments depend on the type, which may include: income insurance and safety-net programmes; natural disaster relief; a range of structural adjustment

assistance programmes; and certain payments under environmental and regional assistance programmes.

Other exempt measures

Some support outside the Green Box is also allowed without any limit – in WTO jargon, it's exempt from "reduction commitments" under the Agriculture Agreement (Article 6). One type is for development in developing countries. Another involves direct payments when production is limited. Finally, conceptually small (*de minimis*) levels of support are capped without having to be reduced.

Developmental measures

The Green Box includes special treatment for developing countries. In addition, outside the Green Box, developing countries can also support agriculture as part of their development programmes. These are direct or indirect assistance designed to encourage agricultural and rural development, including investment subsidies generally available to agriculture, agricultural input subsidies generally available to low-income or resource-poor producers, and domestic support to producers to encourage diversification away from illicit narcotic crops.

Blue Box

Amber Box support distorts trade by encouraging over-production. "Blue Box" measures reduce the impact partly by limiting production. Payments are allowed without limit (and exempt from "reduction commitments") if they are made on fixed areas and yield or a fixed number of livestock. The payments also qualify if they are made on 85% or less of production in a defined base period. While the Green Box covers decoupled payments and the Amber Box covers payments that have a direct link to current production, Blue Box direct payments fall somewhat in between in terms of their potential to distort trade: the actual payments do not relate directly to current production while production is limited overall.

De minimis

Green Box, Blue Box and the development support listed above are allowed without limit. All other domestic agricultural support has to stay within limits. In most cases, it also had to be cut under "reduction commitments" because it involved market price support, direct production subsidies, input subsidies, or other similar measures.

However, all countries are allowed a minimal ("*de minimis*") amount of support without having to reduce it, even if it distorts trade, provided the support stays within a percentage of the value production. That percentage applies to support for each agricultural product (it is "product-specific"). If the support is available to all products ("non-product-specific") then it also applies to agriculture as a whole. The percentage for developed countries is 5% and for developing countries generally (with few exceptions) 10%. That means *de minimis* payments are limited but the limit can rise when the value of agricultural production expands, and fall when the value declines.

Reduction commitments

Twenty-eight members (counting the EU as one) had trade-distorting Amber Box

domestic support exceeding *de minimis* during the base period. Therefore, they had to make commitments at the end of the 1986–94 Uruguay Round to reduce the support. These reduction commitments are listed in their legal documents called "schedules". The commitments are expressed as a "total aggregate measurement of support" ("Total AMS", see below) which includes all support for specific products and support that is provided generally, in one single figure. Developed countries with Amber Box support above their 5% *de minimis* limit had to reduce the level of Total AMS support in the base period by 20% over six years. For developing countries, this was 13% over ten years. If the countries that negotiated to join the WTO after the Uruguay Round are included, 32 members (counting the EU as one) now have reduction commitments specified in their schedules or membership agreements (the "protocols of accession"). That means that the committed maximums are legally binding in the WTO, in the same way that the tariff ceilings in the schedules are. In any year, the Current Total AMS value must not exceed the "scheduled" Total AMS limit (i.e., the committed maximum in the schedule) as specified for that year.

All other members have no scheduled reduction commitments. That means their domestic support other than the Green Box, Blue Box or development exemptions has to be within the "product-specific" and "non-product-specific" *de minimis* limits.

Aggregate Measurement of Support

Price support is the most important measure in the Amber Box. It can be provided either through administered prices (which could also involve transfers from consumers as well as purchases by the government) or through certain types of government funding. When calculating Current Total AMS, price support is generally measured by first taking the gap between the applied administered price and a specified fixed external reference price (normally based on prices for the first three years of the Uruguay Round, 1986–88), and then multiplying it by the quantity of production eligible to receive the administered price. When this method cannot be used, the actual money spent by the government can be instead.

Annexes 3 and 4 of the Agreement describe how to calculate the aggregate measurement of support (and an alternative called "equivalent measurement of support", described below). The calculation is legally binding through "supporting material" incorporated into members' schedules. For each product, the size of the subsidy implied by price support is added to other product-specific subsidies — a fertiliser subsidy for a specific product such as wheat, for example. This produces a figure for product-specific support, which is then checked against the *de minimis* threshold for that product. If the support figure exceeds the *de minimis* level, then it is counted as part of Current Total AMS.

Non-product-specific subsidies are calculated separately and, as in the product-specific case, are included in Current Total AMS only if they exceed the relevant *de minimis* level. The example in Box 1 illustrates the calculation of Current Total AMS in year Y for a developed country with a 5% *de minimis* threshold; Box 2 illustrates the calculation of Current Total AMS in year Y for a developing country with a 10% *de minimis* threshold.

Box 1: Calculation of Current Total AMS, member X (developed country), year Y		
Wheat:		
Intervention price for wheat		$255 per tonne
Fixed external reference price (world market price)		$110 per tonne
Domestic production of wheat		2,000,000 tonnes
Value of wheat production		$510,000,000
Wheat AMS (AMS 1):	($255–$110)* 2,000,000 tonnes =	$290,000,000
de minimis level		$25,500,000
Barley:		
Deficiency payments for barley		$3,000,000
Value of barley production		$100,000,000
Barley AMS (AMS 2)		$3,000,000
de minimis level		$5,000,000
Oilseeds:		
Deficiency payments for oilseeds		$13,000,000
Fertilizer subsidy		$1,000,000
Value of oilseeds production		$250,000,000
Oilseeds AMS (AMS 3)		$14,000,000
de minimis level		$12,500,000
Non-product specific support		
Generally available interest rate subsidy		$ 4,000,000
Value of total agricultural production		$860,000,000
Non-product specific AMS (AMS 4)		$4,000,000
de minimis level		$43,000,000
CURRENT TOTAL AMS (AMS 1 + AMS 3)		**$304,000,000**

Box 2: Calculation of Current Total AMS, member X (developing country with 10% *de minimis*), year Y		
Wheat:		
Intervention price for wheat		$255 per tonne
Fixed external reference price (world market price)		$110 per tonne
Domestic production of wheat		2,000,000 tonnes
Value of wheat production		$510,000,000
Wheat AMS (AMS 1):	($255–$110)* 2,000,000 tonnes=	$290,000,000
de minimis level		$51,000,000
Barley:		
Deficiency payments for barley		$3,000,000
Value of barley production		$100,000,000
Barley AMS (AMS 2)		$3,000,000
de minimis level		$10,000,000
Oilseeds:		
Deficiency payments for oilseeds		$13,000,000
Fertilizer subsidy		$1,000,000
Value of oilseeds production		$250,000,000
Oilseeds AMS (AMS 3)		$14,000,000
de minimis level		$25,000,000
Non-product specific support		
Generally available interest rate subsidy		$ 4,000,000
Value of total agricultural production		$860,000,000
Non-product specific AMS (AMS 4)		$4,000,000
de minimis level		$86,000,000
CURRENT TOTAL AMS (AMS 1)		**$290,000,000**

Other Amber Box measures include input subsidies and various types of direct payments related to current area or production.

Equivalent Measurement of Support

When it is not practical to calculate a product-specific AMS as set out in the agreement, provisions are made for an "equivalent measurement of support" (EMS). The EMS is generally calculated on the basis of budgetary outlays — the money spent by governments to support a product, for example, rather than market price support calculated in comparison to a fixed external reference price. Like the AMS, the EMS is compared to the *de minimis* level and, if above that level, included in the Current Total AMS.

Evolution since 1995

Since the Uruguay Round and its new disciplines and reduction commitments there has been a significant fall in the most trade-distorting support provided by the members that were traditionally considered to be the biggest subsidizers. For example, since 1995, the EU's Current Total AMS has decreased by almost 90% (from €50.2 billion to €6.9 billion in 2011-12), by 82% in Japan (from ¥3,507.5 billion to ¥608.9 billion in 2012), and by 48% in Switzerland (from CHF4.3 billion to CHF2.2 billion). For the US, Current Total AMS has also clearly fallen since 2000, by 60% (from US$16.8 billion to US$6.9 billion in 2012). Much of this is either due to changes in domestic policies triggered by the Uruguay Round disciplines, or in anticipation of new rules expected to emerge from the post-Uruguay Round negotiations, or both. High prices have also played a part in some cases. While Green Box support has increased significantly in the same periods, these changes represent a move away from the most trade-distorting domestic support.

Domestic support in the post-Uruguay Round negotiations

Domestic support has been a central part of the agriculture negotiations that began in early 2000 under Article 20 of the Agriculture Agreement, one year before the launch of the Doha Round and were incorporated into the Doha Round in 2001. The 2001 Doha Ministerial Declaration commits members to comprehensive negotiations aimed at substantial reductions in trade-distorting domestic support, among other objectives.

On 1 August 2004 members agreed on a framework for achieving this in the agriculture sections of the decision on the Doha work programme (Annex A of document WT/L/579). Since then, the work has concentrated on developing new disciplines.

At the 2013 Bali Ministerial Conference, ministers from the WTO's membership adopted two decisions on domestic support. One was the decision on general services in the Green Box described above (document WT/MIN(13)/37 of 11 December 2013). The other was the decision on Public Stockholding for Food Security Purposes (document WT/MIN(13)/38 of 11 December 2013). This established an interim solution — while members continued to negotiate a permanent one — to shield public stockholding programmes for food security in developing countries involving food purchases at administered prices (as provided for in the Agreement), so that they would not be challenged legally under the

Agreement on Agriculture even if a country's agreed limits for trade-distorting domestic support were breached. At the 2015 Nairobi Ministerial Conference, a ministerial decision was adopted that encouraged members to make all concerted efforts to agree on a permanent solution and to continue holding negotiations in this regard in an accelerated time-frame. By adopting the Nairobi Ministerial Declaration members also committed themselves to advance negotiations on the remaining Doha Round issues, including on domestic support.

Export subsidies

The conceptual framework

Export subsidies increased considerably in the years leading to the 1986–94 Uruguay Round. They became one of the key issues to be tackled in the agricultural negotiations. Export subsidies for industrial products were already strictly disciplined under the General Agreement on Tariffs and Trade, and for developed countries they had been outlawed, following previous GATT negotiations. But for agricultural and other primary products, the disciplines were loose in theory and ineffective in practice.

The Agriculture Agreement resulting from the Uruguay Round says agricultural export subsidies are outlawed except in specific circumstances (Articles 3.3 and 8 of the Agreement):

- when a country has commitments to reduce its export subsidies on individual products or groups of products, within the limits specified in the legally binding document known as its "schedule" of commitments: these subsidies are identified in Article 9.1
- for a limited period of time — while export subsidies were being reduced (years 2–5 of the implementation period), countries were allowed to overshoot their annual limits by a limited amount provided totals for the whole period were within the agreed limits (Article 9.2(b))
- for developing countries, during the implementation period, some export subsidies, including for some marketing and transport costs, under the special treatment provisions in Article 9.4
- Export subsidies not listed in Article 9.1 provided they are not used to get around ("circumvent") the commitments either to cut export subsidies or not to subsidize at all — a provision designed essentially to block any possible loophole.

Commitments to cut export subsidies

What are export subsidies?

Exports are considered to be subsidized if the support provided depends on the products being exported, or on meeting export targets. The Agriculture Agreement refers to "subsidies contingent on export performance". That includes types of support listed in Article 9.1, covering most types of export subsidy in agriculture:

- direct export subsidies provided by governments or their agencies contingent on export performance
- exported agricultural products released from non-commercial stocks at prices lower than on the domestic market

- payments on the exports of agricultural products financed by virtue of governmental actions, such as levies on all production which are then used to subsidise the exports of part of that production

- subsidies to reduce costs, such as subsidies for marketing goods exports; this can include costs of upgrading, handling and international freight

- when domestic transport charges on export shipments are provided on terms more favourable than products that are sold domestically, such as for bringing exportable produce to one central point for shipping

- subsidies on products used to make other products ("incorporated products"), such as subsidies on wheat used to make biscuits on condition that the biscuits are exported.

All these export subsidies had to be reduced (they are "subject to reduction commitments"). The committed limits are on both the subsidized export quantities and the level of expenditure for such subsidies (the corresponding "budgetary outlays").

Product categories

Countries' export subsidy limits and how they are reduced are listed among the commitments that they legally bound in the WTO (in their "schedules" of commitments). These limits apply by product or group of products. Members originally divided all agricultural goods into 23 products or product groups, such as wheat, coarse grains, sugar, beef, butter, cheese and oilseeds. Some members' commitments are on subdivisions of these.

Expression of commitments

Each of the limits on the subsidized quantity and the level of expenditure for each product or group of products, is a separate binding commitment. Each is specified in the member's "schedule" of commitments. For "incorporated products", the commitments are only on the level of expenditure (budgetary outlays).

These limits are annual. Countries were allowed to exceed ("overshoot") the limits by a limited amount in years two to five of their period for implementing the cuts (six years for developed countries, ten years for developing other than the least developed). Even when they did overshoot, the limits for the sixth and subsequent years' limits could not be breached, and the total amounts for the entire period had to be within the combined limits. This is known as the "downstream flexibility" provision of Article 9.2(b).

Rates of cut

The starting point for export subsidy cuts was the base period of 1986–90. Cuts in the subsidy limits were made annually in equal steps from that level, over six years starting in 1995 for developed countries, and over ten years for developing countries. For developed countries, the limits on quantities subsidized had to fall by 21% and the level of expenditure (budgetary outlays) by 36% over the six years. The cuts for developing countries were 14% for the quantities and 24% for the budgetary outlays, over their ten years.

By the end of 2015, 16 members (counting the European Union as one) were allowed to subsidize agricultural exports because they had specified this commitment in their Schedules and made the cuts accordingly. No other members were (and are) allowed to subsidize exports.

No reduction commitment? No subsidy allowed

None of the export subsidies listed in Article 9.1 is allowed on any agricultural product unless the member has pledged to cut the subsidy on that product. This has to be included in the member's legally binding "schedule" of commitments. In other words, if there is no reduction commitment on a product, the member cannot subsidize its export.

Specific flexibilities for developing countries

Developing countries have additional rights under special treatment provisions ("special and differential treatment"). Here, they are allowed to subsidize exports in order to reduce marketing and domestic transport costs during the implementation period. However, these subsidies must not be a disguised means of getting around the limits on export subsidies in general — they must not be "applied in a manner that would circumvent reduction commitments" (Article 9.4).

Anti-circumvention

Having agreed on cuts in export subsidies (and in many cases an outright ban), members were concerned that subsidies could still be hidden in exports or elsewhere. Therefore, the Agriculture Agreement includes provisions designed to prevent countries from finding a way around ("circumventing") their commitments.

Article 10 says that if a country uses export subsidies that are not listed in paragraph 1 of Article 9 of the Agreement, it cannot do so in a way that gets around its export subsidy commitments ("to circumvent or threaten to circumvent"). This includes "non-commercial" transactions.

The article goes on to say that if a country claims it is not subsidizing exports beyond its reduction commitment level, it must show that it really is not doing so in any form, whether listed in Article 9 or not.

Negotiators also felt that some government activities could contain hidden subsidies. These include export credit, credit guarantees and insurance programmes. Article 10 says members will work to develop internationally-agreed disciplines on these financial activities.

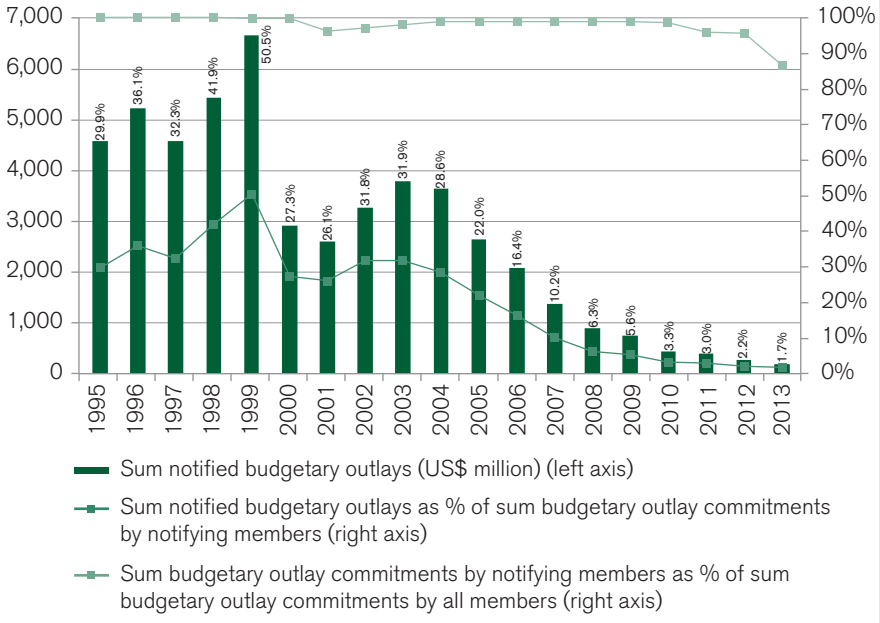
Food aid is another activity that some countries believe could circumvent export subsidies commitments. Article 10 broadly disciplines the way members should provide international food aid to avoid this.

The Doha Round agriculture talks include negotiations on more detailed disciplines for export finance and international food aid.

Evolution since 1995

Since the Agriculture Agreement (and the WTO) came into being in 1995, export subsidies have decreased significantly. This is reflected in the information that members have shared with each other through notifications to the WTO (see Figure 3, which covers 1995–2013). Members' subsidies are now much lower than their committed limits. This is partly because international prices have risen since 2000, meaning less subsidy is needed, and partly because some members have reformed their agricultural trade policies.

Figure 3: Export subsidies have fallen considerably
The evolution of WTO members' total spending on export subsidies compared with commitments on limits (1995–2013)



Source: Members' notifications to the WTO of their export subsidy budgetary outlays, as available on 21 March 2015

Export subsidies in the post-Uruguay Round negotiations

As with the other pillars, negotiations on the package of export subsidy issues (export subsidies and export-related policies with equivalent effect) began in March 2000 under the Agriculture Agreement's Article 20 and were merged with other subjects when a new, broader round of talks was launched in Doha, Qatar, in November 2001. Officially the package of export subsidy issues is known as "export competition" (but not to be confused with the separate subject of "competition policy").

In the Doha Round, the export subsidy package has four components:

- export subsidies themselves
- export credits, export credit guarantees and insurance programmes
- international food aid
- agricultural exporting state trading enterprises.

On 1 August 2004, members agreed on a framework designed to give some shape

to what could be a final Doha Round deal on agriculture (Annex A of document WT/L/579). For agricultural export subsidies, members agreed to negotiate in detail the methods (or "modalities") for eliminating the subsidies in all forms and disciplining all other export-related policies in the package by "a credible … date". Just over a year later, members agreed that the "credible date" for scrapping export subsidies would be the end of 2013 (Hong Kong Ministerial Declaration, document WT/MIN(05)/DEC of 18 December 2005).

Since then, members have worked on a timetable for eliminating all forms of export subsidies and detailed disciplines for the three other components. However, failure to strike a deal on agriculture as a whole (and the Doha Round) meant the 2013 deadline for ending export subsidies was missed.

The Bali ministerial declaration on the export subsidy package ("export competition", document WT/MIN(13)/40 of 7 December 2013), was a strong political statement rather than a binding decision. Members reaffirmed that the subject remained a priority in the agriculture negotiations and they agreed to "exercise utmost restraint" in using any form of export subsidy. In order to support reforms in this area, they created a new process to improve the way information is shared and the use of all components of the package are monitored better.

Elimination of export subsidies

Finally, members agreed at the Tenth Ministerial Conference in Nairobi (ministerial decision on export competition, document WT/MIN(15)/45 of 19 December 2015) to eliminate export subsidies, with differentiated timelines. Developed country members agreed to eliminate most of their scheduled entitlements immediately, with delayed implementation in a limited number of cases. As a general rule, developing countries will do so by 2018. Developing country members will keep the flexibility to cover marketing and transport costs for agricultural exports until the end of 2023, and the poorest and food importing-countries would enjoy additional time to cut export subsidies. The decision contains disciplines to ensure that other export policies are not used as a disguised form of subsidies. It contains new disciplines on export credits, export credit guarantees and insurance programmes, agricultural exporting state trading enterprises and international food aid (more below in the section on negotiations).

Other provisions

Export restrictions

Countries can ban or restrict exports temporarily in order to prevent or relieve critical shortages of foodstuffs or other essential products. This is allowed under GATT Article XI: 2(a), with additional disciplines for food in Article 12 of the Agriculture Agreement.

Fundamentally, the objective is to create a means for sharing information and consultation. Countries limiting or banning food exports (under GATT Article XI:2(a)) have to consider the food security of importing countries, to notify the WTO membership (through the Agriculture Committee) before introducing the restriction, and be prepared to discuss the restriction with importing countries — and that includes providing additional information. Among developing countries, only those that are net

food-exporters have to follow those steps. Ultimately, the aim is to make food supplies more reliable and accessible for importers. This is the other side of the coin of members' commitments to open their markets.

As with all notifications, information on food export restrictions have to be submitted in an agreed standard form (called Table ER:1, one of several "notification requirements and formats" adopted by the Agriculture Committee).

This subject is also part of the Doha Round agriculture negotiations. The 2004 framework (document WT/L/579) says the disciplines will be strengthened. Some specific negotiating proposals are on the table.

Net food-importers and others

Making agriculture more oriented towards the market means world prices should rise. This makes food imports more expensive and is a problem particularly for poorer countries that rely on imports. So a "Ministerial Decision on Measures concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries" (LDCs and NFIDCs) was adopted in Marrakesh an outcome of the Uruguay Round negotiations on agriculture.

The decision recognises that all members should benefit from the opportunities of trade expansion and economic growth as the Uruguay Round reforms are gradually implemented. It also recognizes that some countries could also suffer. These are all the least developed countries and those developing countries that are net food-importers. They could face difficulties in finding food to import at affordable prices, or the finance needed for the purchases.

Ministers agreed to act in a number of ways to ensure that enough food aid continues to be available to help developing countries meet their needs, during the Uruguay Round agricultural reforms. This includes:

- a review of the level of food aid established periodically by the Food Aid Convention's Food Aid Committee and negotiations to establish levels of commitments on food aid that are sufficient to meet the legitimate needs of developing countries while the reform is underway
- guidelines to ensure that a higher proportion of food aid is given in fully grant form — not as credit or with other conditions
- more aid for least developed and net-food-importing developing countries to help them improve agricultural productivity and infrastructure — developed countries would fully consider requests for technical and financial assistance under their aid programmes.

To ensure that finance is not a hindrance to import food, ministers also agreed that any agreement on agricultural export credit should favour least developed and net food-importing developing countries. If the net food-importers face short-term difficulties in financing normal quantities of commercial imports, they should be eligible to draw on the resources of international financial institutions under existing programmes, or any new programmes set up to help them adjust.

Members monitor how they are living up to the decision. This is done in the Agriculture Committee under Article 16.2 of the Agriculture Agreement. The situation is also reviewed regularly by the Ministerial

Conference, the WTO's topmost decision-making body. Sharing information is one of a series of steps used to help the decision to work in practice. Members that are food aid donors under the decision have to supply information annually on their donations and other actions. This is submitted in the committee's standard form (called Table NF:1).

In addition, a WTO list of net food-importing developing countries has been created and is updated periodically — they are not identified in the decision itself. The procedure for countries to be on the list was agreed by the Agriculture Committee (in document G/AG/3). Currently 31 developing countries are on the list (circulated in the G/AG/5/ document series). (Least developed countries are identified by the UN.) The list is reviewed in the Agriculture Committee's March meetings when members can also ask to be added. Every November, the committee monitors how the decision is working, using donors' notifications and other information.

Developing countries' specific treatment and flexibilities

Development and the interests of developing countries — a majority of WTO members — are at the heart of the WTO's work. Developing countries are allowed a number of special rights, including to make gentler cuts, to phase them in over a longer period, and to use some kinds of subsidies that are outlawed for developed countries. Least developed countries have not had to make any cuts.

The official term for this is "special and differential treatment" (S&D or SDT). It is used generally in all WTO topics, not only agriculture.

In the Agriculture Agreement, the legal basis for this special treatment is summed up in Article 15, including the commitments developing countries make in their "schedules", in the Agreement itself, and in an agreement to look after the interests of poorer food importers — the Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (NFIDCs).

More specifically, special treatment for developing countries in agriculture includes:

- gentler cuts in trade-distorting domestic support (the "Total Aggregate Measurement of Support"), tariffs and export subsidies — in each, the cuts were two-thirds of those required for developed countries; least developed countries did not have to make any cuts
- a longer period (ten years, 1995-2004, instead of six) to phase in the cuts
- the right to use certain types of support without any limit (the "Development Box")
- a larger *de minimis* level of permitted trade-distorting domestic support (generally, 10% of the value of production instead of 5%)
- the ability to use some export subsidies to reduce internal transport and marketing costs for exports — while the cuts are being implemented, and under certain conditions
- recognition that the interests of some poorer food importers need to be looked after: they are the least developed and net food-importing developing countries (LDCs and NFIDCs) — a special decision deals with this

- exemption from some disciplines on the export prohibitions and restrictions for developing countries that are not net-food exporters of the restricted food.

Transparency: sharing information

Reaching agreement in a negotiation is not the end of the story. Rather, it is the beginning of what can be a considerable amount of work, in this case introducing fundamental reforms in agricultural trade. Countries have to implement what they have agreed, and other countries want to see how well that work is progressing. For this reason, the Agriculture Agreement created the Agriculture Committee, comprising all WTO members, to "… oversee the implementation of the Agreement on Agriculture." The committee monitors how well members are complying with the rules that resulted from the Uruguay Round and with their own commitments. In order to do so, it needs information. Central to this is information that countries share with the rest of the membership — often annually — through "notifications" to the committee, on how they are complying with the agreed rules and their legally binding commitments (as listed in their "schedules"). That information is then the basis for reviewing how the agreement is being implemented, although other information is also used.

Because notifications are central to this task, the committee also reviews how well members are complying with their obligations to notify what they are doing in agriculture. The Goods Council, the body with oversight over the whole of trade in goods — similarly comprising all WTO members — also takes an interest. If members are not up-to-date with their notifications, the WTO Secretariat reminds them annually. The Secretariat also alerts delegations annually about the regular notifications they will have to file in the coming year.

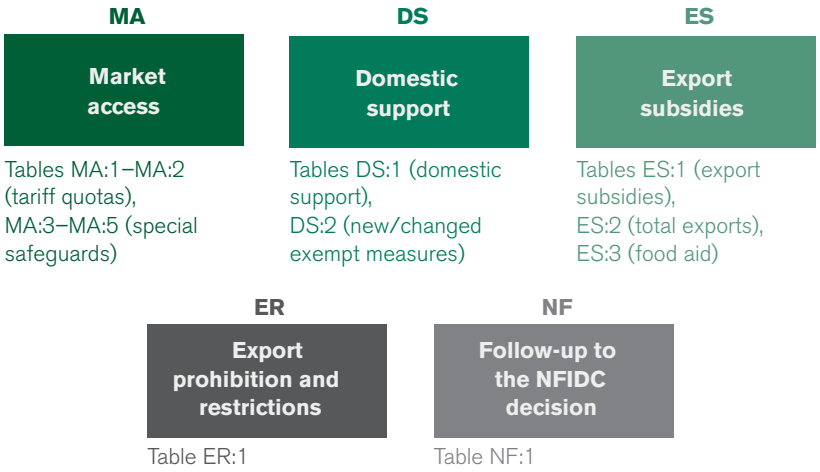
All notifications are submitted to the WTO through a Central Registry of Notifications. This unit forwards the notifications to the Secretariat's division handling the subject, in this case the Agriculture and Commodities Division. Meanwhile, the Agriculture Committee has developed standard forms and timelines (document G/AG/2) to help members comply with their obligations to notify. In agriculture these are tables. Notifications are increasingly handled electronically. Comprehensive information is publicly available on-line in the Agriculture Information Management System (AG-IMS: http://agims.wto.org/) where notifications and relevant data can be accessed in the three official WTO languages (English, French and Spanish).

In agriculture, members are required to submit 12 types of notifications under five topics. Each type is identified by initials representing the topic: MA for "market access" and so on. They are:

- Market access — Tables MA:1 to MA:5
  - tariff and other quotas
  - special safeguard actions
- Domestic support — Tables DS:1 to DS:2
  - Current Total Aggregate Measurement of Support (AMS)
  - new or modified domestic support measures for which an exemption from reduction commitments is claimed
- Export subsidies and anti-circumvention of export subsidy rules (Tables ES:1 to ES:3)

- Export prohibitions or restrictions (Table ER:1)
- Implementation of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (NFIDCs) (Table NF:1)

Figure 4: Types of notifications at a glance

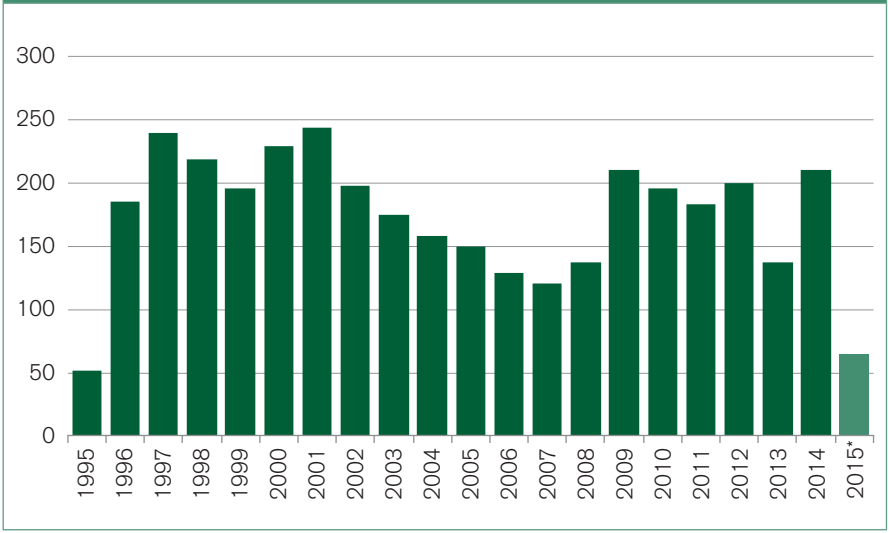


(NFIDC = Net food-importing developing countries)

The notifications that each member has to submit largely depends on the commitments it made. Many members only have to submit a limited number. All have to submit two: Tables DS:1 on domestic support and ES:1 on export subsidies, even when they have not subsidized. Some notifications have to be submitted periodically, often every year. This depends on the frequency and the deadlines set by the committee. Some are only submitted when a specific measure is introduced, or is about to be introduced, for example on export restrictions.

By the first quarter of 2015, more than 3,500 agriculture notifications had been submitted to the WTO for review (see Figure 5). These notifications provide information on the agricultural policies implemented by WTO members and are publicly available via a database known as the Agriculture Information Management System (http://agims.wto.org/), in the three official WTO languages (English, French and Spanish).

Figure 5: Agriculture notifications submitted to the WTO since its creation in 1995



** up to 10 April 2015.*

Details of what has to be reported

Market access notifications

The legally binding commitments on market access that members have made are listed in the legal documents known as "schedules". The commitments cover tariffs, tariff quotas and special safeguards. Members do not have to notify their legally binding tariff ceilings to the Agriculture Committee — the information is already in the "schedules". However, they have to inform other WTO bodies about the tariffs that they actually charge (the "applied tariffs", which can be lower than the binding ceilings) including the Market Access Committee, and for their periodic Trade Policy Reviews.

If they have tariff quotas and the right to use the special safeguard, then they have to report how they have used these, in some cases annually, in others when a measure is used. When members began implementing the reform (1995 in most cases), they had to describe upfront how each tariff quota would be administered, for example whether imports would be allowed in "first-come, first-served" or if import licences were to be used, or some other method. For import licences, members had to say who would be eligible and how the licences would be shared out. If the government changes the method, that has to be notified each time (*ad hoc*). After the end of each year, the member has to notify the quantity actually imported under each tariff quota (known as "tariff-quota fill").

If a member can use the special safeguard (temporary tariff protection in response to a trigger: an import surge or a price fall), it must notify the levels used to trigger the safeguard. This allows its trading partners to

know quickly how the special safeguard is being used, such as the size of the volume increase or price fall that will trigger the temporary tariff rise. If the safeguard is to be triggered by a price fall, the country has to report the reference prices (average import prices during 1986-1988) that will trigger the safeguard. At the end of the year, an annual summary of the country's use (or non-use) of the special safeguard has to be notified.

Domestic support notifications

Every year, all members must report to the Agriculture Committee how much domestic support they have given to the sector. They have to report all measures under the categories that have no limits — the Green Box, developmental measures and direct payments under production limiting programmes (the Blue Box).

Trade-distorting Amber Box support (for example, price guarantees or income support when linked to production) also has to be reported annually. Here, the requirements distinguish between two categories of members:

- **Those with Total AMS commitments** (maximum Amber Box support allowed per year) in the schedule. These members can provide support beyond *de minimis* levels but within their committed limits. They have to calculate every year the total distorting support they have provided in that year (called "Current Total AMS") and demonstrate that this is within the limit. Support within *de minimis* is not included in this calculation.

- **Those without commitments.** These countries cannot exceed the *de minimis* limit. The information they have to notify annually is to show that any support provided is within the country's *de minimis* limit.

Least developed countries are allowed to submit their domestic support notifications every two years. Developing countries can also ask the committee to allow them to skip the annual notifications except for the Green Box, developmental or Blue Box support.

Some other notifications have to be submitted when policies change: when a member modifies existing support in the unlimited Green Box, Blue Box or developmental categories, or introduces new programmes. The committee also examines these regularly.

Export subsidy notifications

Export subsidies have to be notified annually. The vast majority of members have no reduction commitments, meaning they cannot subsidize exports. They only have to report that they have not used export subsidies on agricultural products — except that developing countries allowed to use marketing and transport subsidies during the implementation period (under Article 9.4) do have to list these.

Members with legally binding commitments to reduce the subsidies, as listed in their "schedules" have to report every year: both the quantities subsidized and the level of expenditure (the "budgetary outlays"). Additional notifications have to be made every year to help the committee monitor whether countries are finding ways around their agreed limits ("anti-circumvention"). One is on any international food aid a country may have given. Another is the total volume of exports of agricultural products, which has to be notified by those countries that are allowed to subsidize (because they have

reduction commitments), and by a number of other "significant exporters" as defined by the committee.

Export restrictions notifications

The Agriculture Agreement says members introducing export restrictions on food have to consider the effects on importing countries' food security. Most members must notify the Agriculture Committee before restricting food exports and must be prepared to consult other members that are affected. Developing countries that are not net exporters of the restricted product are exempt.

Notifications for net food importers and others

As explained above, when the Uruguay Round ended in 1994, members agreed to try to avoid problems for poorer countries if imported food became more expensive as a result of the reform. The Agriculture Committee monitors how the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries ("the NFIDC decision") is implemented. The Ministerial Conference also reviews it regularly. If members provide food aid or technical and financial assistance to least developed or net food-importing developing countries, they must notify details annually. Any other information relevant to the decision must also be reported.

Agriculture Committee

The "Committee on Agriculture" (often abbreviated as CoA) was set up under the Agriculture Agreement's Article 17. As with almost all WTO bodies, it comprises all WTO members. Its observers include countries negotiating to join the WTO and some international government organizations active in agriculture. The committee's mandate comes from a General Council decision (document WT/L/43):

> "The Committee shall oversee the implementation of the Agreement on Agriculture. The Committee shall afford members the opportunity of consulting on any matter relating to the implementation of the provisions of the Agreement."

Specifically, the committee does the following:

(1) overseeing and monitoring the implementation of the Agriculture Agreement and members' commitments; delegations can ask questions about how other members are implementing the Agreement

(2) providing a forum for members to consult each other on agricultural trade issues and on issues related to implementing their commitments, including those based on rules

(3) in the committee, members use notified information to review the Agreement's implementation. This is normally through questions and answers. They can (and do) also ask each other

questions or volunteer information that is not based on notifications (allowed under Article 18.6). Even if a member queries another's practices in the committee, it can still seek legal dispute settlement at any time

(4) monitoring developments in agricultural trade and implementation of various decisions, including the 1994 Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries, the 2013 Decision on TRQ Administration and the 2015 Decision on Export Competition.

The committee usually meets three or four times a year. Special meetings can be convened if necessary. Its work is officially recorded in the Secretariat's summary reports and in its annual reports to the Goods Council, both publicly available. The committee's chair is usually a delegate from one of the members.

Negotiations are handled separately, officially in "Special Sessions" of the committee, with a separate chairperson. As mentioned above, after the conclusion of the Uruguay Round the talks began in 2000 under the Agriculture Agreement's Article 20 ("Continuation of the Reform Process").

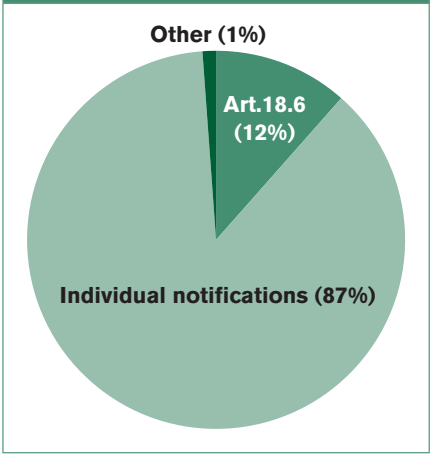
The reviews

The questions members ask each other as they review notifications are part of the committee's key responsibility of overseeing how countries are complying with their commitments. Delegations can also raise any concerns about developments in other members' agricultural policies under Article 18.6 of the Agriculture Agreement.

All these questions and their answers can be found in the Agriculture Information Management System database (http://agims.wto.org/, see below).

A substantial amount of information has been supplied over the years through these questions and answers. Since the WTO was created in 1995, members asked each other a total of 5,013 questions (up to 2014). Figure 6 shows that 12% of these were not about actual notifications (Article 18.6 questions), 87% were about notified information and the remaining 1% were about overdue notifications and other issues.

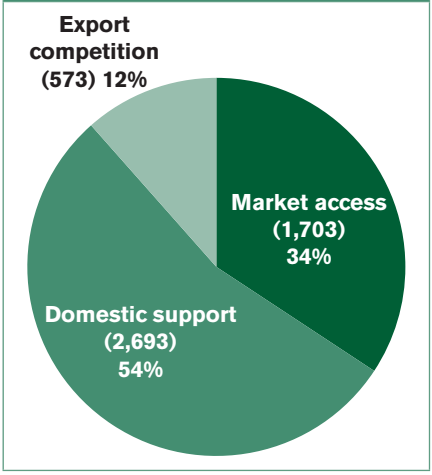
Figure 6: Notifications dominate the questions
The distribution of questions by type and by subject (1995–2014): 51% of questions about notifications were on domestic support



Source: AG-IMS

Among the 87% of questions about specific notifications, the majority were about domestic support: 51% of these (or 44% of

Figure 7: Domestic support attracts most questions
Distribution of questions by pillar (1995–2014)



Source: AG-IMS

all questions) were about DS:1 notifications (Amber Box, *de minimis*, Blue Box, Green Box and developmental support). The two next largest numbers of questions were both about tariff quotas: Table MA:2 on imports under tariff quotas showing whether the quotas were filled (16%), and Table MA:1 on administration — how the quotas were allocated among importers — (12%).

At the heart of the reform under the Agriculture Agreement are the three pillars of market access, domestic support and export subsidies. Unsurprisingly, most questions are about these. Figure 7 shows that among the three pillars, more than half were about domestic support (54%), 34% were on market access and 12% on export subsidies and related issues ("export competition").

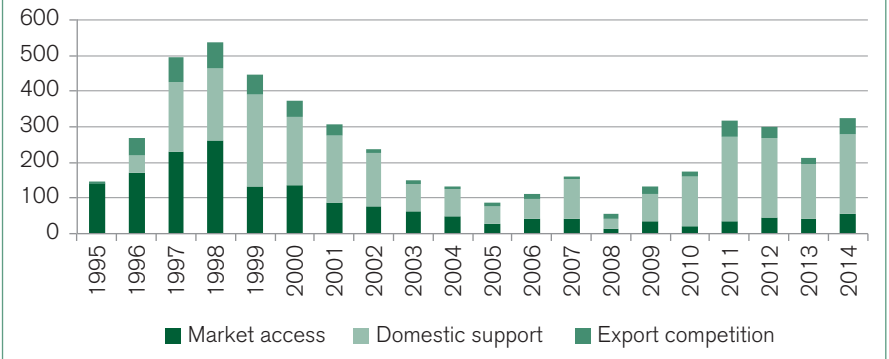
On market access, members are most interested in tariff quotas that have low import volumes compared to the size of the quotas (low "fill rates"), and the methods that governments use to allocate shares of the quotas among importers. The largest number of questions on domestic support are about Green Box programmes (which can be complicated and detailed) and Amber Box support (which distorts trade). A significant number of questions were about how members classified their support programmes into the different categories. On the export competition pillar, a wide range of questions were asked about export subsidies under reduction commitments, particularly about the products covered and the commitments in members "schedules".

This has not always been the case. Figure 8 shows that the distribution of questions by pillar has evolved over time. In earlier years (1995–98), more attention was given to market access than domestic support.

Breaking all questions down according to type — whether the questions were about specific notifications or not — shows some fluctuation but with no particular pattern. Figure 9 shows this for 1995–2014.

Developed countries are generally more active in asking questions than developing countries. Figure 10 tracks how many questions were asked by developing and developed countries.

Figure 8: In early years, questions on market access dominated
Evolution of distribution of questions by pillar (1995–2014)



Source: AG-IMS

Figure 9: The proportion of questions by type has fluctuated
Evolution of questions according to whether they are about notifications (1995–2014)

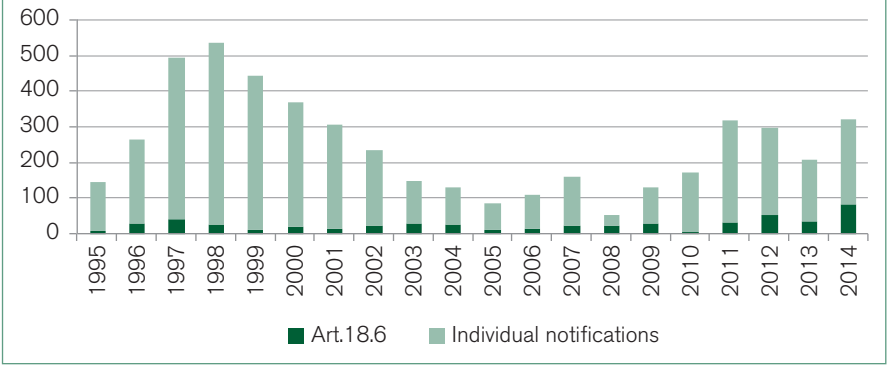
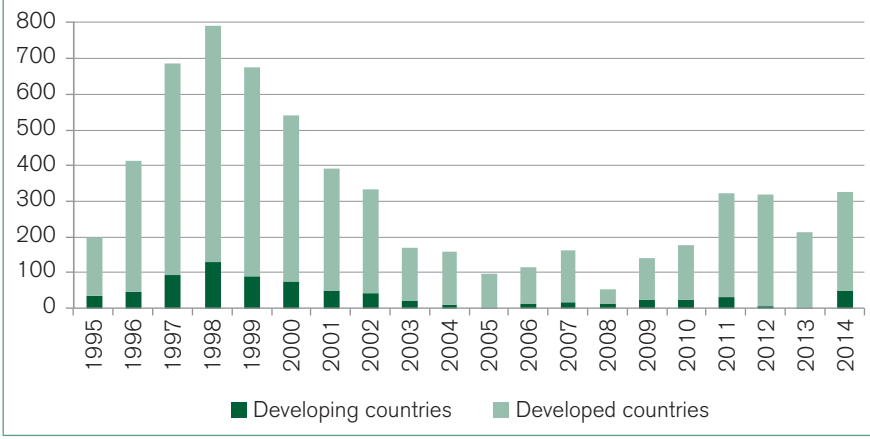


Figure 10: Developing countries ask far fewer questions
Tracking the shares of questions asked by developing and developed countries 1995–2014

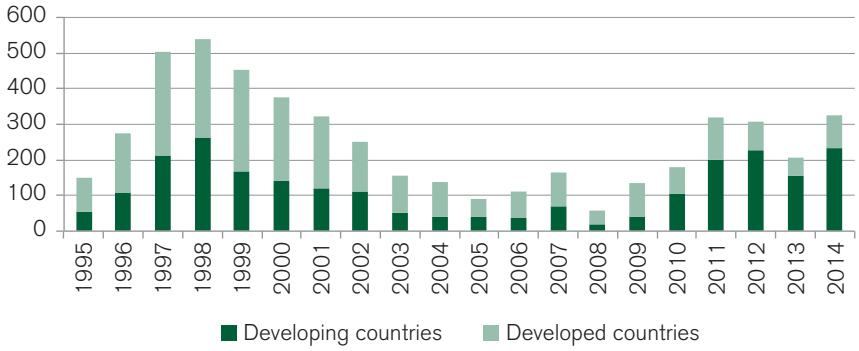


Source: AG-IMS
Note: the total numbers of questions here might not be the same as in other charts — here when more than one country asks the same question, that counts as several questions.

By contrast, the proportion of questions asked about notifications from developed and developing countries has been more equal. In recent years (2010–14, the latest year available) more questions have been about developing countries' notifications than developed. This trend is a result of several factors: queries about developed countries' programmes were handled in earlier years, developing countries often took longer to submit their notifications, and some of them have expanded their agricultural programmes. These trends are shown in Figure 11.

Table 1 lists the 10 most active members asking and being asked questions. The US, EU and Canada are in the top five both for asking and answering questions. Among developing countries, Brazil, Thailand and the Republic of Korea are in the top ten on both sides. Countries that intervene in agricultural markets or that are more active in agricultural trade tend to be asked more questions.

Figure 11: Developing countries face more questions
Figures for 1995–2014 show developing countries are asked proportionately more questions than they themselves ask, and since 1995 they have faced more questions than developed countries



Source: AG-IMS

Table 1: Who asks, and who is asked, the most questions?
The top 10 most active members asking and answering questions in the committee's reviews, 1995–2014

	Asking	Questions		Answering	Questions
1	US	1,275	1	EU	707
2	Australia	1,258	2	US	561
3	Canada	997	3	Canada	347
4	New Zealand	960	4	Japan	302
5	EU	612	5	Switzerland	257
6	Japan	325	6	Norway	229
7	Argentina	253	7	India	212
8	Brazil	147	8	Thailand	197
9	Thailand	81	9	Korea	195
10	Korea	65	10	Brazil	188

A database of information on agricultural trade policies and measures

All the information that members have notified and the questions and answers in the committee are now available in an online database that is open to the public: the Agriculture Information Management System (Ag-IMS, http://agims.wto.org). It can be used to search for information on agricultural trade policies and the measures for implementing the policies.

The database is available through the agriculture section of the WTO website (www.wto.org/agriculture) or directly at http://agims.wto.org. It is designed to help

member governments and anyone else find information on the agricultural trade policies and related measures that member governments have notified to the WTO as part of their obligation to be transparent. It covers all three pillars: market access, domestic support and export subsidies under the Agriculture Agreement's rules and members own commitments.

Users can also track the Agriculture Committee's review of how countries are complying with the rules and their commitments — and other concerns — through the questions members ask each other and their replies. This information can be searched using a variety of keywords and other criteria. All the questions and answers since the WTO was set up in 1995 are online in the database.

Resolving disputes

If a member believes that another is violating its commitments or an agreement (including the Agriculture Agreement), it can take a number of steps and ultimately seek a legal ruling under the WTO's dispute settlement system. But full dispute settlement can be complex, time-consuming and expensive, and members would prefer to avoid litigation if they can. The Agriculture Agreement also provides some simpler alternatives. In particular, the Agriculture Committee's reviews of how the rules and commitments are being implemented allow members to discuss issues and consult each other, based on notifications or other information (the Article 18.6 questions and answers). Some cases of actual (or potential) breaches of commitments have been discussed in the committee without going any further. The agreement also allows "counter-notifications" — members can notify other members' policies, although this has never been used. Members can also ask the chairperson to mediate (under the committee's working procedures). None of that prevents countries from seeking formal dispute settlement.

Legal disputes normally cite more than one WTO agreement. A number of cases have cited the Agriculture Agreement. A number have cited other agreements and some involving agricultural goods have not cited the Agriculture Agreement at all. A series of cases involving the EU's policies on bananas — one of the longest-running disputes in the WTO, and under GATT before it — also cited the General Agreement on Trade in Services and the Import Licensing Procedures Agreement.

Dispute settlement rulings are part of the WTO's jurisprudence: they clarify WTO law and help us to understand legal provisions such as those in the Agriculture Agreement. The table below illustrates some of the provisions that have been tested in some WTO legal disputes, and the findings of dispute panels (first-stage rulings) and appeals. More details can be found at www.wto.org/disputes.

Table 2: How disputes have interpreted WTO law on agriculture
A number of panel and appeal rulings refer to the rules on subsidies under the Agriculture Agreement and the rules of the Subsidies and Countervailing Measures (SCM) Agreement, known in short as the Subsidies Agreement. (EC = European Communities, the official name under WTO law of the EU in the WTO's early years)

Agriculure agreement provisions	Case	Dispute number and reference	Some of the points discussed
Articles 1(a) and 1(h) (definitions)	Korea-Beef	DS161/AB/R, paras 107–115	Calculation of Current AMS and Current Total AMS "in accordance with" the methods set out in Annex 3 and "taking into account" the constituent data and methods used in the supporting material incorporated by reference in Part IV of a members' Schedule.
Article 1(e) (definitions)	US- FSC	DS/108/AB/R, paras 136–142	Definition of a subsidy; definition of an export subsidy (i.e. export contingency) under Articles 8 and 10.1 of the Agriculture Agreement; and relationship with Article 1.1 of the Subsidies and Countervailing Measures Agreement.
	Canada-Dairy	DS/103/R, paras 7.124–7.125	Export subsidy practices covered by Article 10.1 of the Agriculture Agreement compared to coverage of Article 1(e) and Article 9.1.
Article 3.2 and Annex 3 (domestic support)	Korea-Beef	DS161/AB/R, paras 115–129	Mode of calculation and data in the calculation of product-specific AMS and Current Total AMS; including source of "fixed external reference price" and definition of "production eligible" to receive the administered price as opposed to "production actually purchased".

Agriculure agreement provisions	Case	Dispute number and reference	Some of the points discussed
Article 3.3 and Article 8 (export subsidies)	Canada-Dairy	DS103/AB/RW2, paras 155–156	Provision of export subsidies within the meaning of Article 9.1(c) in excess of scheduled quantity reduction commitment levels; resulting breach of Articles 3.3 and 8.
	US-FSC	DS108/AB/R, paras 122–128	Reference to Panel's order of analysis to address inconsistency of a measure with Article 3.3 in the case of (i) scheduled and (ii) unscheduled products.
	US-Upland Cotton	DS267/AB/R, paras 568–583	Examination of WTO-consistency of a measure under the Subsidies Agreement vs. the Agriculture Agreement; finding of payments to constitute subsidies contingent upon export performance within the meaning of Article 9.1(a) and therefore, in breach of Articles 3.3 and 8.
Article 4.1 (market access commitments)	EC-Bananas	DS27/AB/R, paras 156–158	Market access commitments resulting from the Uruguay Round negotiations; whether the Agriculture Agreement allows members to act inconsistently with GATT 1994 Article XIII.

Agriculure agreement provisions	Case	Dispute number and reference	Some of the points discussed
Article 4.2 (tariffs only)	Turkey-Rice	DS334/R, paras 7.26–7.58; and 7.108–7.138	Identification of the measure at issue; relationship with Articles X and XI of GATT 1994 and the Agreement on Import Licensing; determination of order of analysis; consideration of whether the measure is "of the kind which have been required to be converted into ordinary customs duties".
	Chile-Price Band	DS207/AB/RW, paras 145–226	Origins and functions of Article 4, the "legal vehicle" requiring the conversion of non-tariff measures affecting agricultural products into ordinary customs duties; focus on footnote 1; minimum import prices; variable levies; concept of similarity; transparency; predictability; and consideration of the measure at issue in this light: whether it constitutes a border measure "similar to" a variable import duty and to a minimum import price; relationship between Article 4 and Article 5 of the Agriculture Agreement (See also WT/DS207/RW, paras 7.14–7.103).
	Korea-Beef	DS161/R, paras 759–769	Implication of a breach of Article XI of GATT 1994 and its Ad Note (relating to state-trading operations) on the consistency of a measure with Article 4.2 and its footnote.
	India-QRs	DS90/R paras 5.238–5.242	Applicability of Article 4.2 to measures imposed under the balance of payment provisions of the GATT 1994; incidence of a breach of GATT Article XI that is not justified under balance-of-payment provisions, on consistency with Article 4.2.
Article 5.1(b) (special safeguard)	EC-Poultry	DS69/AB/R, paras 142–153	Basis for triggering the price-based safeguard (includes an illustration of arguments based on hypothetical numbers); importance of paragraph 5 of Article 5.

Agriculure agreement provisions	Case	Dispute number and reference	Some of the points discussed
Article 5.5 (special safeguard)	EC-Poultry	DS69/AB/R, paras 157–171	Link between Article 5.1(b) and Article 5.5; whether the price-based remedy can be calculated using a methodology that is different from that specified in Article 5.5, e.g. by using a different "representative price" instead of "c.i.f. price"; and why Article 5 is characterized as being a "special" safeguard mechanism.
Article 6 and 7.2(a) (domestic support)	Korea-Beef	DS161/AB/R, paras 90–129	Data elements required to calculate Current AMS for beef and Current Total AMS for 1997 and 1998 in accordance with the Agreement on Agriculture; examination of scheduled information and agriculture supporting tables (AGST, used to supplement commitments in members' schedules); and reversal of Panel findings of inconsistency of the measure at issue with Article 6 and Article 7.2(a).
Article 9.1(a) (export subsidies)	Canada-Dairy	DS103/AB/R, paras. 84–102	Interpretation of "payments-in-kind"; whether marketing boards are "agencies" of the government (See also related Panel report paras 7.35–7.87).
	US-Upland Cotton	DS267/AB/R, paras 567–584	Examination of measure at issue against Article 9.1(a) criteria; export contingency requirement under the Agriculture Agreement on, including relationship with, and contextual guidance from, the Subsidies Agreement; implications for consistency with Articles 3.3 and 8.

Agriculure agreement provisions	Case	Dispute number and reference	Some of the points discussed
Article 9.1(c) (export subsidies)	Canada-Dairy	DS103/AB/RW2, paras 78–156	Applicable benchmark to be used in determining the existence of "payments"; relevance of an industry-wide cost of production standard in assessing the existence of a "payment"; whether the revised measure involves payments that are "financed by virtue of governmental action"; existence of a demonstrable link between governmental action and the financing of payments.
		DS103/AB/RW, paras. 64–123	Definition of "payments"; adequacy of "domestic market" or "world market" prices as benchmarks for determining the existence of a "payment"; whether proof of government involvement in marketing boards is sufficient to meet the "financed by virtue of governmental action" criteria; possible spill-over effects of domestic support measures and need to ensure integrity of boundaries between domestic support and export subsidy disciplines.
		DS103/AB/R, paras. 103–114	Whether the term "payments" includes "payments-in-kind"; whether the provision of raw agricultural materials at discounted, below-market prices constitutes "payments" (See also related Panel report paras 7.90–7.101).
	EC-Sugar	DS265/AB/R, paras 230–289	Examination of measure at issue against Article 9.1(c) criteria; whether cross-subsidization constitutes a "payment" in the form of a transfer of financial resources; export contingency of subsidies; discussion of boundaries between domestic support and export subsidy disciplines (See also related Panel report paras. 7.254–7.270 and paras. 7.280-7.335, for a discussion of the extent of governmental action and control — e.g., supply, pricing, etc. — implied by the measure at issue.)

Agriculure agreement provisions	Case	Dispute number and reference	Some of the points discussed
Article 9.1(d) (export subsidies)	US-FSC	DS108/AB/R, paras 129–132	Examination of the measure at issue against Article 9.1(d), i.e. reducing the cost of marketing; implications for consistency of the measure with Articles 3.3 and 8 (See related Panel discussion in paras 7.147–7.159)
Article 10.1 (anti-circumvention on export subsidies)	US-Upland Cotton	DS267/AB/RW, paras. 255–323	Whether the revised export credit guarantee scheme at issue constitutes an export subsidy inconsistent with Article 10.1 and Article 8: item (j) of the Illustrative List (Subsidies Agreement) is used as a benchmark to examine whether the associated premiums cover the long-term operating costs and losses; subsidies within the meaning of Article 3.1(a) of the Subsidies Agreement and Article 10.1 of the Agreement on Agriculture.
		DS267/AB/R, paras. 681–714	Establishment of the actual circumvention of export subsidy commitments: factual information for scheduled and non-scheduled agricultural products; application of export credit guarantees constituting export subsidies in a manner that threatens to lead to circumvention of export subsidy commitments.
	US-FSC	DS108/AB/RW, paras. 187–196	Relationship with the Subsidies Agreement, in particular Articles 1.1 and 3.1; implications for consistency of the revised measure at issue with Articles 1(e) and 10.1 of the Agreement on Agriculture.
		DS108/AB/R, paras. 133–154	Revenue foregone; export contingency; distinction between “export subsidy commitments” and “export subsidy reduction commitments”; definition of “circumvention” and requirement to demonstrate “actual” circumvention or simply a “threat” of circumvention to allege a breach of Article 10.1.

Agriculure agreement provisions	Case	Dispute number and reference	Some of the points discussed
Article 10.2 (anti-circumvention on export subsidies)	US-Upland Cotton	DS267/AB/R, paras. 585–641	Whether Article 10.2 exempts export credit guarantees, export credits and insurance programmes from compliance with the export subsidy provisions of the Agriculture Agreement (See also related Panel report, paras. 7.897–7.942).
Article 10.3 (anti-circumvention on export subsidies)	Canada-Dairy	DS103/AB/RW2, paras. 55–77	Conditions to be fulfilled before the burden of proof is shifted to the respondent (See also related 21.5 Panel proceedings, paras. 5.13–5-19; as well as original Panel, paras 7.32–7.34).
	US-FSC	DS108/R, paras. 7.134–143	Reversal of burden of proof in two distinct situations: scheduled vs. non-scheduled agricultural products.
	EC-Sugar	DS265/R, paras. 7.223–231	Reversal of burden of proof: party responsible for presenting evidence to establish the presumption that quantities exported in excess of scheduled volumes are not subsidized.
	US-Upland Cotton	DS267/AB/R, paras. 642–657	Applicability of Article 10.3 to scheduled vs. non-scheduled agricultural products (see also related Panel report, paras 7.792-7.793).
Article 13(a) (Peace Clause or due restraint)	US-Upland Cotton	DS267/AB/R, paras. 310–342	Peace Clause, Green Box — Review of compliance with decoupling criteria contained in para 6(b) of Annex 2 (decoupled income support) when payments are contingent upon producers' compliance with product-specific planting restrictions and product-specific flexibilities; and consequential determination of protective effect of the Peace Clause (see also related Panel discussion in paras 7.354–7.414).
Article 13(b)(i) (Peace Clause or due restraint)	Mexico-Olive Oil	DS341/R, paras. 7.44–7.81	Implementation period of the Peace Clause and consideration of its legal elements; whether Article 13(b)(i) is breached when CVD investigations are initiated in respect of an agricultural product; concept of "due restraint" and meaning; burden of proof.

Agriculure agreement provisions	Case	Dispute number and reference	Some of the points discussed
Article 13(b)(ii) (Peace Clause or due restraint)	US-Upland Cotton	DS267/AB/R, paras. 345–394	Peace Clause — Compliance of the domestic support measure at issue with the requirement that support should not be 'in excess of that decided during the 1992 marketing year' in each relevant year of the implementation period"; and consequential finding regarding entitlement to protection afforded by Article 13 from actions" under GATT Article XVI:1 and Articles 5 and 6 of the SCM Agreement. (see also related Panel, paras 7.415-7.608)
Article 13(c)(ii) (Peace Clause or due restraint)	US-Upland Cotton	DS267/R, paras. 7.265–7.286; 7.751; 7.943.	Peace Clause, export subsidies — Burden of proof and establishment of a prima facie case; vulnerability to challenges under Articles 3.1(a) and 3.2 of the SCM Agreement as well as Article XVI of the GATT 1994 when the measure does not conform fully with export subsidy commitments specified in Part V of the Agreement on Agriculture.
Annex 2, para 6(b) (Green Box)	US-Upland Cotton	DS267/AB/R, paras 310–342	Conformity of the measures at issue with the relevant Green Box criteria, i.e. 'decoupled income support' (See also related Panel discussion in paras 7.354-7.414).
Annex 3 (domestic support calculation)	Korea-Beef	DS161/AB/R, paras. 107–129	Calculation of Current AMS; methodology for the calculation of market price support in paragraph 8 of Annex 3 (See also related Panel discussion in paras 818–844).

Agriculure agreement provisions	Case	Dispute number and reference	Some of the points discussed
Annex 5 — Attachment (special treatment under "tariffs only")	EC-Bananas	WT/L/625, Second Arbitration, paras. 40–127	Review of a proposal to rebind market access concessions based on the price gap methodology described in Attachment to Annex 5; data elements to be taken into account to calculate the tariff equivalent of the level of protection at issue, while maintaining market access opportunities to most-favoured nation (MFN) suppliers (i.e. suppliers under provisions giving all trading partners equal treatment), and considering the margin of preference enjoyed by preferential suppliers. (see also First Arbitration Award, WT/L/616: paras. 48–94)

Negotiations: built-in agenda and post-Uruguay Round negotiations

2000–01: Article 20 and Doha

Agricultural trade reform did not end with the Uruguay Round or with the birth of the Agriculture Agreement. Members said they wanted it to continue and the present negotiations aim to do that. Countries' commitments under the Agriculture Agreement are just a first step.

This was written into Article 20, which says agriculture negotiations should re-start in 2000 ("one year before the end of the [six-year] implementation period"). These talks are held in "special sessions" that are separate from the committee's regular work.

In November 2001 they merged with the broader Doha Round negotiations launched at the Fourth Ministerial Conference in Doha, Qatar. In Doha, members also agreed to work on other issues, including how the current WTO agreements were being implemented. The entire package is often called the Doha Development Agenda (DDA) or the Doha Round, although officially it is the "Doha Work Programme".

Under the Doha Declaration the aim of the agriculture negotiations is:

> "substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support".

Ministers also agreed that:

> "special and differential treatment for developing countries shall be an integral part of all elements of the negotiations and shall be

> embodied in (…)the rules and disciplines to be negotiated, so as to (…) enable developing countries to effectively take account of their development needs, including food security and rural development" (para. 13 and 14 of the Doha Declaration).

2003–05: Cancún, Geneva framework and Hong Kong

The Fifth Ministerial Conference in Cancún, Mexico, in September 2003, was intended as a stock-taking meeting. Members were supposed to agree on how to complete the rest of the negotiations. But discord soured the meeting, in particular on agricultural issues, including cotton. It ended in deadlock. It was only 10 months later that real progress was achieved in agriculture. In the early hours of 1 August 2004 members meeting as the General Council agreed on a set of decisions (sometimes called the July 2004 package). The main section on agriculture was an annex containing a "Framework for Establishing Modalities in Agriculture", in other words an outline of the shape of what could be a final deal.

Even though the original 1 January 2005 deadline for completing the talks was missed, members were able to narrow their differences in just over a year, at the Hong Kong Ministerial Conference in December 2005.

2006–08: draft 'modalities', then impasse

A first version of a draft agriculture text was circulated in 2006. This and later revisions contain proposed formulas for cutting tariffs and subsidies, along with various new provisions that would be included in the future agreement on agriculture, and other details, including a variety of exceptions and flexibilities for various situations such as development, the needs of smaller or poorer countries, or the political sensitivity of particular products — in other words, these are the proposed methods or "modalities" for further reform.

Much of 2007 and 2008 saw intensive negotiations. Numerous working papers were developed on the three pillars of the agriculture negotiations, including further versions of the draft modalities. In July 2008, a group of ministers went to Geneva to try to negotiate a breakthrough on key difficulties in agriculture and on market access for other products (non-agricultural market access or NAMA). They failed and consultations continued from September. Drawing on over a year of negotiations, on 6 December 2008 the chair of the agriculture negotiations issued a fourth revision of the draft "modalities" (document TN/AG/W/4/Rev.4, often called simply "Rev.4"). It captured the progress made and highlighted the remaining gaps in WTO members' positions. This draft remains the most up-to-date negotiating document on the table.

The following two years saw the talks at a standstill. Members focused on technical discussions on how to organize the data necessary to calculate commitments. From 2011 the talks returned to trying to narrow the differences in members' positions on the draft "modalities". At the Eighth Ministerial Conference at the end of the year, ministers agreed that for the time being members should concentrate on topics where progress was most likely to be made. Different groups of members contributed to a set of proposals on issues they felt could be agreed at the 2013 Bali Ministerial Conference.

2013: The Bali Package

At the Ninth Ministerial Conference in Bali in December 2013, ministers agreed on a package of issues. In agriculture these included four decisions and one declaration:

- Ministers struck a compromise on **public stockholding for food security purposes**: they agreed that breaches of domestic support commitments resulting from developing countries' public stockholding programmes for food security involving food purchases at administered prices would not be challenged legally provided certain conditions were met. The decision was temporary. In November 2014 the General Council clarified that this protection against legal action would remain until a permanent solution is agreed.

- Ministers agreed to expand the **Green Box list of "general services"** (explained above) — it now includes spending on for land use, land reform, water management, rural livelihood security and other purposes related to development and reducing poverty.

- Ministers issued a strong political statement that governments will ensure all forms of **export subsidies** are kept low and a commitment to enhance transparency and improve monitoring. This covers the whole range of issues known as "export competition", including measures that may have effects equivalent to export subsidies — international food aid, export credits, export credit guarantees, insurance programmes and the activities of agricultural state trading enterprises (STEs).

- The Bali Ministerial Decision on **tariff (or tariff-rate) quota administration** calls for countries to notify how actual imports compare with the sizes of the quotas (their "fill rates"). The Agriculture Committee is to monitor this, combining consultations with the speedy information-sharing on under-filled quotas. The objective is to reduce the possibility that governments create trade barriers through the methods they use to distribute the quotas among importers.

- In Bali, ministers also agreed to beef up the WTO's work on cotton. Members would now meet twice a year to discuss **developments related to trade in cotton** — particularly market access, domestic support (or subsidies) and export competition (export subsidies and policies that are equivalent to export subsidies). These dedicated discussions would be linked to the agriculture negotiations, and aim to increase transparency and strengthen monitoring (more on cotton, below).

The deal on the "Bali Package" was struck after intensive consultations almost round the clock from 4 December until the meeting closed on 7 December. The Bali Package was the first major agreement in trade negotiations among members since the WTO was formed in 1995.

2015: The Nairobi Package

The successful outcome of the Tenth Ministerial Conference in Nairobi in December 2015 includes a decision to eliminate agricultural export subsidies and set disciplines on export measures with equivalent effect, the most important reform of international trade rules in agriculture since the WTO was established. As was the case in Bali, the Nairobi Package was agreed after an intense consultation process

both during the preparatory phase in Geneva and during the Ministerial Conference.

In agriculture the Nairobi Package includes four decisions:

- Members agreed to eliminate agricultural **export subsidies** more than 50 years after a similar decision had been made for industrial products. According to the decision, members shall eliminate export subsidies according to different timelines. Export subsidies shall be eliminated by developed country members immediately as a general rule, with delayed implementation under certain conditions for a limited number of products. Developing country members have longer implementation periods, including the flexibility under Article 9.4. The decision also contains disciplines, in particular on maximum repayment terms, on export credits, export credit guarantees and insurance programmes. Members also agreed to ensure that agricultural exporting state trading enterprises do not operate in a manner that would circumvent the other provisions of the decision. Finally, the decision includes disciplines on food aid aimed at minimizing the risk of commercial displacement and more specifically ensuring that food aid does not negatively affect domestic producers and local or regional markets.

- **Special Safeguard Mechanism…** Ministers decided that negotiations to establish a special safeguard mechanism – a tool that would allow developing country members to raise tariffs temporarily to deal with import surges or price falls – would take place in dedicated sessions of the Committee on Agriculture in Special Session and progress in these negotiations would be regularly reviewed by the General Council.

- **Ministerial Decision on Public Stockholding for Food Security Purposes** reaffirmed the existing commitment and encouraged members to make all concerted efforts to agree on a permanent solution and to continue holding negotiations in dedicated sessions of the Committee on Agriculture in Special Session in an accelerated time-frame.

- Finally, the Nairobi Ministerial Decision on **Cotton** contains disciplines covering both trade and development aspects – including provisions on market access, domestic support and export competition (more on cotton, below).

By adopting the Nairobi Ministerial Declaration, members expressed their strong commitment to advance negotiations on the remaining Doha Round issues, including advancing work in all three pillars of agriculture, namely domestic support, market access and export competition.

Cotton

2003: birth of the "sectoral initiative"

Two years after the Doha Round was launched, four sub-Saharan African countries called for a special focus on cotton, a product that was particularly important to them. The four were Benin, Burkina Faso, Chad and Mali, who have become known as the "Cotton Four" or "C4". They raised three main points:

(1) the damage that they believed was inflicted on them by richer countries' cotton subsidies

(2) a call for the subsidies to be eliminated

(3) a call for compensation to be paid so long as the subsidies remain, to cover the economic losses they caused.

The four first wrote to the WTO Director-General on 30 April 2003, introducing a "Sectoral Initiative in Favour of Cotton". This became an official document in the agriculture negotiations (document TN/AG/GEN/4 of 16 May 2003). It was presented on 10 June 2003 to the Trade Negotiations Committee by the Burkina Faso President Blaise Compaoré, the first time a head of state had addressed a WTO committee (other than a Ministerial Conference). The proposal was also discussed the following month, on 1 and 18 July, meetings of the agriculture negotiations ("Special Sessions" of the Agriculture Committee) also discussed the proposal.

2003: Cancún Ministerial Conference

The proposal developed into two documents for the September 2003 Cancún Ministerial Conference (documents WT/MIN(03)/W/2 and WT/MIN(03)/W/2/Add.1). The Cotton Four pressed for a conference decision under an agenda item titled "Poverty Reduction: Sectoral Initiative in Favour of Cotton — Joint Proposal by Benin, Burkina Faso, Chad and Mali".

No conclusion was reached in Cancún because of a failure to agree on the whole Doha Round package. Members disagreed over whether this sectoral initiative should be handled separately or whether it should come under the agriculture negotiations' three pillars: market access, domestic support and export subsidies. They also differed over the proposal for compensation: whether it should be paid at all, and if so how. One view was that if there were to be some kind of payment, then it should be in the form of development assistance. This then raised a further question about who should handle the funding: the WTO is not a development agency and it has no budget for assistance other than for training officials on WTO issues. (Eventually the development aspect of cotton was handled on a separate track from the trade negotiations.)

If the Cancún meeting had ended successfully, the ministerial declaration was set to have included a separate paragraph on a cotton sectoral initiative. But it did not and in early 2004 the debate continued, including on how the issue would fit in with the Doha Round and its agriculture negotiations.

2004: 'framework'

Almost a year later, on 1 August 2004, a breakthrough was achieved on the failed Cancún package of issues. For the first time, cotton was included as a specific subject in the Doha Round. The General Council Decision (document WT/L/579), which included an outline for proceeding in the agriculture talks, referred to cotton both in the main text, and in its Annex A (the framework for agriculture). Members said they considered the cotton initiative to be important in two aspects: trade and development. They agreed to handle these separately but also stressed that the two were complementary (paragraph 1.b).

Trade: The mandate for trade negotiations on cotton is in paragraph 4 of Annex A. The talks within the agriculture negotiations will aim for quick and ambitious reform, specifically for cotton (over the years the phrase "ambitiously, expeditiously and

specifically" has been repeated regularly in the talks on cotton). It instructs the agriculture negotiations to ensure that the cotton issue is given "appropriate" priority, independently from other sectors.

In the August 2004 framework, members also agreed to create a Sub-Committee on Cotton. It would meet periodically and report to the broader agricultural negotiations (the Agriculture Committee's "Special Sessions") where progress would be reviewed. The framework said the work on cotton should deal with trade-distorting policies in all three agricultural pillars (market access, domestic support, and export subsidies), as specified in the original Doha Declaration and the framework itself.

Development: The main text of the August 2004 framework sets up the separate track of the development aspects of cotton. The WTO Secretariat and the Director-General are to continue to work with the development community and international organizations such as the World Bank, International Monetary Fund, Food and Agriculture Organization and International Trade Centre. The purpose is to make progress on the development aspects of cotton and to report regularly to the General Council.

Negotiations on cotton

Cotton Sub-Committee

As agreed in the August 2004 decision, the Cotton Sub-Committee was officially set up at the 19 November 2004 agriculture negotiations meeting, to focus on cotton as a specific issue in the agriculture talks.

The terms of reference are in document TN/AG/13. The subcommittee is open to all WTO members, and observer governments and international organizations — as is the case for all Doha Round negotiating groups and almost all WTO bodies. It reports periodically to the agriculture negotiations sessions, which in turn report to the umbrella Trade Negotiations Committee, General Council and Ministerial Conference.

The sub-committee works on "all trade-distorting policies affecting the sector," in the "three pillars of market access, domestic support, and export competition (i.e. subsidies and related issues)" as specified in the 2001 Doha Declaration, and the August 2004 framework. The sub-committee is also to take into account the need for "coherence between trade and development aspects of the cotton issue".

2005: Hong Kong Ministerial Declaration

The next step in refining the objectives for cotton came in 2005 at the Hong Kong Ministerial Conference.Ministers agreed that:

(1) all forms of export subsidies for cotton would be eliminated by developed countries in 2006 (a target that was missed because the Doha Round as a whole remained deadlocked)

(1) developed countries would allow cotton from least developed countries to be imported duty-free and without quotas

(2) trade-distorting domestic subsidies for cotton would be reduced more ambitiously than for agriculture as a whole and for other farm products, over a shorter period.

Ministers repeated the mandate from the August 2004 decision, to address cotton

"ambitiously, expeditiously and specifically" within the agriculture negotiations, and to tackle all trade-distorting policies affecting the sector in the three pillars of market access, domestic support and export competition, as specified in the 2001 Doha Ministerial Declaration (document WT/MIN (05)/DEC, paragraph 11).

2008: Revised Draft Modalities for Agriculture

In December 2008, the chairperson of the agriculture negotiations circulated the fourth revision of a draft for concluding the talks (document TN/AG/W/4/Rev.4, often called just "Rev.4"). Developed from inputs from members in months of negotiations, the text contains proposed formulas for cutting tariffs and subsidies along with various new provisions to be included in a possible future agreement on agriculture, and other details, including a variety of exceptions and flexibilities for various situations — in other words, the methods or "modalities" for further reform. It includes the Cotton Four's proposed formula for reducing the aggregate measurement of support (AMS, explained above), designed mathematically to produce a steeper cut than for the general reduction for agriculture, as well as a proposed limitation for Blue Box support. The draft as a whole has not been agreed even though some parts were close to being settled, and there has been no consensus on the formula for cotton.

The draft refers to cotton in several places, including on domestic support (paragraphs 43, and 54 to 58), on market access (paragraphs 155-156), and on export subsidies and related issues (paragraphs 168-169). Annex M on monitoring and surveillance also refers to cotton in paragraphs 4(e) and 8(c). Since 2008, the talks have seen little progress, and this draft has remained the main document on the table until the time of writing (mid-2015).

2013: Bali Ministerial Decision on Cotton

Since then (by mid-2015), little has changed in the substance of the negotiations on cotton, although a large amount of information on technical assistance has been shared in the parallel meetings on development.

At the December 2013 Bali Ministerial Conference, members did agree to strengthen their ability to keep themselves informed and to monitor what is happening to trade in cotton, in market access, domestic support and export subsidies, particularly for least developed countries' exports. This emerged from a proposal from the Cotton Four, two months earlier (document TN/AG/GEN/33). Ministers agreed in Bali to achieve this through twice-yearly discussions, which began in June 2014 (the decision is in document WT/MIN/(13)/41, reports of the meetings are in documents in the TN/AG/ series starting with TN/AG/28). The discussions rely on factual information compiled by the WTO Secretariat from members' notifications. Members can also provide additional information. (See documents TN/AG/GEN/34 and revisions.)

Once again, the Bali Ministerial Conference reaffirmed previous commitments, particularly from the 2004 General Council decision, the 2005 Hong Kong Ministerial Declaration, and the commitment of the 2011 Geneva WTO Ministerial Conference to continue efforts to deal with cotton "ambitiously, expeditiously and specifically" within the agriculture negotiations, using the 2008 revised draft as a reference.

Ministers also reaffirmed the importance of the development assistance aspects of cotton and committed to continued engagement in the Director-General's Consultative Framework Mechanism on Cotton to strengthen the cotton sector in the LDCs.

2015: Nairobi Ministerial Decision on Cotton

The Nairobi Ministerial Decision on Cotton (document WT/MIN(15)/46) is the result of focused consultations involving mainly the major cotton players, including the co-sponsors of the Sectoral Initiative in Favour of Cotton – Burkina Faso, Benin, Mali and Chad (the Cotton Four or C-4). Those consultations were based on a proposal tabled by the C-4 in Geneva on 12 October 2015.

The Decision on Cotton covers the three pillars of market access, domestic support and export competition. On market access, developed country members, and developing country members in a position to do so, have committed to grant, to the extent provided for in their respective preferential trade arrangements, dutyfree and quotafree market access for exports by LDCs of cotton and cotton-related agricultural products.

Ministers also agreed that the disciplines and commitments contained in the Nairobi Decision on Export Competition would be implemented with regard to cotton immediately by developed country members and not later than 1 January 2017 by developing country ones.

On domestic support, the Decision on Cotton acknowledges the efforts made by some members to reform their domestic cotton policies, but emphasizes that some more efforts remain to be made.

Finally, ministers also agreed in Nairobi to extend the transparency and monitoring process initiated at the Bali Ministerial Conference (through biannual dedicated discussions based on factual information compiled by the WTO Secretariat).

Ministers reaffirmed the importance of the development assistance aspects of cotton and committed to continued engagement in the Director-General's Consultative Framework Mechanism on Cotton. They recognized in this regard that the WTO Aid for Trade initiative, including through the Enhanced Integrated Framework, should play a key role in strengthening the cotton sector in LDCs.

Summary

Box 3 summarizes key parts of the Agriculture Agreement and the related commitments, as described above. The legal text of the Agreement on Agriculture is presented at the end of this publication.

Box 3: Key elements of the Agriculture Agreement and related commitments			
Policy area	**Instrument**	**Developed countries**	**Developing countries**
Market access	Article 4.2, Article 4.1 and Schedules	Prohibition on the use of restrictions on imports other than tariffs. All tariffs bound	
	Article 5	Special agriculture safeguard mechanism against import volume surges or import price declines below a trigger level (limited to "tariffied" products and not applicable to imports under related tariff quota commitments)	
	Schedules	Tariffs resulting from conversion of non-tariff border measures under negotiating modalities ("tariffication") plus pre-existing tariffs on all other agricultural products to be reduced	
	Schedules	Implementation of current and minimum access opportunity commitments in respect of tariffied products	
	Schedules	Average tariff reductions of 36% (minimum 15%) over 6 years	Average tariff reductions of 24% (minimum 10%) over 10 years. Where "ceiling bindings" commitments undertaken reductions not required except on ad hoc basis. Least developed not required to undertake reduction commitments
Domestic support	Articles 6, 7 and Annex 2	Policies divided into two groups; (i) permitted policies (Green Box), (ii) other policies included in the Aggregate Measure of Support (AMS) subject to reduction commitments (Amber Box)	
	Article 6.5	Direct payments associated with production limiting programmes (Blue Box) not in Green Box but excluded from AMS	

Box 3: Key elements of the Agriculture Agreement and related commitments			
Policy area	**Instrument**	**Developed countries**	**Developing countries**
	Article 6.2		Developing countries allowed to use some types of investment and input subsidies under certain conditions
	Article 6.4(a) and (b)	*De minimis* provision allows exclusion of support not exceeding 5% of output value from AMS	*De minimis* provision allows exclusion from AMS of product-specific and non-product specific support not exceeding 10% of respective current output value
	Schedules	Total AMS support to be reduced by 20% over 6 years	Total AMS support to be reduced by 13.3% over 10 years
	Schedules		Least-developed countries must bind AMS support level if applicable but not required to reduce it
Export subsidies	Article 9	Definition of export subsidies subject to reduction	
	Article 10	Other export subsidies subject to anti-circumvention provisions which include disciplines relating to food aid	
	Article 3.3	Prohibition on the use of export subsidies on products not subject to reduction commitments	
	Schedules	Distinct reduction commitments on both volume (21%) and budgetary outlays (36%) over six years	Two-thirds of the reduction required for developed countries over ten years
	Article 11	For incorporated/ processed products budgetary outlays only (36%)	

Box 3: Key elements of the Agriculture Agreement and related commitments			
Policy area	**Instrument**	**Developed countries**	**Developing countries**
	Article 9.4		Exception during the implementation period in respect of certain marketing and internal transportation subsidies
Export prohibitions and restrictions	Article 12	Requirement for advance notice and obligation to consult on request and supply information in case of new export restrictions on foodstuffs	
	Article 12.2		Exception for developing countries that are not net-exporters of the foodstuff concerned
Other aspect	Article 13	Peace clause	
	Article 17	WTO Agriculture Committee given the task of overseeing the implementation of the agreement and related commitments	
	Article 16	Marrakesh Ministerial *Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries*	
Sanitary and phytosanitary measures	Article 14	Separate Agreement: Reaffirms right to countries to set their own health and safety standards provided they are justified on scientific grounds and do not result in arbitrary or unjustified barriers to trade; encourages use of international standards; includes certain special and differential treatment provisions	

Frequently asked questions

What is the purpose of the Agriculture Agreement?

Agriculture is important, but trade is distorted by subsidies and protectionism — hurting producers (and some consumers) who are not supported or protected. The 1994 agreement is a first step in the effort to reduce the distortion.

The importance of agricultural trade cannot be overemphasized. In many countries, agriculture is an important economic activity. This is particularly the case in developing nations. Agriculture generates income and wealth. It creates jobs. It plays a major role in domestic production of food and other produce, and in exports. It provides revenue for the government and foreign exchange for the country. Trade in agricultural products contributes to global food security by helping countries to obtain food supplies from world markets when they or their regular suppliers suffer shortages because of bad harvests or other conditions.

But agriculture also became a source of tension because of what some countries saw as unfair competition. Before the 1986–94 Uruguay Round negotiations, which produced the Agriculture Agreement, international agricultural trade was less disciplined than for industrial products — agriculture had escaped many of the rules of the General Agreement on Tariffs and Trade (GATT). The result was large-scale subsidies on exports and domestic trade in many countries, and high tariffs and other import barriers that were difficult to penetrate. Furthermore, only about one third of agricultural products had tariff limits that were legally bound under the GATT. International trade in agriculture was "distorted" — it was untransparent, unpredictable and massively protected.

Only the richest countries could subsidize and protect on this scale. It was unfair competition for many countries. Developing countries with comparative advantage in agriculture were prevented from developing fully. They got together with some major exporting developed countries to agitate for reform.

Tensions grew. Subsidizing countries felt they had to defend their agriculture by increasing export subsidies, which lowered prices in the 1980s. Gradually more and more countries realized they needed tighter multilateral rules to create a fairer agricultural trading system operating closer to market conditions. The Uruguay Round negotiations were launched in 1986. When it concluded seven years later it had produced numerous changes in the rules of agricultural trade. Existing rules were clarified. Practices that had previously escaped were brought into the rules. And a new system for settling disputes was agreed. Agriculture was covered specifically for the first time through two new multilateral agreements: the Agriculture Agreement and the Sanitary and Phytosanitary Measures (SPS) Agreement.

As explained above, for the first time, the Agriculture Agreement required member countries to limit their agricultural export subsidies and trade-distorting domestic support and to set legally binding limits

on their tariffs on all agricultural products. The reform introduced by the Agriculture Agreement aims for:

> "substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets".

The Agreement says the reform should be implemented equitably among all members: it seeks to strike a balance between agricultural trade liberalization and governments' rights to pursue legitimate agricultural policy goals. Those goals include concerns that go beyond trade ("non-trade concerns") such as food security and the need to protect the environment. Developing countries are given special treatment.

What is 'distortion'?

Distortion is not defined in the Agriculture Agreement. Broadly, the word is used to mean when prices or quantities differ from those that would occur under competition. In other words, trade is distorted if prices are higher or lower than "normal", and if quantities produced, bought, and sold are also higher or lower than "normal" — i.e. than the levels that would usually exist in a competitive market.

The WTO Dictionary of Trade Policy Terms says a distortion is:

> "a measure, policy or practice that shifts the market price of a product above or below what it would be if the products were traded in a competitive market. Measures causing distortions include subsidies, import restrictions and restrictive business practices".

This means that when producers, consumers, importers and exporters decide whether to buy, sell or produce, they are influenced by factors other than competitive market conditions, such as the subsidies they receive or the higher prices of protected markets.

For example, import barriers and domestic subsidies can make crops more expensive on a country's internal market. The higher prices can encourage over-production and reduce consumption. If the surplus is to be sold on world markets, where prices are lower, then export subsidies are needed. As a result, the subsidizing countries can produce and export considerably more and import less than they normally would. Their exported surpluses add to world supply, lowering prices even further.

Governments usually have three reasons for supporting and protecting their farmers, even if this distorts agricultural trade:

- food security: to ensure that the food produced is adequate to supply a share of the country's needs
- to support farmers and shield them from the uncertainty inherent in agricultural markets (for example, harvests depend on the weather)
- "non-trade concerns": to meet objectives other than trade (such as rural development or protecting the environment).

But these policies have often been expensive, and they have created gluts leading to trading tensions. Countries with less money for subsidies have suffered. The debate in the negotiations is whether these

objectives can be met without distorting trade or doing so minimally.

Does the WTO monitor members' agricultural policies?

Yes, when they involve trade. The WTO *is* its members: it is a "member-driven" organization, and its membership monitors how well countries are respecting their commitments.

This is done in the different committees, which consist of the entire membership. Delegations ask questions to clarify what other members are doing, including in information they have notified. The purpose is to ensure the various agreements are being implemented transparently.

In agriculture, this is handled by the Agriculture Committee, one of the subsidiary bodies of the Goods Council. The committee's role in notifications and members' questions and answers are explained above. Briefly, it oversees and monitors how members are implementing the Agriculture Agreement and their commitments. This is based on notifications and a provision allowing members to raise issues about agricultural trade reform under the Agreement. Even when a concern has been discussed in the committee, members can still seek a legal ruling in the WTO's dispute settlement system, the ultimate arbiter of whether agreements and commitments are being respected.

How do we know what members have committed to in agriculture?

The answer is in publicly available legal documents listing the commitments and how they were phased in, known as "schedules". They can be found on the WTO website on a number of pages including the sections on agriculture, individual countries' pages and market access:

- www.wto.org/agriculture
- www.wto.org/[member's name]
- www.wto.org/marketaccess

A "schedule" lists a country's maximum tariffs on imports, the commitments on tariff quotas (where duty is lower on imports within the quota than on quantities outside), the products where the member claims the right to use the special safeguard (temporary tariff increases to deal with import surges or price falls, and the commitments on domestic support and export subsidies. These are listed by individual product, often categorized in great detail, or by broader groups of products or for agriculture as a whole.

How are developing countries treated differently?

Developing countries are allowed a number of special rights, including making gentler cuts, to phase them in over a longer period, and to use some kinds of subsidies that are outlawed or capped for developed countries. Least developed countries have not had to make any cuts.

The official term for this is "special and differential treatment" (S&D or SDT). It is used generally in all WTO topics, not only agriculture. Development and the interests of developing countries are at the heart of the WTO's work.

This special and flexible treatment (as explained above) is included in the Agriculture

Agreement, the commitments developing countries make in their "schedules", and in an agreement to look after the interests of poorer food importers — the Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries (NFIDCs).

Is it true that richer countries are allowed to subsidize more and only they can use the special safeguard?

In neither case is that description exactly true. For subsidies (domestic support and export subsidies), the present rules are the result of much higher subsidies that existed at the start of the Uruguay Round in the mid-1980s. The reform that was agreed required countries to reduce their subsidies, and not to increase them. Those that had distorting subsidies at the start of the talks were allowed to continue, so long as they promised to reduce them to a lower level. They included both developed and developing countries. Members agreed that the cuts should be percentages of the original levels, so the countries starting with larger subsidies than others ended up with a larger allowance, but this was lower than before and the difference was smaller. Members also pledged to continue the reform, and this is now being negotiated in the Doha Round where the objective is to narrow the gap and to eliminate export subsidies completely for all countries.

The rules also allow additional types of subsidies for development and other purposes. These are outlined in the FAQ on developing countries and in the sections above on domestic support (including *de minimis*), export subsidies, and special flexibility provisions for developing countries.

Meanwhile, the special safeguard (temporary tariff increases triggered by import surges or price falls) was available to all countries who committed to "tariffication" (explained in more detail above). This is when countries converted their import restrictions into equivalent tariffs, and opened up access to their markets through tariff quotas. They were allowed to use the special safeguard in case the market opening left their farmers too vulnerable. Developed countries and some developing countries did this and they have scheduled the right to use the safeguard on the products concerned. Alternatively, developing countries could choose simply to set high tariffs across the sector without converting import restrictions into tariffs. Several developing countries chose this alternative, which is why they do not have the right to use this safeguard, although they can still use the more general one.

How can governments protect their domestic agricultural markets?

Allowed:

- tariffs ("ordinary customs duties") within the agreed (and legally bound) ceilings
- temporary tariff increases as a "special safeguard" where the right has been reserved
- "other duties and charges" up to maximums also listed as binding commitments
- measures that are allowed under other agreements such as:
  - general safeguards
  - anti-dumping measures
  - regulations on food safety and animal and plant health (sanitary and phytosanitary measures)

– other product standards, regulations and labelling requirements (technical barriers to trade).

Not allowed:

- tariffs and other duties and charges exceeding the legally agreed maximums
- quotas other than tariff quotas (lower tariffs on quantities inside the quotas than outside)
- import bans
- import duties that are not fixed ("variable levies")
- minimum import prices
- discretionary import licensing
- voluntary export restraints (usually bilateral agreements between importers and exporters)
- other similar measures unless listed as allowed.

See more details in the section on market access above.

Is the WTO Agriculture Agreement the only one dealing with agriculture?

No. Agricultural goods and services are also covered by the General Agreement on Tariffs and Trade, and all other WTO agreements.

That includes the agreements dealing with food safety and animal and plant health (the Sanitary and Phytosanitary Measures or SPS Agreement), and with product standards, regulations and labelling (the Technical Barriers to Trade or TBT Agreement). Agricultural services come under the General Agreement on Trade in Services (GATS), and issues such as trademarks and inventions come under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. Even agricultural subsidies also come under the more general Subsidies and Countervailing Measures (SCM) Agreement. And tariff quota administration — the way the quotas are shared out among importers — comes under GATT Article XIII and the Import Licensing Agreement.

Legally speaking, this extension to other agreements is covered by Article 21 of the Agriculture Agreement.

The Agriculture Agreement prevails if it conflicts with another agreement. For example, the Subsidies Agreement outlaws export subsidies (Article 3.1(a)) but they are allowed under the Agriculture Agreement within the limits pledged by countries that had the subsidies and agreed to reduce them (members "with reduction commitments") — members without reduction commitments have agreed not to subsidize exports.

What does the WTO Secretariat do?

The WTO Secretariat is not the WTO. The WTO is its members. The Secretariat supports members' work in the WTO. The Secretariat's main duties are to supply administrative, technical and professional support for the various councils and committees, to monitor and analyse developments in world trade, to provide information to the public and the media, to organize the ministerial conferences, to support legal work such as dispute settlement, and to provide technical assistance for developing countries.

WTO technical assistance is described as "capacity building" — helping developing countries gain the capacity to work effectively within the multilateral trading system's rules and procedures. This is an important component of the Secretariat's work. The main purpose is to strengthen the staff and institutions of developing countries (and formerly centrally-planned economies) so their countries can take full advantage of the multilateral trading system, which is based on rules. It helps them enjoy their rights and meet their obligations. Training for officials is central, but activities are also organized for other groups such as parliamentarians, non-governmental organizations and journalists. Some courses and workshops are in Geneva; others are in countries or regions around the world. Online training is also available.

In agriculture, the focus is on helping members understand the disciplines of the Agriculture Agreement, its implementation, how transparency works, and the activities of the Agriculture Committee. This helps members take advantage of opportunities provided by the reform to pursue their trade interests. That includes participation in the Agriculture Committee. The training is tailored as much as possible to the needs of the beneficiaries, particularly developing and least developed countries. WTO members can ask to receive technical assistance, ensuring that it is focused and provided quickly, to meet the countries' needs.

The Secretariat also cooperates regularly with other intergovernmental organizations. In agriculture it participates in the UN High-Level Task Force on the Global Food Security Crisis (established by the United Nations Chief Executives Board in April 2008 following the rise in global food prices and the crisis it triggered). The Task Force seeks food security, looking comprehensively at issues such as the availability of food, access to it, stability of prices and supply and how the food is used.

In 2012, the Zero Hunger Challenge was launched at the UN Conference on Sustainable Development ("Rio+20"). The challenge is to eradicate hunger from the world through five "themes", including ensuring that all people have adequate access to nutritious food and that the systems for producing, supplying and acquiring food are environmentally sustainable.

The WTO also participates in the Agricultural Market Information System (AMIS) Secretariat, a G20 initiative established in June 2011 to enhance food market transparency and encourage international policy coordination under conditions of high price volatility. Technical representatives from participating countries ensure data collection, analysis and provision of information (production, stocks, trade, utilization and prices) of the major food crops. A Market Monitor is published on a monthly basis, thus fostering a better understanding of the international market situation and outlook of rice, corn, soybean and wheat markets, as well as recent policy developments.

Jargon buster

Amber Box Domestic support for agriculture that is considered to distort trade and therefore subject to reduction commitments. Technically calculated as "aggregate measurement of support" (AMS)

AMS aggregate measurement of support, the annual figure for trade-distorting domestic support calculated according to the Agriculture Agreement's requirements. The AMS support can be for specific products, or available more generally. (The term is defined negatively: all support for farmers and other producers, except support that does not have to be reduced or is allowed without limit).

AoA Agreement on Agriculture

Blue Box Amber Box types of support, but with constraints on production or other conditions designed to reduce the distortion. Currently not limited.

c.i.f. cost, insurance, freight (included in the price)

CoA Committee on Agriculture

CoASS Committee on Agriculture in Special Session, the official name for agriculture negotiations meetings in the Doha Round

de minimis Amber Box supports in small, minimal or negligible amounts that are allowed even though they distort trade — currently limited to 5% of the value of production for developed countries, generally 10% for developing.

distortion When prices and production are higher or lower than levels that would usually exist in a competitive market..

EMS equivalent measure of support, used when AMS cannot

f.o.b. free on board (price, excluding insurance and freight)

GATT The General Agreement on Tariffs and Trade. The abbreviation is used for both the legal text and the institution that oversaw the multilateral trading system from 1948 to 1994. (For simplicity, this explanation uses "GATT" for either the pre-WTO version — officially GATT 1947 — or the current one — officially GATT 1994 and including the amended GATT 1947)

GATT 1947 The text of GATT as used from 1948 until amended by the WTO Agreements which came into force in 1995

GATT 1994 The General Agreement on Tariffs and Trade, as revised in 1994, which is part of the WTO Agreements. GATT 1994 includes GATT 1947 together with amendments

Green Box Domestic support for agriculture that is allowed without limits because it does not distort trade, or at most causes minimal distortion

LDC least-developed country

MFN most favoured nation, in the WTO, the principle of treating trading partners equally

MTO Multilateral Trade Organization — the proposed name of the new organization that eventually became the WTO, used during Uruguay Round negotiations (appears in negotiating documents such as "Modalities" for agricultural commitments)

NFIDC net food-importing developing country

notification A transparency obligation requiring member governments to report trade measures to the relevant WTO body if the measures might have an effect on other members.

OTDS overall trade-distorting domestic support. In the Doha Round agriculture negotiations, it builds on the concepts of Amber Box + *de minimis* + *Blue Box support.*

reduction commitment Legally binding commitments to cut tariffs and subsidies. Members without reduction commitments on export subsidies and trade-distorting domestic support cannot subsidize exports at all, and can only use trade-distorting support up to *de minimis levels (see entries above)*

SCM subsidies and countervailing measures (SCM Agreement)

SPS sanitary and phytosanitary (measures) i.e. for food safety and animal and plant health

SSG special safeguard (in agriculture), allowing tariffs to be raised temporarily according to formulas, without the need to prove injury, in response to import surges or price falls. Only available on some products.

schedule In general, a WTO member's list of commitments on market access (bound tariff rates, access to services markets). Goods schedules can include commitments on agricultural subsidies and domestic support. Services commitments include bindings on national treatment. Also: "schedule of concessions", "schedule of specific commitments"

TBT technical barriers to trade (TBT Agreement) — standards, regulations and labelling requirements

TQ tariff quota, where tariffs inside the quota are lower than on quantities outside

TRQ tariff rate quota, another name for tariff quota

UMRs usual marketing requirements, a system in FAO principles for food aid

WTO The World Trade Organization, established as the successor to the GATT on 1 January 1995

Legal texts on agriculture

Agreement on Agriculture

Members,

Having decided to establish a basis for initiating a process of reform of trade in agriculture in line with the objectives of the negotiations as set out in the Punta del Este Declaration;

Recalling that their long-term objective as agreed at the Mid-Term Review of the Uruguay Round "is to establish a fair and market-oriented agricultural trading system and that a reform process should be initiated through the negotiation of commitments on support and protection and through the establishment of strengthened and more operationally effective GATT rules and disciplines";

Recalling further that "the above-mentioned long-term objective is to provide for substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets";

Committed to achieving specific binding commitments in each of the following areas: market access; domestic support; export competition; and to reaching an agreement on sanitary and phytosanitary issues;

Having agreed that in implementing their commitments on market access, developed country Members would take fully into account the particular needs and conditions of developing country Members by providing for a greater improvement of opportunities and terms of access for agricultural products of particular interest to these Members, including the fullest liberalization of trade in tropical agricultural products as agreed at the Mid-Term Review, and for products of particular importance to the diversification of production from the growing of illicit narcotic crops;

Noting that commitments under the reform programme should be made in an equitable way among all Members, having regard to non-trade concerns, including food security and the need to protect the environment; having regard to the agreement that special and differential treatment for developing countries is an integral element of the negotiations, and taking into account the possible negative effects of the implementation of the reform programme on least-developed and net food-importing developing countries;

Hereby agree as follows:

Part I

Article 1

Definition of Terms

In this Agreement, unless the context otherwise requires:

(a) "Aggregate Measurement of Support" and "AMS" mean the annual level of support, expressed in monetary terms, provided for an agricultural product in favour of the producers of the basic agricultural product or non-product-specific support provided in favour of agricultural producers in general, other than support provided under programmes that qualify as exempt from reduction under Annex 2 to this Agreement, which is:

(i) with respect to support provided during the base period, specified in the relevant tables of supporting material incorporated by reference in Part IV of a Member's Schedule; and

(ii) with respect to support provided during any year of the implementation period and thereafter, calculated in accordance with the provisions of Annex 3 of this Agreement and taking into account the constituent data and methodology used in the tables of supporting material incorporated by reference in Part IV of the Member's Schedule;

(b) "basic agricultural product" in relation to domestic support commitments is defined as the product as close as practicable to the point of first sale as specified in a Member's Schedule and in the related supporting material;

(c) "budgetary outlays" or "outlays" includes revenue foregone;

(d) "Equivalent Measurement of Support" means the annual level of support, expressed in monetary terms, provided to producers of a basic agricultural product through the application of one or more measures, the calculation of which in accordance with the AMS methodology is impracticable, other than support provided under programmes that qualify as exempt from reduction under Annex 2 to this Agreement, and which is:

(i) with respect to support provided during the base period, specified in the relevant tables of supporting material incorporated by reference in Part IV of a Member's Schedule; and

(ii) with respect to support provided during any year of the implementation period and thereafter, calculated in accordance with the provisions of Annex 4 of this Agreement and taking into account the constituent data and methodology used in the tables of supporting material incorporated by reference in Part IV of the Member's Schedule;

(e) "export subsidies" refers to subsidies contingent upon export performance, including the export subsidies listed in Article 9 of this Agreement;

(f) "implementation period" means the six-year period commencing in the year 1995, except that, for the purposes of Article 13, it means the nine-year period commencing in 1995;

(g) "market access concessions" includes all market access commitments undertaken pursuant to this Agreement;

(h) "Total Aggregate Measurement of Support" and "Total AMS" mean the sum of all domestic support provided in favour of agricultural producers, calculated as the sum of all aggregate measurements of support for basic agricultural products, all non-product-specific aggregate measurements of support and all equivalent measurements of support for agricultural products, and which is:

(i) with respect to support provided during the base period (i.e. the "Base Total AMS") and the maximum support permitted to be provided during any year of the implementation period or thereafter (i.e. the "Annual and Final Bound Commitment Levels"), as specified in Part IV of a Member's Schedule; and

(ii) with respect to the level of support actually provided during any year of the implementation period and thereafter (i.e. the "Current Total AMS"), calculated in accordance with the provisions of this Agreement, including Article 6, and with the constituent data and methodology used in the tables of supporting material incorporated by reference in Part IV of the Member's Schedule;

(i) "year" in paragraph (f) above and in relation to the specific commitments of a Member refers to the calendar, financial or marketing year specified in the Schedule relating to that Member.

Article 2

Product Coverage

This Agreement applies to the products listed in Annex 1 to this Agreement, hereinafter referred to as agricultural products.

Part II

Article 3

Incorporation of Concessions and Commitments

1. The domestic support and export subsidy commitments in Part IV of each Member's Schedule constitute commitments limiting subsidization and are hereby made an integral part of GATT 1994.

2. Subject to the provisions of Article 6, a Member shall not provide support in favour of domestic producers in excess of the commitment levels specified in Section I of Part IV of its Schedule.

3. Subject to the provisions of paragraphs 2(b) and 4 of Article 9, a Member shall not provide export subsidies listed in paragraph 1 of Article 9 in respect of the agricultural products or groups of products specified in Section II of Part IV of its Schedule in excess of the budgetary outlay and quantity commitment levels specified therein and shall not provide such subsidies in respect of any agricultural product not specified in that Section of its Schedule.

Part III

Article 4

Market Access

1. Market access concessions contained in Schedules relate to bindings and reductions of tariffs, and to other market access commitments as specified therein.

2. Members shall not maintain, resort to, or revert to any measures of the kind which have been required to be converted into ordinary customs duties[1], except as otherwise provided for in Article 5 and Annex 5.

Article 5

Special Safeguard Provisions

1. Notwithstanding the provisions of paragraph 1(b) of Article II of GATT 1994, any Member may take recourse to the provisions of paragraphs 4 and 5 below in connection with the importation of an agricultural product, in respect of which measures referred to in paragraph 2 of Article 4 of this Agreement have been converted into an ordinary customs duty and which is designated in its Schedule with the symbol "SSG" as being the subject of a concession in respect of which the provisions of this Article may be invoked, if:

   (a) the volume of imports of that product entering the customs territory of the Member granting the concession during any year exceeds a trigger level which relates to the existing market access opportunity as set out in paragraph 4; or, but not concurrently:

   (b) the price at which imports of that product may enter the customs territory of the Member granting the concession, as determined on the basis of the c.i.f. import price of the shipment concerned expressed in terms of its domestic currency, falls below a trigger price equal to the average 1986 to 1988 reference price[2] for the product concerned.

2. Imports under current and minimum access commitments established as part of a concession referred to in paragraph 1 above shall be counted for the purpose of determining the volume of imports required for invoking the provisions of subparagraph 1(a) and paragraph 4, but imports under such commitments shall not be affected by any additional duty imposed under either subparagraph 1(a) and paragraph 4 or subparagraph 1(b) and paragraph 5 below.

1 These measures include quantitative import restrictions, variable import levies, minimum import prices, discretionary import licensing, non-tariff measures maintained through state-trading enterprises, voluntary export restraints, and similar border measures other than ordinary customs duties, whether or not the measures are maintained under country-specific derogations from the provisions of GATT 1947, but not measures maintained under balance-of-payments provisions or under other general, non-agriculture-specific provisions of GATT 1994 or of the other Multilateral Trade Agreements in Annex 1A to the WTO Agreement.

2 The reference price used to invoke the provisions of this subparagraph 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. It shall, following its initial use, be publicly specified and available to the extent necessary to allow other Members to assess the additional duty that may be levied.

3. Any supplies of the product in question which were *en route* on the basis of a contract settled before the additional duty is imposed under subparagraph 1(a) and paragraph 4 shall be exempted from any such additional duty, provided that they may be counted in the volume of imports of the product in question during the following year for the purposes of triggering the provisions of subparagraph 1(a) in that year.

4. Any additional duty imposed under subparagraph 1(a) shall only be maintained until the end of the year in which it has been imposed, and may only be levied at a level which shall not exceed one third of the level of the ordinary customs duty in effect in the year in which the action is taken. The trigger level shall be set according to the following schedule based on market access opportunities defined as imports as a percentage of the corresponding domestic consumption[3] during the three preceding years for which data are available:

   (a) where such market access opportunities for a product are less than or equal to 10 per cent, the base trigger level shall equal 125 per cent;

   (b) where such market access opportunities for a product are greater than 10 per cent but less than or equal to 30 per cent, the base trigger level shall equal 110 per cent;

   (c) where such market access opportunities for a product are greater than 30 per cent, the base trigger level shall equal 105 per cent.

   In all cases the additional duty may be imposed in any year where the absolute volume of imports of the product concerned entering the customs territory of the Member granting the concession exceeds the sum of (*x*) the base trigger level set out above multiplied by the average quantity of imports during the three preceding years for which data are available and (*y*) the absolute volume change in domestic consumption of the product concerned in the most recent year for which data are available compared to the preceding year, provided that the trigger level shall not be less than 105 per cent of the average quantity of imports in (*x*) above.

5. The additional duty imposed under subparagraph 1(b) shall be set according to the following schedule:

   (a) if the difference between the c.i.f. import price of the shipment expressed in terms of the domestic currency (hereinafter referred to as the "import price") and the trigger price as defined under that subparagraph is less than or equal to 10 per cent of the trigger price, no additional duty shall be imposed;

   (b) if the difference between the import price and the trigger price (hereinafter referred to as the "difference") is greater than 10 per cent but less than or

3 Where domestic consumption is not taken into account, the base trigger level under subparagraph 4(a) shall apply.

equal to 40 per cent of the trigger price, the additional duty shall equal 30 per cent of the amount by which the difference exceeds 10 per cent;

(c) if the difference is greater than 40 per cent but less than or equal to 60 per cent of the trigger price, the additional duty shall equal 50 per cent of the amount by which the difference exceeds 40 per cent, plus the additional duty allowed under (b);

(d) if the difference is greater than 60 per cent but less than or equal to 75 per cent, the additional duty shall equal 70 per cent of the amount by which the difference exceeds 60 per cent of the trigger price, plus the additional duties allowed under (b) and (c);

(e) if the difference is greater than 75 per cent of the trigger price, the additional duty shall equal 90 per cent of the amount by which the difference exceeds 75 per cent, plus the additional duties allowed under (b), (c) and (d).

6. For perishable and seasonal products, the conditions set out above shall be applied in such a manner as to take account of the specific characteristics of such products. In particular, shorter time periods under subparagraph 1(a) and paragraph 4 may be used in reference to the corresponding periods in the base period and different reference prices for different periods may be used under subparagraph 1(b).

7. The operation of the special safeguard shall be carried out in a transparent manner. Any Member taking action under subparagraph 1(a) above shall give notice in writing, including relevant data, to the Committee on Agriculture as far in advance as may be practicable and in any event within 10 days of the implementation of such action. In cases where changes in consumption volumes must be allocated to individual tariff lines subject to action under paragraph 4, relevant data shall include the information and methods used to allocate these changes. A Member taking action under paragraph 4 shall afford any interested Members the opportunity to consult with it in respect of the conditions of application of such action. Any Member taking action under subparagraph 1(b) above shall give notice in writing, including relevant data, to the Committee on Agriculture within 10 days of the implementation of the first such action or, for perishable and seasonal products, the first action in any period. Members undertake, as far as practicable, not to take recourse to the provisions of subparagraph 1(b) where the volume of imports of the products concerned are declining. In either case a Member taking such action shall afford any interested Members the opportunity to consult with it in respect of the conditions of application of such action.

8. Where measures are taken in conformity with paragraphs 1 through 7 above, Members undertake not to have recourse, in respect of such measures, to the provisions of paragraphs 1(a) and 3 of Article XIX of GATT 1994 or paragraph 2 of Article 8 of the Agreement on Safeguards.

9. The provisions of this Article shall remain in force for the duration of the reform process as determined under Article 20.

Part IV

Article 6

Domestic Support Commitments

1. The domestic support reduction commitments of each Member contained in Part IV of its Schedule shall apply to all of its domestic support measures in favour of agricultural producers with the exception of domestic measures which are not subject to reduction in terms of the criteria set out in this Article and in Annex 2 to this Agreement. The commitments are expressed in terms of Total Aggregate Measurement of Support and "Annual and Final Bound Commitment Levels".

2. 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.

3. A Member shall be considered to be in compliance with its domestic support reduction commitments in any year in which its domestic support in favour of agricultural producers expressed in terms of Current Total AMS does not exceed the corresponding annual or final bound commitment level specified in Part IV of the Member's Schedule.

4. (a) A Member shall not be required to include in the calculation of its Current Total AMS and shall not be required to reduce:

   (i) product-specific domestic support which would otherwise be required to be included in a Member's calculation of its Current AMS where such support does not exceed 5 per cent of that Member's total value of production of a basic agricultural product during the relevant year; and

(ii) non-product-specific domestic support which would otherwise be required to be included in a Member's calculation of its Current AMS where such support does not exceed 5 per cent of the value of that Member's total agricultural production.

(b) For developing country Members, the *de minimis* percentage under this paragraph shall be 10 per cent.

5. (a) Direct payments under production-limiting programmes shall not be subject to the commitment to reduce domestic support if:

(i) such payments are based on fixed area and yields; or

(ii) such payments are made on 85 per cent or less of the base level of production; or

(iii) livestock payments are made on a fixed number of head.

(b) The exemption from the reduction commitment for direct payments meeting the above criteria shall be reflected by the exclusion of the value of those direct payments in a Member's calculation of its Current Total AMS.

Article 7

General Disciplines on Domestic Support

1. Each Member shall ensure that any domestic support measures in favour of agricultural producers which are not subject to reduction commitments because they qualify under the criteria set out in Annex 2 to this Agreement are maintained in conformity therewith.

2. (a) Any domestic support measure in favour of agricultural producers, including any modification to such measure, and any measure that is subsequently introduced that cannot be shown to satisfy the criteria in Annex 2 to this Agreement or to be exempt from reduction by reason of any other provision of this Agreement shall be included in the Member's calculation of its Current Total AMS.

(b) Where no Total AMS commitment exists in Part IV of a Member's Schedule, the Member shall not provide support to agricultural producers in excess of the relevant *de minimis* level set out in paragraph 4 of Article 6.

Part V

Article 8

Export Competition Commitments

Each Member undertakes not to provide export subsidies otherwise than in conformity with this Agreement and with the commitments as specified in that Member's Schedule.

Article 9

Export Subsidy Commitments

1. The following export subsidies are subject to reduction commitments under this Agreement:

   (a) the provision by governments or their agencies of direct subsidies, including payments-in-kind, to a firm, to an industry, to producers of an agricultural product, to a cooperative or other association of such producers, or to a marketing board, contingent on export performance;

   (b) the sale or disposal for export by governments or their agencies of non-commercial stocks of agricultural products at a price lower than the comparable price charged for the like product to buyers in the domestic market;

   (c) payments on the export of an agricultural product that are financed by virtue of governmental action, whether or not a charge on the public account is involved, including payments that are financed from the proceeds of a levy imposed on the agricultural product concerned or on an agricultural product from which the exported product is derived;

   (d) the provision of subsidies to reduce the costs of marketing exports of agricultural products (other than widely available export promotion and advisory services) including handling, upgrading and other processing costs, and the costs of international transport and freight;

   (e) internal transport and freight charges on export shipments, provided or mandated by governments, on terms more favourable than for domestic shipments;

(f) subsidies on agricultural products contingent on their incorporation in exported products.

2. (a) Except as provided in subparagraph (b), the export subsidy commitment levels for each year of the implementation period, as specified in a Member's Schedule, represent with respect to the export subsidies listed in paragraph 1 of this Article:

(i) in the case of budgetary outlay reduction commitments, the maximum level of expenditure for such subsidies that may be allocated or incurred in that year in respect of the agricultural product, or group of products, concerned; and

(ii) in the case of export quantity reduction commitments, the maximum quantity of an agricultural product, or group of products, in respect of which such export subsidies may be granted in that year.

(b) In any of the second through fifth years of the implementation period, a Member may provide export subsidies listed in paragraph 1 above in a given year in excess of the corresponding annual commitment levels in respect of the products or groups of products specified in Part IV of the Member's Schedule, provided that:

(i) the cumulative amounts of budgetary outlays for such subsidies, from the beginning of the implementation period through the year in question, does not exceed the cumulative amounts that would have resulted from full compliance with the relevant annual outlay commitment levels specified in the Member's Schedule by more than 3 per cent of the base period level of such budgetary outlays;

(ii) the cumulative quantities exported with the benefit of such export subsidies, from the beginning of the implementation period through the year in question, does not exceed the cumulative quantities that would have resulted from full compliance with the relevant annual quantity commitment levels specified in the Member's Schedule by more than 1.75 per cent of the base period quantities;

(iii) the total cumulative amounts of budgetary outlays for such export subsidies and the quantities benefiting from such export subsidies over the entire implementation period are no greater than the totals that would have resulted from full compliance with the relevant annual commitment levels specified in the Member's Schedule; and

(iv) the Member's budgetary outlays for export subsidies and the quantities benefiting from such subsidies, at the conclusion of the implementation period, are no greater than 64 per cent and 79 per cent of the 1986-1990 base period levels, respectively. For developing country Members these percentages shall be 76 and 86 per cent, respectively.

3. Commitments relating to limitations on the extension of the scope of export subsidization are as specified in Schedules.

4. During the implementation period, developing country Members shall not be required to undertake commitments in respect of the export subsidies listed in subparagraphs (d) and (e) of paragraph 1 above, provided that these are not applied in a manner that would circumvent reduction commitments.

Article 10

Prevention of Circumvention of Export Subsidy Commitments

1. Export subsidies not listed in paragraph 1 of Article 9 shall not be applied in a manner which results in, or which threatens to lead to, circumvention of export subsidy commitments; nor shall non-commercial transactions be used to circumvent such commitments.

2. Members undertake to work toward the development of internationally agreed disciplines to govern the provision of export credits, export credit guarantees or insurance programmes and, after agreement on such disciplines, to provide export credits, export credit guarantees or insurance programmes only in conformity therewith.

3. Any Member which claims that any quantity exported in excess of a reduction commitment level is not subsidized must establish that no export subsidy, whether listed in Article 9 or not, has been granted in respect of the quantity of exports in question.

4. Members donors of international food aid shall ensure:

   (a) that the provision of international food aid is not tied directly or indirectly to commercial exports of agricultural products to recipient countries;

   (b) that international food aid transactions, including bilateral food aid which is monetized, shall be carried out in accordance with the FAO "Principles of Surplus Disposal and Consultative Obligations", including, where appropriate, the system of Usual Marketing Requirements (UMRs); and

(c) that such aid shall be provided to the extent possible in fully grant form or on terms no less concessional than those provided for in Article IV of the Food Aid Convention 1986.

Article 11

Incorporated Products

In no case may the per-unit subsidy paid on an incorporated agricultural primary product exceed the per-unit export subsidy that would be payable on exports of the primary product as such.

Part VI

Article 12

Disciplines on Export Prohibitions and Restrictions

1. Where any Member institutes any new export prohibition or restriction on foodstuffs in accordance with paragraph 2(a) of Article XI of GATT 1994, the Member shall observe the following provisions:

   (a) the Member instituting the export prohibition or restriction shall give due consideration to the effects of such prohibition or restriction on importing Members' food security;

   (b) before any Member institutes an export prohibition or restriction, it shall give notice in writing, as far in advance as practicable, to the Committee on Agriculture comprising such information as the nature and the duration of such measure, and shall 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. The Member instituting such export prohibition or restriction shall provide, upon request, such a Member with necessary information.

2. The provisions of this Article shall not apply to any developing country Member, unless the measure is taken by a developing country Member which is a net-food exporter of the specific foodstuff concerned.

Part VII

Article 13

Due Restraint

During the implementation period, notwithstanding the provisions of GATT 1994 and the Agreement on Subsidies and Countervailing Measures (referred to in this Article as the "Subsidies Agreement"):

(a) domestic support measures that conform fully to the provisions of Annex 2 to this Agreement shall be:

(i) non-actionable subsidies for purposes of countervailing duties[4];

(ii) exempt from actions based on Article XVI of GATT 1994 and Part III of the Subsidies Agreement; and

(iii) exempt from actions based on non-violation nullification or impairment of the benefits of tariff concessions accruing to another Member under Article II of GATT 1994, in the sense of paragraph 1(b) of Article XXIII of GATT 1994;

(b) domestic support measures that conform fully to the provisions of Article 6 of this Agreement including direct payments that conform to the requirements of paragraph 5 thereof, as reflected in each Member's Schedule, as well as domestic support within de minimis levels and in conformity with paragraph 2 of Article 6, shall be:

(i) exempt from the imposition of countervailing duties unless a determination of injury or threat thereof is made in accordance with Article VI of GATT 1994 and Part V of the Subsidies Agreement, and due restraint shall be shown in initiating any countervailing duty investigations;

(ii) exempt from actions based on paragraph 1 of Article XVI of GATT 1994 or Articles 5 and 6 of the Subsidies Agreement, provided that such measures do not grant support to a specific commodity in excess of that decided during the 1992 marketing year; and

4 "Countervailing duties" where referred to in this Article are those covered by Article VI of GATT 1994 and Part V of the Agreement on Subsidies and Countervailing Measures.

(iii) exempt from actions based on non-violation nullification or impairment of the benefits of tariff concessions accruing to another Member under Article II of GATT 1994, in the sense of paragraph 1(b) of Article XXIII of GATT 1994, provided that such measures do not grant support to a specific commodity in excess of that decided during the 1992 marketing year;

(c) export subsidies that conform fully to the provisions of Part V of this Agreement, as reflected in each Member's Schedule, shall be:

(i) subject to countervailing duties only upon a determination of injury or threat thereof based on volume, effect on prices, or consequent impact in accordance with Article VI of GATT 1994 and Part V of the Subsidies Agreement, and due restraint shall be shown in initiating any countervailing duty investigations; and

(ii) exempt from actions based on Article XVI of GATT 1994 or Articles 3, 5 and 6 of the Subsidies Agreement.

Part VIII

Article 14

Sanitary and Phytosanitary Measures

Members agree to give effect to the Agreement on the Application of Sanitary and Phytosanitary Measures.

Part IX

Article 15

Special and Differential Treatment

1. In keeping with the recognition that differential and more favourable treatment for developing country Members is an integral part of the negotiation, special and differential treatment in respect of commitments shall be provided as set out in the

relevant provisions of this Agreement and embodied in the Schedules of concessions and commitments.

2. Developing country Members shall have the flexibility to implement reduction commitments over a period of up to 10 years. Least-developed country Members shall not be required to undertake reduction commitments.

Part X

Article 16

Least-Developed and Net Food-Importing Developing Countries

1. Developed country Members shall take such action as is provided for within the framework of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries.

2. The Committee on Agriculture shall monitor, as appropriate, the follow-up to this Decision.

Part XI

Article 17

Committee on Agriculture

A Committee on Agriculture is hereby established.

Article 18

Review of the Implementation of Commitments

1. Progress in the implementation of commitments negotiated under the Uruguay Round reform programme shall be reviewed by the Committee on Agriculture.

2. The review process shall be undertaken on the basis of notifications submitted by Members in relation to such matters and at such intervals as shall be determined, as well as on the basis of such documentation as the Secretariat may be requested to prepare in order to facilitate the review process.

3. In addition to the notifications to be submitted under paragraph 2, any new domestic support measure, or modification of an existing measure, for which exemption from reduction is claimed shall be notified promptly. This notification shall contain details of the new or modified measure and its conformity with the agreed criteria as set out either in Article 6 or in Annex 2.

4. In the review process Members shall give due consideration to the influence of excessive rates of inflation on the ability of any Member to abide by its domestic support commitments.

5. Members agree to consult annually in the Committee on Agriculture with respect to their participation in the normal growth of world trade in agricultural products within the framework of the commitments on export subsidies under this Agreement.

6. The review process shall provide an opportunity for Members to raise any matter relevant to the implementation of commitments under the reform programme as set out in this Agreement.

7. Any Member may bring to the attention of the Committee on Agriculture any measure which it considers ought to have been notified by another Member.

Article 19

Consultation and Dispute Settlement

The provisions of Articles XXII and XXIII of GATT 1994, as elaborated and applied by the Dispute Settlement Understanding, shall apply to consultations and the settlement of disputes under this Agreement.

Part XII

Article 20

Continuation of the Reform Process

Recognizing that the long-term objective of substantial progressive reductions in support and protection resulting in fundamental reform is an ongoing process, Members agree that negotiations for continuing the process will be initiated one year before the end of the implementation period, taking into account:

(a) the experience to that date from implementing the reduction commitments;

(b) the effects of the reduction commitments on world trade in agriculture;

(c) non-trade concerns, special and differential treatment to developing country Members, and the objective to establish a fair and market-oriented agricultural trading system, and the other objectives and concerns mentioned in the preamble to this Agreement; and

(d) what further commitments are necessary to achieve the above mentioned long-term objectives.

Part XIII

Article 21

Final Provisions

1. The provisions of GATT 1994 and of other Multilateral Trade Agreements in Annex 1A to the WTO Agreement shall apply subject to the provisions of this Agreement.

2. The Annexes to this Agreement are hereby made an integral part of this Agreement.

ANNEX 1

PRODUCT COVERAGE

1. This Agreement shall cover the following products:

HS Chapters 1 to 24 less fish and fish products, plus*			
(i)	HS Code	2905.43	(mannitol)
(ii)	HS Code	2905.44	(sorbitol)
	HS Heading	33.01	(essential oils)
	HS Headings	35.01 to 35.05	(albuminoidal substances, modified starches, glues)
	HS Code	3809.10	(finishing agents)
	HS Code	3823.60	(sorbitol n.e.p.)
	HS Headings	41.01 to 41.03	(hides and skins)
	HS Heading	43.01	(raw furskins)
	HS Headings	50.01 to 50.03	(raw silk and silk waste)
	HS Headings	51.01 to 51.03	(wool and animal hair)
	HS Headings	52.01 to 52.03	(raw cotton, waste and cotton carded or combed)
	HS Heading	53.01	(raw flax)
	HS Heading	53.02	(raw hemp)

2. The foregoing shall not limit the product coverage of the Agreement on the Application of Sanitary and Phytosanitary Measures.

*The product descriptions in round brackets are not necessarily exhaustive.

ANNEX 2

DOMESTIC SUPPORT: THE BASIS FOR EXEMPTION FROM THE REDUCTION COMMITMENTS

1. Domestic support measures for which exemption from the reduction commitments is claimed shall meet the fundamental requirement that they have no, or at most minimal, trade-distorting effects or effects on production. Accordingly, all measures for which exemption is claimed shall conform to the following basic criteria:

   (a) the support in question shall be provided through a publicly-funded government programme (including government revenue foregone) not involving transfers from consumers; and,

   (b) the support in question shall not have the effect of providing price support to producers;

   plus policy-specific criteria and conditions as set out below.

Government Service Programmes

2. General services

   Policies in this category involve expenditures (or revenue foregone) in relation to programmes which provide services or benefits to agriculture or the rural community. They shall not involve direct payments to producers or processors. Such programmes, which include but are not restricted to the following list, shall meet the general criteria in paragraph 1 above and policy-specific conditions where set out below:

   (a) research, including general research, research in connection with environmental programmes, and research programmes relating to particular products;

   (b) pest and disease control, including general and product-specific pest and disease control measures, such as early-warning systems, quarantine and eradication;

   (c) training services, including both general and specialist training facilities;

   (d) extension and advisory services, including the provision of means to facilitate the transfer of information and the results of research to producers and consumers;

(e) inspection services, including general inspection services and the inspection of particular products for health, safety, grading or standardization purposes;

(f) marketing and promotion services, including market information, advice and promotion relating to particular products but excluding expenditure for unspecified purposes that could be used by sellers to reduce their selling price or confer a direct economic benefit to purchasers; and

(g) infrastructural services, including: electricity reticulation, roads and other means of transport, market and port facilities, water supply facilities, dams and drainage schemes, and infrastructural works associated with environmental programmes. In all cases the expenditure shall be directed to the provision or construction of capital works only, and shall exclude the subsidized provision of on-farm facilities other than for the reticulation of generally available public utilities. It shall not include subsidies to inputs or operating costs, or preferential user charges.

3. Public stockholding for food security purposes[5]

Expenditures (or revenue foregone) in relation to the accumulation and holding of stocks of products which form an integral part of a food security programme identified in national legislation. This may include government aid to private storage of products as part of such a programme.

The volume and accumulation of such stocks shall correspond to predetermined targets related solely to food security. The process of stock accumulation and disposal shall be financially transparent. Food purchases by the government shall be made at current market prices and sales from food security stocks shall be made at no less than the current domestic market price for the product and quality in question.

4. Domestic food aid[6]

Expenditures (or revenue foregone) in relation to the provision of domestic food aid to sections of the population in need.

5 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 price is accounted for in the AMS.

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.

Eligibility to receive the food aid shall be subject to clearly-defined criteria related to nutritional objectives. Such aid shall be in the form of direct provision of food to those concerned or the provision of means to allow eligible recipients to buy food either at market or at subsidized prices. Food purchases by the government shall be made at current market prices and the financing and administration of the aid shall be transparent.

5. Direct payments to producers

Support provided through direct payments (or revenue foregone, including payments in kind) to producers for which exemption from reduction commitments is claimed shall meet the basic criteria set out in paragraph 1 above, plus specific criteria applying to individual types of direct payment as set out in paragraphs 6 through 13 below. Where exemption from reduction is claimed for any existing or new type of direct payment other than those specified in paragraphs 6 through 13, it shall conform to criteria (b) through (e) in paragraph 6, in addition to the general criteria set out in paragraph 1.

6. Decoupled income support

(a) Eligibility for such payments shall be determined by clearly-defined criteria such as income, status as a producer or landowner, factor use or production level in a defined and fixed base period.

(b) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the base period.

(c) The amount of such payments in any given year shall not be related to, or based on, the prices, domestic or international, applying to any production undertaken in any year after the base period.

(d) The amount of such payments in any given year shall not be related to, or based on, the factors of production employed in any year after the base period.

(e) No production shall be required in order to receive such payments.

7. Government financial participation in income insurance and income safety-net programmes

(a) Eligibility for such payments shall be determined by an income loss, taking into account only income derived from agriculture, which exceeds 30 per cent of average gross income or the equivalent in net income terms (excluding any payments from the same or similar schemes) in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry. Any producer meeting this condition shall be eligible to receive the payments.

(b) The amount of such payments shall compensate for less than 70 per cent of the producer's income loss in the year the producer becomes eligible to receive this assistance.

(c) The amount of any such payments shall relate solely to income; it shall not relate to the type or volume of production (including livestock units) undertaken by the producer; or to the prices, domestic or international, applying to such production; or to the factors of production employed.

(d) Where a producer receives in the same year payments under this paragraph and under paragraph 8 (relief from natural disasters), the total of such payments shall be less than 100 per cent of the producer's total loss.

8. Payments (made either directly or by way of government financial participation in crop insurance schemes) for relief from natural disasters

(a) Eligibility for such payments shall arise only following a formal recognition by government authorities that a natural or like disaster (including disease outbreaks, pest infestations, nuclear accidents, and war on the territory of the Member concerned) has occurred or is occurring; and shall be determined by a production loss which exceeds 30 per cent of the average of production in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry.

(b) Payments made following a disaster shall be applied only in respect of losses of income, livestock (including payments in connection with the veterinary treatment of animals), land or other production factors due to the natural disaster in question.

(c) Payments shall compensate for not more than the total cost of replacing such losses and shall not require or specify the type or quantity of future production.

(d) Payments made during a disaster shall not exceed the level required to prevent or alleviate further loss as defined in criterion (b) above.

(e) Where a producer receives in the same year payments under this paragraph and under paragraph 7 (income insurance and income safety-net programmes), the total of such payments shall be less than 100 per cent of the producer's total loss.

9. Structural adjustment assistance provided through producer retirement programmes

(a) Eligibility for such payments shall be determined by reference to clearly defined criteria in programmes designed to facilitate the retirement of persons engaged in marketable agricultural production, or their movement to non-agricultural activities.

(b) Payments shall be conditional upon the total and permanent retirement of the recipients from marketable agricultural production.

10. Structural adjustment assistance provided through resource retirement programmes

(a) Eligibility for such payments shall be determined by reference to clearly defined criteria in programmes designed to remove land or other resources, including livestock, from marketable agricultural production.

(b) Payments shall be conditional upon the retirement of land from marketable agricultural production for a minimum of three years, and in the case of livestock on its slaughter or definitive permanent disposal.

(c) Payments shall not require or specify any alternative use for such land or other resources which involves the production of marketable agricultural products.

(d) Payments shall not be related to either the type or quantity of production or to the prices, domestic or international, applying to production undertaken using the land or other resources remaining in production.

11. Structural adjustment assistance provided through investment aids

(a) Eligibility for such payments shall be determined by reference to clearly-defined criteria in government programmes designed to assist the financial or physical restructuring of a producer's operations in response to objectively demonstrated structural disadvantages. Eligibility for such programmes may also be based on a clearly-defined government programme for the reprivatization of agricultural land.

(b) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the base period other than as provided for under criterion (e) below.

(c) The amount of such payments in any given year shall not be related to, or based on, the prices, domestic or international, applying to any production undertaken in any year after the base period.

(d) The payments shall be given only for the period of time necessary for the realization of the investment in respect of which they are provided.

(e) The payments shall not mandate or in any way designate the agricultural products to be produced by the recipients except to require them not to produce a particular product.

(f) The payments shall be limited to the amount required to compensate for the structural disadvantage.

12. Payments under environmental programmes

(a) Eligibility for such payments shall be determined as part of a clearly-defined government environmental or conservation programme and be dependent on the fulfilment of specific conditions under the government programme, including conditions related to production methods or inputs.

(b) The amount of payment shall be limited to the extra costs or loss of income involved in complying with the government programme.

13. Payments under regional assistance programmes

(a) Eligibility for such payments shall be limited to producers in disadvantaged regions. Each such region must be a clearly designated contiguous geographical area with a definable economic and administrative identity, considered as disadvantaged on the basis of neutral and objective criteria clearly spelt out in law or regulation and indicating that the region's difficulties arise out of more than temporary circumstances.

(b) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the base period other than to reduce that production.

(c) The amount of such payments in any given year shall not be related to, or based on, the prices, domestic or international, applying to any production undertaken in any year after the base period.

(d) Payments shall be available only to producers in eligible regions, but generally available to all producers within such regions.

(e) Where related to production factors, payments shall be made at a degressive rate above a threshold level of the factor concerned.

(f) The payments shall be limited to the extra costs or loss of income involved in undertaking agricultural production in the prescribed area.

ANNEX 3

DOMESTIC SUPPORT: CALCULATION OF AGGREGATE MEASUREMENT OF SUPPORT

1. Subject to the provisions of Article 6, an Aggregate Measurement of Support (AMS) shall be calculated on a product-specific basis for each basic agricultural product receiving market price support, non-exempt direct payments, or any other subsidy not exempted from the reduction commitment ("other non-exempt policies"). Support which is non-product specific shall be totalled into one non-product-specific AMS in total monetary terms.

2. Subsidies under paragraph 1 shall include both budgetary outlays and revenue foregone by governments or their agents.

3. Support at both the national and sub-national level shall be included.

4. Specific agricultural levies or fees paid by producers shall be deducted from the AMS.

5. The AMS calculated as outlined below for the base period shall constitute the base level for the implementation of the reduction commitment on domestic support.

6. For each basic agricultural product, a specific AMS shall be established, expressed in total monetary value terms.

7. The AMS shall be calculated as close as practicable to the point of first sale of the basic agricultural product concerned. Measures directed at agricultural processors shall be included to the extent that such measures benefit the producers of the basic agricultural products.

8. Market price support: market price support shall be calculated using the gap between a fixed external reference price and the applied administered price multiplied by the quantity of production eligible to receive the applied administered price. Budgetary payments made to maintain this gap, such as buying-in or storage costs, shall not be included in the AMS.

9. The fixed external reference price shall be based on the years 1986 to 1988 and shall generally be the average f.o.b. unit value for the basic agricultural product concerned in a net exporting country and the average c.i.f. unit value for the basic agricultural product concerned in a net importing country in the base period. The fixed reference price may be adjusted for quality differences as necessary.

10. Non-exempt direct payments: non-exempt direct payments which are dependent on a price gap shall be calculated either using the gap between the fixed reference price and the applied administered price multiplied by the quantity of production eligible to receive the administered price, or using budgetary outlays.

11. The fixed reference price shall be based on the years 1986 to 1988 and shall generally be the actual price used for determining payment rates.

12. Non-exempt direct payments which are based on factors other than price shall be measured using budgetary outlays.

13. Other non-exempt measures, including input subsidies and other measures such as marketing-cost reduction measures: the value of such measures shall be measured using government budgetary outlays or, where the use of budgetary outlays does not reflect the full extent of the subsidy concerned, the basis for calculating the subsidy shall be the gap between the price of the subsidized good or service and a representative market price for a similar good or service multiplied by the quantity of the good or service.

ANNEX 4

DOMESTIC SUPPORT: CALCULATION OF EQUIVALENT MEASUREMENT OF SUPPORT

1. Subject to the provisions of Article 6, equivalent measurements of support shall be calculated in respect of all basic agricultural products where market price support as defined in Annex 3 exists but for which calculation of this component of the AMS is not practicable. For such products the base level for implementation of the domestic support reduction commitments shall consist of a market price support component expressed in terms of equivalent measurements of support under paragraph 2 below, as well as any non-exempt direct payments and other non-exempt support, which shall be evaluated as provided for under paragraph 3 below. Support at both national and sub-national level shall be included.

2. The equivalent measurements of support provided for in paragraph 1 shall be calculated on a product-specific basis for all basic agricultural products as close as practicable to the point of first sale receiving market price support and for which the calculation of the market price support component of the AMS is not practicable. For those basic agricultural products, equivalent measurements of market price support shall be made using the applied administered price and the quantity of production eligible to receive that price or, where this is not practicable, on budgetary outlays used to maintain the producer price.

3. Where basic agricultural products falling under paragraph 1 are the subject of non-exempt direct payments or any other product-specific subsidy not exempted from the reduction commitment, the basis for equivalent measurements of support concerning these measures shall be calculations as for the corresponding AMS components (specified in paragraphs 10 through 13 of Annex 3).

4. Equivalent measurements of support shall be calculated on the amount of subsidy as close as practicable to the point of first sale of the basic agricultural product concerned. Measures directed at agricultural processors shall be included to the extent that such measures benefit the producers of the basic agricultural products. Specific agricultural levies or fees paid by producers shall reduce the equivalent measurements of support by a corresponding amount.

ANNEX 5

SPECIAL TREATMENT WITH RESPECT TO PARAGRAPH 2 OF ARTICLE 4

Section A

1. The provisions of paragraph 2 of Article 4 shall not apply with effect from the entry into force of the WTO Agreement to any primary agricultural product and its worked and/or prepared products ("designated products") in respect of which the following conditions are complied with (hereinafter referred to as "special treatment"):

   (a) imports of the designated products comprised less than 3 per cent of corresponding domestic consumption in the base period 1986-1988 ("the base period");

   (b) no export subsidies have been provided since the beginning of the base period for the designated products;

   (c) effective production-restricting measures are applied to the primary agricultural product;

   (d) such products are designated with the symbol "ST-Annex 5" in Section I-B of Part I of a Member's Schedule annexed to the Marrakesh Protocol, as being subject to special treatment reflecting factors of non-trade concerns, such as food security and environmental protection; and

   (e) minimum access opportunities in respect of the designated products correspond, as specified in Section I-B of Part I of the Schedule of the Member concerned, to 4 per cent of base period domestic consumption of the designated products from the beginning of the first year of the implementation period and, thereafter, are increased by 0.8 per cent of corresponding domestic consumption in the base period per year for the remainder of the implementation period.

2. At the beginning of any year of the implementation period a Member may cease to apply special treatment in respect of the designated products by complying with the provisions of paragraph 6. In such a case, the Member concerned shall maintain the minimum access opportunities already in effect at such time and increase the minimum access opportunities by 0.4 per cent of corresponding domestic consumption in the base period per year for the remainder of the implementation period. Thereafter, the level of minimum access opportunities resulting from this formula in the final year of the implementation period shall be maintained in the Schedule of the Member concerned.

3. Any negotiation on the question of whether there can be a continuation of the special treatment as set out in paragraph 1 after the end of the implementation period shall be completed within the time-frame of the implementation period itself as a part of the negotiations set out in Article 20 of this Agreement, taking into account the factors of non-trade concerns.

4. If it is agreed as a result of the negotiation referred to in paragraph 3 that a Member may continue to apply the special treatment, such Member shall confer additional and acceptable concessions as determined in that negotiation.

5. Where the special treatment is not to be continued at the end of the implementation period, the Member concerned shall implement the provisions of paragraph 6. In such a case, after the end of the implementation period the minimum access opportunities for the designated products shall be maintained at the level of 8 per cent of corresponding domestic consumption in the base period in the Schedule of the Member concerned.

6. Border measures other than ordinary customs duties maintained in respect of the designated products shall become subject to the provisions of paragraph 2 of Article 4 with effect from the beginning of the year in which the special treatment ceases to apply. Such products shall be subject to ordinary customs duties, which shall be bound in the Schedule of the Member concerned and applied, from the beginning of the year in which special treatment ceases and thereafter, at such rates as would have been applicable had a reduction of at least 15 per cent been implemented over the implementation period in equal annual instalments. These duties shall be established on the basis of tariff equivalents to be calculated in accordance with the guidelines prescribed in the attachment hereto.

Section B

7. The provisions of paragraph 2 of Article 4 shall also not apply with effect from the entry into force of the WTO Agreement to a primary agricultural product that is the predominant staple in the traditional diet of a developing country Member and in respect of which the following conditions, in addition to those specified in paragraph 1(a) through 1(d), as they apply to the products concerned, are complied with:

   (a) minimum access opportunities in respect of the products concerned, as specified in Section I-B of Part I of the Schedule of the developing country Member concerned, correspond to 1 per cent of base period domestic consumption of the products concerned from the beginning of the first year of the implementation period and are increased in equal annual instalments to 2 per cent of corresponding domestic consumption in the base period at the beginning of the fifth year of the implementation period. From the beginning of the sixth year of the implementation period, minimum access opportunities in respect of the products concerned correspond to 2 per cent of corresponding domestic consumption in the base period and are increased in equal annual

instalments to 4 per cent of corresponding domestic consumption in the base period until the beginning of the 10th year. Thereafter, the level of minimum access opportunities resulting from this formula in the 10th year shall be maintained in the Schedule of the developing country Member concerned;

(b) appropriate market access opportunities have been provided for in other products under this Agreement.

8. Any negotiation on the question of whether there can be a continuation of the special treatment as set out in paragraph 7 after the end of the 10th year following the beginning of the implementation period shall be initiated and completed within the time-frame of the 10th year itself following the beginning of the implementation period.

9. If it is agreed as a result of the negotiation referred to in paragraph 8 that a Member may continue to apply the special treatment, such Member shall confer additional and acceptable concessions as determined in that negotiation.

10. In the event that special treatment under paragraph 7 is not to be continued beyond the 10th year following the beginning of the implementation period, the products concerned shall be subject to ordinary customs duties, established on the basis of a tariff equivalent to be calculated in accordance with the guidelines prescribed in the attachment hereto, which shall be bound in the Schedule of the Member concerned. In other respects, the provisions of paragraph 6 shall apply as modified by the relevant special and differential treatment accorded to developing country Members under this Agreement.

Attachment to Annex 5

Guidelines for the Calculation of Tariff Equivalents for the Specific Purpose Specified in Paragraphs 6 and 10 of this Annex

1. The calculation of the tariff equivalents, whether expressed as *ad valorem* or specific rates, shall be made using the actual difference between internal and external prices in a transparent manner. Data used shall be for the years 1986 to 1988. Tariff equivalents:

(a) shall primarily be established at the four-digit level of the HS;

(b) shall be established at the six-digit or a more detailed level of the HS wherever appropriate;

(c) shall generally be established for worked and/or prepared products by multiplying the specific tariff equivalent(s) for the primary agricultural product(s) by the proportion(s) in value terms or in physical terms as appropriate of the primary agricultural product(s) in the worked and/or prepared products, and

take account, where necessary, of any additional elements currently providing protection to industry.

2. External prices shall be, in general, actual average c.i.f. unit values for the importing country. Where average c.i.f. unit values are not available or appropriate, external prices shall be either:

   (a) appropriate average c.i.f. unit values of a near country; or

   (b) estimated from average f.o.b. unit values of (an) appropriate major exporter(s) adjusted by adding an estimate of insurance, freight and other relevant costs to the importing country.

3. The external prices shall generally be converted to domestic currencies using the annual average market exchange rate for the same period as the price data.

4. The internal price shall generally be a representative wholesale price ruling in the domestic market or an estimate of that price where adequate data is not available.

5. The initial tariff equivalents may be adjusted, where necessary, to take account of differences in quality or variety using an appropriate coefficient.

6. Where a tariff equivalent resulting from these guidelines is negative or lower than the current bound rate, the initial tariff equivalent may be established at the current bound rate or on the basis of national offers for that product.

7. Where an adjustment is made to the level of a tariff equivalent which would have resulted from the above guidelines, the Member concerned shall afford, on request, full opportunities for consultation with a view to negotiating appropriate solutions.

2013 Bali Package on agriculture

General Services (Ministerial Decision WT/MIN(13)/37)

MINISTERIAL DECISION OF 7 DECEMBER 2013

The Ministerial Conference,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

Decides as follows:

Members recognize the contribution that General Services programmes can make to rural development, food security and poverty alleviation, particularly in developing countries. This includes a range of General Services programmes relating to land reform and rural livelihood security that a number of developing countries have highlighted as particularly important in advancing these objectives. Accordingly, Members note that, subject to Annex 2 of the Agreement on Agriculture, the types of programmes listed below could be considered as falling within the scope of the non-exhaustive list of general services programmes in Annex 2, paragraph 2 of the AoA.

General Services programmes related to land reform and rural livelihood security, such as:

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.

Public Stockholding for Food Security Purposes (Ministerial Decision WT/MIN(13)/38)

MINISTERIAL DECISION OF 7 DECEMBER 2013

The Ministerial Conference,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

Decides as follows:

1. Members agree to put in place an interim mechanism as set out below, and to negotiate on an agreement for a permanent solution[1], for the issue of public stockholding for food security purposes for adoption by the 11th Ministerial Conference.

2. In the interim, until a permanent solution is found, and provided that the conditions set out below are met, Members shall refrain from challenging through the WTO Dispute Settlement Mechanism, compliance of a developing Member with its obligations under Articles 6.3 and 7.2 (b) of the Agreement on Agriculture (AoA) in relation to support provided for traditional staple food crops[2] in pursuance of public stockholding programmes for food security purposes existing as of the date of this Decision, that are consistent with the criteria of paragraph 3, footnote 5, and footnote 5&6 of Annex 2 to the AoA when the developing Member complies with the terms of this Decision.[3]

NOTIFICATION AND TRANSPARENCY

3. A developing Member benefiting from this Decision must:

   a. have notified the Committee on Agriculture that it is exceeding or is at risk of exceeding either or both of its Aggregate Measurement of Support (AMS) limits (the Member's Bound Total AMS or the *de minimis* level) as result of its programmes mentioned above;

1 The permanent solution will be applicable to all developing Members.

2 This term refers to primary agricultural products that are predominant staples in the traditional diet of a developing Member.

3 This Decision does not preclude developing Members from introducing programmes of public stockholding for food security purposes in accordance with the relevant provisions of the Agreement on Agriculture.

b. have fulfilled and continue to fulfil its domestic support notification requirements under the AoA in accordance with document G/AG/2 of 30 June 1995, as specified in the Annex;

c. have provided, and continue to provide on an annual basis, additional information by completing the template contained in the Annex, for each public stockholding programme that it maintains for food security purposes; and

d. provide any additional relevant statistical information described in the Statistical Appendix to the Annex as soon as possible after it becomes available, as well as any information updating or correcting any information earlier submitted.

ANTI-CIRCUMVENTION/SAFEGUARDS

4. Any developing Member seeking coverage of programmes under paragraph 2 shall ensure that stocks procured under such programmes do not distort trade or adversely affect the food security of other Members.

5. This Decision shall not be used in a manner that results in an increase of the support subject to the Member's Bound Total AMS or the de minimis limits provided under programmes other than those notified under paragraph 3.a.

CONSULTATIONS

6. A developing Member benefiting from this Decision shall upon request hold consultations with other Members on the operation of its public stockholding programmes notified under paragraph 3.a.

MONITORING

7. The Committee on Agriculture shall monitor the information submitted under this Decision.

WORK PROGRAMME

8. Members agree to establish a work programme to be undertaken in the Committee on Agriculture to pursue this issue with the aim of making recommendations for a permanent solution. This work programme shall take into account Members' existing and future submissions.

9. In the context of the broader post-Bali agenda, Members commit to the work programme mentioned in the previous paragraph with the aim of concluding it no later than the 11th Ministerial Conference.

10. The General Council shall report to the 10th Ministerial Conference for an evaluation of the operation of this Decision, particularly on the progress made on the work programme.

ANNEX

Template [Developing Member's name]

General information

1. Factual information confirming that DS:1 notifications and relevant supporting tables for the preceding 5 years are up-to-date (e.g. date and document details)
2. Details of the programme sufficient to identify food security objective and scale of the programme, including:
a. Name of the programme
b. Traditional staple food crop(s) covered
c. Agency in charge of implementation
d. Relevant laws and regulations
e. Date of commencement of the programme
f. Officially published objective criteria or guidelines
3. Practical description of how the programme operates, including:
a. Provisions relating to the purchase of stocks, including the way the administered acquisition price is determined
b. Provisions related to volume and accumulation of stocks, including any provisions related to pre-determined targets and quantitative limits
c. Provisions related to the release of stocks, including the determination of the release price and targeting (eligibility to receive procured stocks)
4. A description of any measures aimed at minimising production or trade distortive effects of the programme
5. Statistical information (as per the Statistical Appendix below)
6. Any other information considered relevant, including website references

Statistical Appendix (per crop) (data for the latest three years)

	Unit	[Year 1]	[Year 2]	[Year 3]
[Name of the crop]				
a. Opening balance of stocks				
b. Annual purchases under the programme (value)				
c. Annual purchases under the programme (quantity)				
d. Annual releases under the programme (value)				
e. Annual releases under the programme (quantity)				
f. Purchase prices				
g. Release prices				
h. End-year stocks				
i. Total production (quantity)				
j. Total production (value)				
k. Information on population benefiting from the release of this crop and quantities released:				
▪ Estimated number of beneficiaries at national level and, if possible, at sub-national level				
▪ Quantity released to the beneficiaries at the national level and, if possible, at the sub-national level				
▪ Other				
l. In the case of government aid to private storage, statistics on the support granted and any updated statistics				
m. Total imports (value)				
n. Total imports (quantity)				
o. Total exports (value)				
p. Total exports (quantity)				

Post-Bali November 2014 (General Council decision WT/L/939)

Public Stockholding for Food Security Purposes

DECISION OF 27 NOVEMBER 2014

The General Council,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization (the "WTO Agreement");

Conducting the functions of the Ministerial Conference in the interval between meetings pursuant to paragraph 2 of Article IV of the WTO Agreement;

Recognizing the importance of public stockholding for food security purposes for developing countries;

Noting the Ministerial Decision of 7 December 2013 on Public Stockholding for Food Security Purposes (WT/MIN(13)/38-WT/L/913) dated 11 December 2013 (hereinafter referred to as the "Bali Decision");

Decides that:

1. Paragraph 2 of the Bali Decision shall be read as follows: Until a permanent solution[1] is agreed and adopted, and provided that the conditions set out in paragraphs 3 to 6 of the Bali Decision are met, Members shall not challenge through the WTO Dispute Settlement Mechanism, compliance of a developing Member with its obligations under Articles 6.3 and 7.2(b) of the Agreement on Agriculture (AoA) in relation to support provided for traditional staple food crops[2] in pursuance of public stockholding programmes for food security purposes existing as of the date of the Bali Decision,[3] that are consistent with the criteria of paragraph 3, footnote 5, and footnote 5 and 6 of Annex 2 to the AoA.

1 The permanent solution will be applicable to all developing Members.

2 This term refers to primary agricultural products that are predominant staples in the traditional diet of a developing Member.

3 This Decision does not preclude developing Members from introducing programmes of public stockholding for food security purposes in accordance with the relevant provisions of the Agreement on Agriculture.

2. If a permanent solution for the issue of public stockholding for food security purposes is not agreed and adopted by the 11th Ministerial Conference, the mechanism referred to in paragraph 1 of the Bali Decision, as set out in paragraph 1 of this Decision, shall continue to be in place until a permanent solution is agreed and adopted.

3. In accordance with paragraph 1.11 of the Bali Ministerial Declaration (WT/MIN(13)/DEC) dated 11 December 2013, the negotiations on a permanent solution on the issue of public stockholding for food security purposes shall be pursued on priority.

4. Members shall engage constructively to negotiate and make all concerted efforts to agree and adopt a permanent solution on the issue of public stockholding for food security purposes by 31 December 2015. In order to achieve such permanent solution, the negotiations on this subject shall be held in the Committee on Agriculture in Special Session ("CoA SS"), in dedicated sessions and in an accelerated time-frame, distinct from the agriculture negotiations under the Doha Development Agenda ("DDA"). The three pillars of the agriculture negotiations, pursuant to the DDA, will continue to progress in the CoA SS.

5. The TNC/General Council shall regularly review the progress of these dedicated sessions.

Tariff quota administration (Understanding on Tariff Rate Quota Administration Provisions of Agricultural Products, as Defined in Article 2 of the Agreement on Agriculture, Ministerial Decision WT/MIN(13)/39)

MINISTERIAL DECISION OF 7 DECEMBER 2013

The Ministerial Conference,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

Decides as follows:

Without prejudice to the overall conclusion of the Doha Round negotiations based on the single undertaking and to the continuation of the reform process enshrined in Article 20 of the Agreement on Agriculture and agreed in the Doha Development Agenda for negotiations in agriculture[1], Members hereby agree as follows:

1. Tariff quota administration of scheduled tariff quotas shall be deemed to be an instance of "import licensing" within the meaning of the Uruguay Round Agreement on Import Licensing Procedures and, accordingly, that Agreement shall apply in full, subject to the Agreement on Agriculture and to the following more specific and additional obligations.

2. As regards the matters referred to in paragraph 4(a) of Article 1 of that Agreement, as these agricultural tariff quotas are negotiated and scheduled commitments, publication of the relevant information shall be effected no later than 90 days prior to the opening date of the tariff quota concerned. Where applications are involved, this shall also be the minimum advance date for the opening of applications.

1 Paragraph 13 of the Doha Ministerial Declaration (Document WT/MIN(01)/DEC/1).

3. As regards paragraph 6 of Article 1 of that Agreement, applicants for scheduled tariff quotas shall apply to one administrative body only.

4. As regards the matters referred to in paragraph 5(f) of Article 3 of that Agreement, the period for processing applications shall be, unqualifiedly, no longer than 30 days for "as and when received" cases and no longer than 60 days for "simultaneous" consideration cases. The issuance of licences shall, therefore, take place no later than the effective opening date of the tariff quota concerned, except where, for the latter category, there has been an extension for applications allowed for under Article 1.6 of that Agreement.

5. As regards Article 3.5(i), licences for scheduled tariff quotas shall be issued in economic quantities.

6. Tariff quota "fill rates" shall be notified.

7. In order to ensure that their administrative procedures are consistent with Article 3.2 of that Agreement, "no more administratively burdensome than absolutely necessary to administer the measure", importing Members shall ensure that unfilled tariff quota access is not attributable to administrative procedures that are more constraining than an "absolute necessity" test would demand.

8. Where licences held by private operators exhibit a pattern of being less than fully utilized for reasons other than those that would be expected to be followed by a normal commercial operator in the circumstances, the Member allocating the licences shall give this due weight when examining the reasons for under utilization and considering the allocation of new licences as provided for under Article 3.5 (j).

9. Where it is manifest that a tariff quota is under filled but there would appear to be no reasonable commercial reason for this to be the case, an importing Member shall request those private operators holding unused entitlements whether they would be prepared to make them available to other potential users. Where the tariff quota is held by a private operator in a third country, e.g. as a result of country-specific allocation arrangements, the importing Member shall transmit the request to the holder of the allocation concerned.

10. As regards Article 3.5(a)(ii) of that Agreement, Members shall make available the contact details of those importers holding licences for access to scheduled agricultural tariff quotas, where, subject to the terms of Article 1.11, this is possible and/or with their consent.

11. The Committee on Agriculture shall review and monitor the implementation of Members' obligations established under this Understanding.

12. Members shall provide for an effective re-allocation mechanism in accordance with the procedures outlined in the Annex A.

13. A review of the operation of the Decision shall commence no later than four years following the adoption of the Decision, taking into account experience gained up to that time. The objective of this review will be to promote a continuing process of improvement in the utilization of tariff rate quotas. In the context of this review the General Council shall make recommendations to the 12th Ministerial Conference[2], including on whether, and if so how, paragraph 4 of Annex A should be re-affirmed or modified for future operation.

14. The General Council recommendations in relation to paragraph 4 shall provide for special and differential treatment. Unless the 12th Ministerial Conference decides to extend paragraph 4 of Annex A in its current or a modified form, it shall, subject to paragraph 15, no longer apply.

15. Notwithstanding paragraph 14, Members shall continue to apply the provisions of paragraph 4 of Annex A in the absence of a decision to extend that paragraph, except for those Members who wish to reserve their rights not to continue the application of paragraph 4 of Annex A and who are listed in Annex B.

2 In the event the 12th Ministerial Conference does not take place by 31 December 2019, the General Council will take decisions on the recommendations arising from the review no later than 31 December 2019 unless Members agree otherwise.

ANNEX A

1. During the first monitoring year, where an importing Member does not notify the fill rate, or where the fill rate is below 65 per cent, a Member may raise a specific concern regarding a tariff quota commitment in the Committee on Agriculture and place this concern on a tracking register maintained by the Secretariat. The importing Member shall discuss the administration of the tariff quota with all interested Members, with the aim of understanding the concerns raised, improving the membership's understanding of the market circumstances[1] and of the manner in which the tariff quota is administered and whether elements of the administration contribute to underfill. This shall take place on the basis of provision of objective and relevant data bearing on the matter, in particular as regards the market circumstances. The interested Members shall fully consider all documentation submitted by the importing Member.[2] The importing Member shall provide to the Committee on Agriculture a summary of any documentation submitted to interested Members. The Members involved shall advise the Committee on Agriculture whether the matter has been resolved. The interested Members shall,

1 The market circumstances considered may include, inter alia, elements of prices, production and other factors affecting demand and supply in the domestic and international markets, as well as other relevant factors affecting trade such as the existence of SPS measures taken by an importing Member in accordance with the Agreement on Sanitary and Phytosanitary Measures.

2 Such documentation may include information on the administration of the tariff quota, as well as data supporting the Member's explanation of the market circumstances of the tariff quota in question and/or of the existence of any SPS measures for the product in question.

if the matter remains unresolved, provide to the Committee on Agriculture, a clear statement of the reasons, based on the discussions and documentation provided, why the matter requires further consideration. Such documentation and information may also be provided and considered in the same manner during the second and third stages of the underfill mechanism, as a means of addressing and resolving Members' concerns.

2. Once the underfill mechanism has been initiated, where the fill rate remains below 65 per cent for two consecutive years, or no notification has been submitted for that period, a Member may request, through the Committee on Agriculture, that the importing Member take specific action(s)[3] to modify the administration of the tariff quota concerned. The importing Member shall take either the specific action(s) requested or, drawing on the discussions previously held with the interested Members, such other action(s) which it considers will effectively improve the fill rate of the tariff quota. If the action(s) of the importing Member lead to a fill rate above 65 per cent or interested Members are otherwise satisfied that lesser fill rates are indeed attributable to market circumstances based on the data-based discussions that have taken place, this will be noted and the concern marked "resolved" on the Secretariat's tracking register and will be no longer subject to monitoring (unless at some future point the process is restarted but, if so, it will be a new three year cycle). If the fill rate remains below 65 per cent, a Member may continue to request additional modifications to the administration of the tariff quota.

3. During the third and subsequent monitoring years, where:

   a. the fill rate has remained below 65 per cent for three consecutive years or no notification has been submitted for that period; and

   b. the fill rate has not increased, for each of the preceding three years, by annual increments of

      i. at least 8 percentage points when the fill rate is more than 40 per cent;

      ii. at least 12 percentage points when the fill rate equals or is less than 40 per cent[4]; and

   c. the data-based discussions regarding market circumstances have not led to the conclusion among all interested parties these are in fact the reason for underfill; and

   d. an interested Member makes a statement in the Committee on Agriculture, that it wishes to initiate the final stage of the underfill mechanism.

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3 The actions and remedies taken by the importing Member pursuant to the underfill mechanism shall not modify or impede the rights of a Member holding a country-specific allocation for that tariff quota with respect to their country-specific allocation.

4 If the fill rate in any year increases beyond the level specified in 3(b)(ii) the annual increment shall be the one specified in 3(b)(i) in the following year.

4. The importing Member shall then promptly provide unencumbered access via one of the following tariff quota administration methods[5]: a first-come, first-served only basis (at the border); or an automatic, unconditional license on demand system within the tariff quota. In taking a decision on which of these two options to implement, the importing Member will consult with interested exporting Members. The method selected shall be maintained by the importing Member for a minimum of two years, after which time – provided that timely notifications for the two years have been submitted – it will be noted on the Secretariat's tracking register and the concern marked "closed". Developing country Members may choose an alternative tariff quota administration method or maintain the current method in place. This choice of an alternative tariff quota administration method shall be notified to the Committee on Agriculture under the provisions of this mechanism. The method selected shall be maintained by the importing Member for a minimum of two years, after which time, if the fill rate has increased by two-thirds of the annual increments described in paragraph 3(b), it will be noted on the Secretariat's tracking register and the concern marked "closed".

5. The availability of this mechanism and resort to it by any Member is without prejudice to Members' rights and obligations under the covered Agreements in respect of any matter dealt with under the mechanism and, in the event of any conflict, the provisions of the covered agreements shall prevail.

ANNEX B

Barbados
Dominican Republic
El Salvador
Guatemala
United States of America

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5 The actions and remedies taken by the importing Member shall not modify or impede the rights of a Member holding a country-specific allocation for that tariff quota with respect to their country-specific allocation.

Export Competition (Ministerial Declaration WT/MIN(13)/40)

MINISTERIAL DECLARATION OF 7 DECEMBER 2013

1. We recognize that all forms of export subsidies and all export measures with equivalent effect are a highly trade distorting and protectionist form of support, and that, accordingly, export competition remains a key priority of the agriculture negotiations in the context of the continuation of the ongoing reform process set out in Article 20 of the Agreement on Agriculture, in accordance with the Doha work programme on agriculture and the 2005 Hong Kong Ministerial Declaration.

2. In this context, we therefore reaffirm our commitment, as an outcome of the negotiations, to the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect, as set out in the 2005 Hong Kong Ministerial Declaration. We regret that it has not been possible to achieve this objective in 2013 as envisaged in that Declaration.

3. We consider that the revised draft modalities for agriculture (doc. TN/AG/W/4/Rev.4 dated 6 December 2008) remain an important basis for an ambitious final agreement in the export competition pillar, including with regard to special and differential treatment for LDCs and NFIDCs.

4. We recognize the decrease in recent years in the use of export subsidies subject to reduction commitments under the Agreement on Agriculture, as indicated by information contained in Members' notifications to the WTO, and the positive developments that have also taken place in other areas of the export competition pillar.

5. We recognize that the reforms undertaken by some Members have contributed to this positive trend. We emphasize however that this generally positive trend is not a substitute for the attainment of the final objective on export competition in the Doha negotiations.

6. We emphasize the importance of consolidating progress in this area within the Doha negotiations so as to achieve as soon as possible the final objective set out in the 2005 Hong Kong Ministerial Declaration and we underscore the importance of further engagement among Members to this end.

7. We therefore reaffirm the importance of Members maintaining and advancing their domestic reform processes in the field of export competition. We strongly encourage those Members who have engaged in reforms to continue in that direction and Members yet to undertake reforms to do so, given the positive impact that such reforms can have and the significant negative consequences that failure to reform would generate.

8. With the objective on export competition set out in the 2005 Hong Kong Ministerial Declaration in mind and with a view to maintaining the positive trend noted previously, we shall exercise utmost restraint with regard to any recourse to all forms of export subsidies and all export measures with equivalent effect. To this end, we undertake to ensure to the maximum extent possible that:

   - The progress towards the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect will be maintained;

   - The level of export subsidies will remain significantly below the Members' export subsidy commitments;

   - A similar level of discipline will be maintained on the use of all export measures with equivalent effect.

9. We agree that fulfilling the objective set out in the 2005 Hong Kong Ministerial Declaration on export competition remains a priority issue for the post Bali work programme. We agree to continue to work actively for further concrete progress in this area as early as feasible.

10. Accordingly, we commit to enhance transparency and to improve monitoring in relation to all forms of export subsidies and all export measures with equivalent effect, in order to support the reform process.

11. We therefore agree to hold dedicated discussions on an annual basis in the Committee on Agriculture to examine developments in the field of export competition. This examination process shall provide an opportunity for Members to raise any matter relevant to the export competition pillar, in furtherance of the final objective set out in the 2005 Hong Kong Ministerial Declaration.

12. This examination process shall be undertaken on the basis of timely notifications under the relevant provisions of the Agreement on Agriculture and related decisions, complemented by information compiled by the WTO Secretariat, consistent with the practice followed in 2013[1], on the basis of Members' responses to a questionnaire, as illustrated in the Annex.

13. We agree to review the situation regarding export competition at the 10th Ministerial Conference. We also agree that the terms of this declaration do not affect the rights and obligations of Members under the covered agreements nor shall they be used to interpret those rights and obligations.

1 TN/AG/S/27 and TN/AG/S/27/Rev.1.

ANNEX

Elements for Enhanced Transparency on Export Competition

This Annex is intended to illustrate the types of information that would be requested by the Secretariat in the questionnaire mentioned in paragraph 12. It is understood that this questionnaire, which does not change Members' notification obligations, may be revised in the light of experience and of Members' further views.

Export Subsidies

1. Provide information on operational changes in measures

Export Credit, Export Credit Guarantees or Insurance Programs (Export financing)

1. Description of the program (classification within the following categories: direct financing support, risk cover, government to government credit agreements or any other form of governmental export credit support) and relevant legislation

2. Description of Export Financing Entity

3. Total value of export of agricultural products covered by export credits, export credit guarantees or insurance programs and use per program

4. Annual average premium rates/fees per program

5. Maximum repayment terms per program

6. Annual average repayment periods per program

7. Export destination or group of destinations per program

8. Program use by product or product group

Food Aid

1. Product description

2. Quantity and/or value of food aid provided

3. Description of whether food aid is provided on in-kind, untied cash-based basis and whether monetisation was permitted

4. Description of whether in fully grant form or concessional terms

5. Description of relevant needs assessment (and by whom) and whether food aid is responding to a declaration of emergency or an emergency appeal (and by whom)

6. Description of whether re-export of food aid is an option under the terms of the provision of food aid

Agriculture Exporting State Trading Enterprises

1. Enumeration of State Trading Enterprises

   - Identification of state trading enterprises

   - Description of products affected *(Including tariff item number(s) encompassed in product description)*

2. Reason and purpose

   - Reason or purpose for establishing and/or maintaining state trading enterprise

   - Summary of legal basis for granting the relevant exclusive or special rights or privileges, including legal provisions and summary of statutory or constitutional powers

3. Description of the functioning of the State Trading Enterprise

   - Summary statement providing overview of operations of the state trading enterprise

   - Specification of exclusive or special rights or privileges enjoyed by the state trading enterprise

Additional information subject to normal commercial confidentiality considerations

1. Exports (value/volume)

2. Export prices

3. Export destination

Information on Policies no Longer in Operation due to Significant Policy Reforms

Cotton (Ministerial Decision WT/MIN(13)/41)

MINISTERIAL DECISION OF 7 DECEMBER 2013

The Ministerial Conference,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

Decides as follows:

1. We stress the vital importance of cotton to a number of developing country economies and particularly the least-developed amongst them.

2. We reaffirm the Decision adopted by the General Council on 1 August 2004, the 2005 Hong Kong Ministerial Declaration, and our commitment, expressed at the 2011 Geneva WTO Ministerial Conference, to on-going dialogue and engagement to progress the mandate in paragraph 11 of the 2005 Hong Kong Ministerial Declaration to address cotton "ambitiously, expeditiously and specifically", within the agriculture negotiations.

3. We regret that we are yet to deliver on the trade-related components of the 2005 Hong Kong Ministerial Declaration, but agree on the importance of pursuing progress in this area.

4. In that regard, we consider that the Decision adopted by the General Council on 1 August 2004 and the 2005 Hong Kong Ministerial Declaration, remain a useful basis for our future work. We acknowledge the work on cotton that has been done in the Committee on Agriculture in Special Session in connection with the revised draft agriculture modalities contained in document TN/AG/W/4/Rev.4 dated 6 December 2008, which provides a reference point for further work.

5. In this context, we therefore undertake to enhance transparency and monitoring in relation to the trade-related aspects of cotton. To this end, we agree to hold a dedicated discussion on a bi-annual basis in the context of the Committee on Agriculture in Special Session to examine relevant trade-related developments across the three pillars of Market Access, Domestic Support and Export Competition in relation to cotton.

6. The dedicated discussions shall be undertaken on the basis of factual information and data compiled by the WTO Secretariat from Members' notifications, complemented, as appropriate, by relevant information provided by Members to the WTO Secretariat.

7. The dedicated discussions shall in particular consider all forms of export subsidies for cotton and all export measures with equivalent effect, domestic support for cotton and tariff measures and non-tariff measures applied to cotton exports from LDCs in markets of interest to them.

8. We reaffirm the importance of the development assistance aspects of cotton and in particular highlight the work of the Director-General's Consultative Framework Mechanism on Cotton in reviewing and tracking of cotton-specific assistance as well as infrastructure support programmes or other assistance related to the cotton sector. We commit to continued engagement in the Director-General's Consultative Framework Mechanism on Cotton to strengthen the cotton sector in the LDCs.

9. We welcome the positive trend in growth and improved performance in the cotton sector, particularly in Africa.

10. In this context, we underline the importance of effective assistance provided to LDCs by Members and multilateral agencies. We invite the LDCs to continue identifying their needs linked to cotton or related sectors, including on a regional basis, through their respective dialogues with development partners and national development strategies. We urge the development partners to accord special focus to such needs within the existing aid-for-trade mechanisms/channels such as the EIF and the technical assistance and capacity building work of relevant international institutions.

11. We invite the Director General to continue to provide periodic reports on the development assistance aspects of cotton, and to report on the progress that has been made in implementing the trade-related components of the 2005 Hong Kong Ministerial Declaration, at each WTO Ministerial Conference.

2015 Nairobi Package on agriculture

Special Safeguard Mechanism for Developing Country Members (Ministerial Decision WT/MIN(15)/43, WT/L/978)

MINISTERIAL DECISION OF 19 DECEMBER 2015

The *Ministerial Conference*,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

In the context of addressing outstanding agricultural issues; and

Taking note of the proposals made by Members in this regard;

Decides as follows:

1. The developing country Members will have the right to have recourse to a special safeguard mechanism (SSM) as envisaged under paragraph 7 of the Hong Kong Ministerial Declaration.

2. To pursue negotiations on an SSM for developing country Members in dedicated sessions of the Committee on Agriculture in Special Session ("CoA SS").

3. The General Council shall regularly review progress in these negotiations.

Public Stockholding for Food Security Purposes (Ministerial Decision WT/MIN(15)/44, WT/L/979)

MINISTERIAL DECISION OF 19 DECEMBER 2015

The *Ministerial Conference*,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization; and

Taking note of the progress made so far;

Decides as follows:

1. Members note the Ministerial Decision of 7 December 2013 (WT/MIN(13)/38 and WT/L/913) and reaffirm the General Council Decision of 27 November 2014 (WT/L/939).

2. Members shall engage constructively to negotiate and make all concerted efforts to agree and adopt a permanent solution on the issue of public stockholding for food security purposes. In order to achieve such permanent solution, the negotiations on this subject shall be held in the Committee on Agriculture in Special Session ("CoA SS"), in dedicated sessions and in an accelerated time-frame, distinct from the agriculture negotiations under the Doha Development Agenda ("DDA").

3. The General Council shall regularly review the progress.

Export Competition (Ministerial Decision WT/MIN(15)/45, WT/L/980)

MINISTERIAL DECISION OF 19 DECEMBER 2015

The *Ministerial Conference*,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

Decides as follows:

General

1. Members reaffirm their commitment, pursuant to the 2013 Bali Ministerial Declaration on Export Competition[1], to exercise utmost restraint with regard to any recourse to all forms of export subsidies and all export measures with equivalent effect.

2. Nothing in this Decision can be construed to give any Member the right to provide, directly or indirectly, export subsidies in excess of the commitments specified in Members' Schedules, or to otherwise detract from the obligations of Article 8 of the Agreement on Agriculture. Furthermore, nothing can be construed to imply any change to the obligations and rights under Article 10.1 of the Agreement on Agriculture or to diminish in any way existing obligations under other provisions of the Agreement on Agriculture or other WTO Agreements.

3. 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[2] 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.

4. The Committee on Agriculture shall monitor the implementation of this Decision by Members in accordance with existing notification requirements under the Agreement on Agriculture, as complemented by the provisions set out in the Annex to this Decision.

1 Document WT/MIN(13)/40 and WT/L/915.
2 Document WT/MIN(01)/17.

5. The regular sessions of the Committee on Agriculture shall review every three years the disciplines contained in this Decision, with the aim of enhancing disciplines to ensure that no circumvention threatens export subsidy elimination commitments and to prevent non-commercial transactions from being used to circumvent such commitments.

Export Subsidies

6. Developed Members shall immediately eliminate their remaining scheduled export subsidy entitlements as of the date of adoption of this Decision.[3,4]

7. Developing country Members shall eliminate their export subsidy entitlements by the end of 2018.[5]

8. Developing country Members shall continue to benefit from the provisions of Article 9.4 of the Agreement on Agriculture until the end of 2023, i.e. five years after the end-date for elimination of all forms of export subsidies. Least developed countries and net food-importing developing countries listed in G/AG/5/Rev.10 shall continue to benefit from the provisions of Article 9.4 of the Agreement on Agriculture until the end of 2030.

9. Members shall not apply export subsidies in a manner that circumvents the requirement to reduce and eliminate all export subsidies.

10. Members shall seek not to raise their export subsidies beyond the average level of the past five years on a product basis.

11. Members shall ensure that any export subsidies have at most minimal trade distorting effects and do not displace or impede the exports of another Member. To that effect, Members using export subsidies shall give due consideration to the effects of any such export subsidies on other Members, and shall consult, upon request, with any other

3 This paragraph shall not cover quantities counted against export subsidy reduction commitments found to exist by the Dispute Settlement Body in its recommendations and rulings adopted in disputes DS265, DS266, and DS283, with respect to the existing programme, which expires on 30 September 2017, for the product concerned by those disputes.

4 This paragraph shall not cover processed products, dairy products, and swine meat of a developed Member that agrees to eliminate as of 1 January 2016 all export subsidies on products destined for least developed countries, and that has notified export subsidies for such products or categories of products in one of its three latest export subsidy notifications examined by the Committee on Agriculture before the date of adoption of this Decision. For these products, scheduled export subsidies shall be eliminated by the end of 2020, and quantity commitment levels shall be applied as a standstill until the end of 2020 at the actual average of quantity levels of the 2003-05 base period. Furthermore, there shall be no export subsidies applied either to new markets or to new products.

5 Notwithstanding this paragraph, a developing country Member shall eliminate its export subsidy entitlements by the end of 2022 for products or groups of products for which it has notified export subsidies in in one of its three latest export subsidy notifications examined by the Committee on Agriculture before the date of adoption of this Decision.

Member having a substantial interest as an exporter with respect to any matter related to the export subsidies in question. The Member applying such export subsidies shall provide, upon request, such a Member with necessary information.

Cotton

12. With regard to cotton, the disciplines and commitments contained in this Decision shall be immediately implemented as of the date of adoption of this Decision by developed country Members, and not later than 1 January 2017 by developing country Members.

Export Credits, Export Credit Guarantees or Insurance Programmes

Definition

13. In addition to complying with all other export subsidy obligations under the Agreement on Agriculture and any other covered Agreements[6], Members undertake not to provide export credits[7], export credit guarantees or insurance programmes for exports of products listed in Annex 1 of the Agreement on Agriculture (hereafter "agricultural products") other than in conformity with this Decision. These export credits, export credit guarantees and insurance programmes (hereafter "export financing support") comprise:

    (a) direct financing support, comprising direct credits/financing, refinancing, and interest rate support;

    (b) risk cover, comprising export credit insurance or reinsurance and export credit guarantees;

    (c) government-to-government credit agreements covering the imports of agricultural products from the creditor country under which some or all of the risk is undertaken by the government of the exporting country; and

    (d) any other form of governmental export credit support, direct or indirect, including deferred invoicing and foreign exchange risk hedging.

14. The provisions of this Decision shall apply to export financing support as defined in paragraph 13 provided by a government or any public body as referred to in Article 1.1(a)1 of the Agreement on Subsidies and Countervailing Measures.

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6 However, the second paragraph of item (k) of Annex I to the Agreement on Subsidies and Countervailing Measures (hereafter "Illustrative List") shall not be applicable in the case of agricultural products.

7 The export credits defined in this paragraph do not include working capital financing to the suppliers.

Terms and Conditions

15. Export financing support shall be provided in conformity with the terms and conditions set out below:

(a) **Maximum repayment term:** the maximum repayment term for export financing support under this Decision, this being the period beginning at the starting point of credit[8] and ending on the contractual date of the final payment, shall be no more than 18 months. For developed Members, this shall apply from the last day of 2017. Existing contracts which have been entered into prior to the adoption of this Decision, are still in place, and are operating on a longer timeframe than that defined in the preceding sentence, shall run their course until the end of their contractual date, provided that they are notified to the Committee on Agriculture and are not modified;

(b) **Self-financing:** Export credit guarantee, insurance and reinsurance programmes and other risk cover programmes included within sub-paragraphs 13(b), (c) and (d) above shall be self-financing and cover the long-term operating costs and losses of a programme in the sense of item (j) of the Illustrative List of Annex I of the Agreement on Subsidies and Countervailing Measures. For the operations covered in the previous sentence, premiums shall be charged and be risk-based.

Special and Differential Treatment

16. Developing country Member providers of export financing support shall be eligible to benefit from the following:

Maximum repayment terms: the developing country Members concerned shall have a phase-in period of four years after the first day of the implementation period[9] by the end of which to fully implement the maximum repayment term of 18 months. This shall be achieved as follows:

(a) on the first day of implementation, the maximum repayment term for any new support entered into shall be 36 months;

(b) two years after implementation, the maximum repayment term for any new support to be entered into shall be 27 months;

(c) four years after implementation, the maximum repayment term of 18 months shall apply.

8 The "starting point of credit" shall be no later than the weighted mean date or actual date of the arrival of the goods in the recipient country for a contract under which shipments are made in any consecutive six-month period.

9 For the purposes of this paragraph, implementation period shall be defined as the period commencing in the year 2016 and ending on 31 December 2020.

It is understood that where there are, after any of the relevant dates, pre-existing support arrangements entered into under the limits established in the sub-paragraphs (a)-(c) above, they shall run their original term.

17. 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.[10] 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.[11]

Agricultural Exporting State Trading Enterprises

18. Members shall ensure that agricultural exporting state trading enterprises are operated in conformity with the provisions specified in paragraphs 20 and 21, in accordance with Article XVII, the Understanding on the Interpretation of Article XVII and other relevant provisions of GATT 1994, the Agreement on Agriculture and other WTO Agreements.

19. For the purpose of the disciplines set out hereunder in this Decision, an agricultural exporting state trading enterprise shall be any enterprise which meets the working definition provided for in the Understanding on the Interpretation of Article XVII of the GATT 1994 and is engaged in exports of products listed in Annex 1 of the Agreement on Agriculture.[12]

20. Members shall ensure that agricultural exporting state trading enterprises do not operate in a manner that circumvents any other disciplines contained in this Decision.

21. Members shall make their best efforts to ensure that the use of export monopoly powers by agricultural exporting state trading enterprises is exercised in a manner that minimizes trade distorting effects and does not result in displacing or impeding the exports of another Member.

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10 Belize, the Plurinational State of Bolivia, Ecuador, Fiji, Guatemala, Guyana, Nicaragua, Papua New Guinea and Suriname shall also have access to this provision.

11 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.

12 "Governmental and non-governmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which they influence through their purchases or sales the level or direction of imports or exports." It is understood that where there is reference to the "rights and privileges" that "influence … the level or direction of imports" in the preceding sentence, this matter of imports is not per se a matter falling under the disciplines of this Decision which relates, rather, solely to the matter of exports under that working definition.

International Food Aid

22. Members reaffirm their 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. To meet the objective of preventing or minimizing commercial displacement, Members shall ensure that international food aid is provided in full conformity with the disciplines specified in paragraphs 23 to 32, thereby contributing to the objective of preventing commercial displacement.

23. Members shall ensure that all international food aid is:

    a. needs-driven;

    b. in fully grant form;

    c. not tied directly or indirectly to commercial exports of agricultural products or other goods and services;

    d. not linked to the market development objectives of donor Members;

    and that

    e. agricultural products provided as international food aid shall not be re-exported in any form, except where the agricultural products were not permitted entry into the recipient country, the agricultural products were determined inappropriate or no longer needed for the purpose for which they were received in the recipient country, or re-exportation is necessary for logistical reasons to expedite the provision of food aid for another country in an emergency situation. Any re-exportation in accordance with this subparagraph shall be conducted in a manner that does not unduly impact established, functioning commercial markets of agricultural commodities in the countries to which the food aid is re-exported.

24. The provision of food aid shall take into account local market conditions of the same or substitute products. Members shall refrain from providing in-kind international food aid in situations where this would be reasonably foreseen to cause an adverse effect on local[13] or regional production of the same or substitute products. In addition, Members shall ensure that international food aid does not unduly impact established, functioning commercial markets of agricultural commodities.

25. Where Members provide exclusively cash-based food aid, they are encouraged to continue to do so. Other Members are encouraged to provide cash-based or in-

13 The term "local" may be understood to mean at the national or subnational level.

kind international food aid in emergency situations, protracted crises (as defined by the FAO[14]), or non-emergency development/capacity building food assistance environments where recipient countries or recognized international humanitarian/food entities, such as the United Nations, have requested food assistance.

26. Members are also encouraged to seek to increasingly procure international food aid from local or regional sources to the extent possible, provided that the availability and prices of basic foodstuffs in these markets are not unduly compromised.

27. Members shall monetize international food aid only where there is a demonstrable need for monetization for the purpose of transport and delivery of the food assistance, or the monetization of international food aid is used 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.[15]

28. Local or regional market analysis shall be completed before monetization occurs for all monetized international food aid, including consideration of the recipient country's nutritional needs, local United Nations Agencies' market data and normal import and consumption levels of the commodity to be monetized, and consistent with Food Assistance Convention reporting. Independent third party commercial or non-profit entities will be employed to monetize in-kind international food aid to ensure open market competition for the sale of in-kind international food aid.

29. In employing these independent third party commercial or non-profit entities for the purposes of the preceding paragraph, Members shall ensure that such entities minimize or eliminate disruptions to the local or regional markets, which may include impacts on production, when international food aid is monetized. They shall ensure that the sale of commodities for food assistance purposes is conducted in a transparent, competitive and open process and through a public tender.[16]

30. Members commit to allowing maximum flexibility to provide for all types of international food aid in order to maintain needed levels while making efforts to move toward more untied cash-based international food aid in accordance with the Food Assistance Convention.

31. Members recognize the role of government in decision-making on international food aid in their jurisdictions. Members recognize that the government of a recipient country of international food aid can opt out of the usage of monetized international food aid.

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14 FAO defines protracted crises as follows: "*Protracted crises refer to situations in which a significant portion of a population is facing a heightened risk of death, disease, and breakdown of their livelihoods.*"

15 Belize, the Plurinational State of Bolivia, Ecuador, Fiji, Guatemala, Guyana, Nicaragua, Papua New Guinea and Suriname shall also have access to this provision.

16 In the instance where it is not feasible to complete a sale through a public tender, a negotiated sale can be used.

32. 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.

ANNEX[17]

Export Subsidies

Consistent with the Bali Ministerial Declaration on Export Competition[18] and in addition to annual notifications requirements under the relevant provisions of the Agreement on Agriculture and related decisions, Members shall continue to provide information on export subsidies within the context of an annual examination process, based on the following structure:

1. Provide information on operational changes in measures

Export Credit, Export Credit Guarantees or Insurance Programs (Export Financing)

Consistent with the Bali Ministerial Declaration on Export Competition, Members shall continue to provide information on Export Credit, Export Credit Guarantees or Insurance Programs within the context of an annual examination process, based on the following structure:

1. Description of the program (classification within the following categories: direct financing support, risk cover, government to government credit agreements or any other form of governmental export credit support) and relevant legislation

2. Description of Export Financing Entity

3. Total value of export of agricultural products covered by export credits, export credit guarantees or insurance programs and use per program

4. Annual average premium rates/fees per program

17 Notwithstanding paragraph 4 of this Decision, developing country Members, unless they are in a position to do so at an earlier date, shall implement this Annex no later than five years following the date of adoption of this Decision.

18 Decision WT/MIN(13)/40 and WT/L/915.

5. Maximum repayment terms per program

6. Annual average repayment periods per program

7. Export destination or group of destinations per program

8. Program use by product or product group

Food Aid

Consistent with the Bali Ministerial Declaration on Export Competition, Members shall continue to provide information on International Food Aid within the context of an annual examination process, based on the following structure:

1. Product description

2. Quantity and/or value of food aid provided

3. Description of whether food aid is provided on in-kind, untied cash-based basis and whether monetisation was permitted

4. Description of whether in fully grant form or concessional terms

5. Description of relevant needs assessment (and by whom) and whether food aid is responding to a declaration of emergency or an emergency appeal (and by whom)

6. Description of whether re-export of food aid is an option under the terms of the provision of food aid

Agricultural Exporting State Trading Enterprises

Consistent with the Bali Ministerial Declaration on Export Competition, Members shall continue to provide information on Agricultural Exporting State Trading Enterprises within the context of an annual examination process, based on the following structure:

1. Enumeration of State Trading Enterprises

    - Identification of state trading enterprises

    - Description of products affected (*Including tariff item number(s) encompassed in product description*)

2. Reason and purpose

   - Reason or purpose for establishing and/or maintaining state trading enterprise
   - Summary of legal basis for granting the relevant exclusive or special rights or privileges, including legal provisions and summary of statutory or constitutional powers

3. Description of the functioning of the State Trading Enterprise

   - Summary statement providing overview of operations of the state trading enterprise
   - Specification of exclusive or special rights or privileges enjoyed by the state trading enterprise

Additional information subject to normal commercial confidentiality considerations

1. Exports (value/volume)
2. Export prices
3. Export destination

Cotton (Ministerial Decision WT/MIN(15)/46, WT/L/981)

MINISTERIAL DECISION OF 19 DECEMBER 2015
The *Ministerial Conference*,

Having regard to paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization;

Stressing the vital importance of cotton to a number of developing economies and particularly the least-developed amongst them, and noting that over the past few years cotton has been one of the most contentious issues at the World Trade Organization (WTO), both in the trade negotiations and in the framework of the dispute settlement process;

Recalling that export subsidies and all export measures with equivalent effect and trade distorting domestic support for cotton by WTO Members distort prices and disrupt international cotton markets, with severe consequences for the economy and social lives in African cotton-producing countries, especially Least Developed Countries (LDCs);

Recalling that on several occasions, the Cotton Four (C-4)[1] has stressed the need for progress as regards the commitment of WTO Trade Ministers and has shown its good will in seeking to build a credible consensus through negotiation;

Expressing their concern at the lack of progress in the cotton negotiations and the absence of clearly-stated political determination in the trade component of this vital issue since 2003, when the Sectoral Initiative in Favour of Cotton was submitted to the WTO;

Taking into account the context that has prevailed in recent years and of the trend in world cotton prices, which has been highly unfavourable for cotton producers and exporters, and in particular African ones, over the past two years;

Considering the 1979 Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (L/4903), the 1994 Ministerial Decision on Measures in Favour of Least-Developed Countries and the 2009 Decision on Preferential Tariff Treatment for Least Developed Countries (WT/L/759), and without prejudice to the right of Members to continue to act pursuant to the provisions contained in those Decisions; and

Taking into account the 2010 Decision on the Transparency Mechanism for Preferential Trade Arrangements (WT/L/806).

1 Benin, Burkina Faso, Chad and Mali.

Decides as follows:

1. Trade Component

1.1 Market access

1. We welcome the progress made voluntarily by some Members towards providing duty-free and quota-free market access for cotton and cotton-related products originating from LDCs.

2. 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[2] in favour of LDCs, as from 1 January 2016, duty-free and quota-free market access for cotton produced and exported by LDCs.

3. Developing country Members declaring themselves not in a position to grant duty-free and quota-free market access for cotton produced and exported by LDCs shall undertake, as from 1 January 2016, to consider the possibilities for increased import opportunities for cotton from LDCs.

4. 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[2] in favour of LDCs, as from 1 January 2016, duty-free and quota-free market access for exports by LDCs of relevant cotton-related products included in the list annexed to this Decision and covered by Annex 1 of the Agreement on Agriculture.

5. We agree to review the list annexed to this Decision in the Dedicated Discussions on cotton referred to in paragraph 14 of this Decision within two years, on the basis of updated trade statistics provided by Members on their imports from LDCs.

6. The Dedicated Discussions on cotton referred to in paragraph 14 of this Decision shall continue to address the following specific elements, based on factual information and data compiled by the WTO Secretariat from Members' notifications, complemented, as appropriate, by relevant information provided by Members to the WTO Secretariat:

   (a) identification and examination of market access barriers, including tariff and non-tariff barriers for the entry of cotton produced and exported by cotton-producing LDCs;

2 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.

(b) reviews of market access improvements and of any market access measures undertaken by Members, including the identification of access barriers to cotton produced and exported by cotton-producing LDCs in markets of interest to them; and

(c) examination of possible additional measures for progressive and predictable improvements in market access, in particular the elimination of tariff and non-tariff barriers to cotton produced and exported by cotton-producing LDCs.

1.2 Domestic support

7. We acknowledge the efforts made by some Members to reform their domestic cotton policies and which may contribute to the objective of reduction of the trade distorting domestic subsidies for cotton production.

8. We emphasize however that some more efforts remain to be made and that these positive steps are not a substitute for the attainment of our objective. In doing so, Members shall ensure that necessary transparency is provided through regular notifications and the subsequent review process in the Committee on Agriculture.

1.3 Export competition

9. The disciplines and commitments contained in the Ministerial Decision on Export Competition (WT/MIN(15)/45-WT/L/980 adopted on 19 December 2015) shall be immediately implemented with regard to cotton by developed country Members as of the date of adoption of that Decision, and by developing country Members not later than 1 January 2017.

2. Development Component

10. We reaffirm the importance of the development assistance aspects of cotton, and commit to continued engagement in the Director-General's Consultative Framework Mechanism on Cotton. We take note of the Director-General's seventh periodic report to the Membership on the development assistance aspects of cotton. We invite the Director-General to submit the next periodic report prior to the 11th Ministerial Conference.

11. We underline the importance of effective assistance to support the cotton sector in developing country Members, especially the LDCs amongst them. We recognize that the Aid-for-Trade (AfT) initiative, including through the Enhanced Integrated Framework (EIF), should play a key role in strengthening the cotton sector in LDCs. The linkage between this initiative and the development aspects of cotton should be reinforced to help formulate, on the basis of priorities identified by LDC cotton

producers, multidimensional and integrated programmes and projects at the regional and sub-regional level, to be submitted to development partners.

12. We urge WTO Members and development partners to continue their efforts and contributions to enhance the production, productivity and competitiveness of the cotton sector in developing country Member producers, especially the LDCs. Likewise, the beneficiaries of cotton development assistance are encouraged to continue carrying forward their domestic cotton sector reforms.

13. We recognize the importance of the role of Cotton Focal Points and encourage Members to enhance the experiences and information sharing amongst all interested parties in the cotton dossier.

3. Implementation and Follow-up

14. We undertake to continue holding Dedicated Discussions on cotton on a bi-annual basis, as indicated in paragraphs 5, 6 and 7 of the Bali Ministerial Decision on Cotton (WT/MIN(13)/41 and WT/L/916), including in particular to examine relevant trade-related developments across the three pillars of Market Access, Domestic Support, and Export Competition in relation to cotton.

15. We undertake to regularly monitor the implementation by Members of paragraphs 2 to 4 during these Dedicated Discussions on cotton, based on relevant Members' notifications to the WTO, complemented as necessary by Members' replies to specific requests for information from the WTO Secretariat.

16. We agree to review the situation regarding cotton at the 11th Ministerial Conference, which we have agreed to hold in 2017, and we invite the Director-General to report at that Conference on the progress that has been made in implementing the trade-related components of this Decision.

ANNEX: LIST[3]		
Harmonized System 2012 (In shadow: rows corresponding to HS6 tariff lines)		
Cotton	520100	Cotton, not carded or combed
	5202	Cotton waste (including yarn waste and garnetted stocks)
	520210	- Yarn waste (including thread waste)
		- Other
	520291	-- Garnetted stock
	520299	-- Other
	520300	Cotton, carded or combed
Cotton shells, husks, oil and other food products	1207	Other oil seeds and oleaginous fruits, whether or not broken
		- Cotton seeds
	120721	-- Seed
	120729	-- Other
	1404	Vegetable products not elsewhere specified or included
	140420	- Cotton linters
	1512	Sunflower-seed, safflower or cotton-seed oil and fractions thereof, whether or not refined, but not chemically modified
		- Cotton-seed oil and its fractions
	151221	-- Crude oil, whether or not gossypol has been removed
	151229	-- Other
	1521	Vegetable waxes (other than triglycerides), beeswax, other insect waxes and spermaceti, whether or not refined or coloured
	152110	- Vegetable waxes
	2306	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils, other than those of heading 23.04 or 23.05
	230610	- Of cotton seeds
	2936	Provitamins and vitamins, natural or reproduced by synthesis (including natural concentrates), derivatives thereof used primarily as vitamins, and intermixtures of the foregoing, whether or not in any solvent
		- Vitamins and their derivatives, unmixed
	293624	-- D- or DL-Pantothenic acid (Vitamin B3 or Vitamin B5) and its derivatives
	293628	-- Vitamin E and its derivatives

3 This list does not alter Members' existing WTO obligations and requirements.

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