

參加「G-10 閉門會議」及「WTO 農業談判特別會議」暫定行程表

2005/10/9 18:54編印

日期	94年10月1日(週六)
地點	日內瓦
12:20	搭乘荷航KL1929抵達日內瓦 國內與會人員：農委會農國際處黃處長子彬 ※接送：張參事淑賢
13:00-14:00	午餐
14:00-17:00	赴官邸接大使及夫人一同自日內瓦前往疏森(Luzern)
19:30-21:30	大使晚宴 地點：Restaurant Stadtkeller, Luzern
夜宿	Hotel Kastanienbaum, Luzern 地址：CH-6047 Katanienbaum, Luzern 電話：+41-41-3400-340, Fax: +41-41-3401-015
日期	94年10月2日(週日)
10:00-13:00	「G-10 閉門會議」 地點：Hotel Kastanienbaum, Luzern
13:00-15:00	午餐
15:00-18:00	「G-10 閉門會議」 地點：Hotel Kastanienbaum, Luzern
19:30-21:30	晚宴 地點：
夜宿	Hotel Kastanienbaum, Luzern 地址：CH-6047 Katanienbaum, Luzern 電話：+41-41-3400-340, Fax: +41-41-3401-015
日期	94年10月3日(週一)
10:00-13:00	「G-10 閉門會議」 地點：Hotel Kastanienbaum
13:00-14:30	午餐
14:30-17:30	自疏森返回日內瓦

夜宿	Hotel Holiday Inn Express 地址：16, Route de Pré-Bois, CH 1215 Geneva 電話：+41-22-939-3939, Fax: +41-22-939-3930
日期	94年10月4日(週二)
09:00-10:00	G-10 與加拿大對話 參加人員：黃處長子彬、張參事淑賢、張秘書瑞璋 地點：加拿大代表團(會議室)
10:30-11:30	G-10 與歐盟對話 參加人員：黃處長子彬、張參事淑賢、張秘書瑞璋 地點：歐盟代表團(會議室)
12:30-14:30	午餐
15:00-18:00	「WTO 農業談判特別會議全體非正式諮商會議」 參加人員：林大使、黃處長子彬、張參事淑賢、張秘書瑞璋 地點：WTO 會議室 Room CRI
夜宿	Hotel Holiday Inn Express 地址：16, Route de Pré-Bois, CH 1215 Geneva 電話：+41-22-939-3939, Fax: +41-22-939-3930
日期	94年10月5日(週三)
05:30	黃處長搭乘 KL1924 07:05 離開日內瓦 送機：張參事淑賢
10:00-13:00	
15:00-18:00	
日期	94年10月6日(週四)
10:00-13:00	
15:00-18:00	
日期	94年9月18日(週五)
10:00-13:00	
16:00-18:00	「WTO 農業談判特別會議全體非正式諮商會議」 參加人員：林大使、張參事淑賢、張秘書瑞璋 地點：WTO 會議室 Room CRI

張參事淑賢：

Mobile: 079-223-7134

Office: 022-545-5353

Office: 022-545-5320 (專線)

Home: 022-733-2405

張秘書瑞璋：

Mobile: 079-367-1261

Office: 022-545-5343(專線)

Home: 022-362-2934

G10 Proposal on Market Access

6 October 2005

General principles

- These contributions from G10 elaborate on the trade-offs among various elements in market access, including the use of options which will result in an equivalent level of commitments.
- The modality should enable various types of agriculture to coexist, and thus should take account of particular concerns of various Members including their different tariff structures and NTCs.
- S&D will be an integral part for all elements of negotiations, such as the tariff reduction formula, the number and treatment of sensitive products including the issue of longstanding preferences and implementation period. The particular concerns of recently acceded members will be effectively addressed through specific flexibility provisions.

The Tariff Reduction Formula

- Agree to use G20 proposal as a starting point.
- Number of tiers : 4
- Level of thresholds:
 - Developed countries: from 0% up to 20%, over 20% up to 50%,
over 50% up to 70%, over 70%
 - Developing countries: from 0% up to 30%, over 30% up to 70%,
over 70% up to 100%, over 100%
- Members should have the choice between two options:
 - [Option 1]
 - A simple linear cut without flexibility with a fixed reduction rate in each tier (the overlap issue will be solved by adjusting a limited range of tariffs surrounding the thresholds) .

[Option 2]

- A formula with constrained flexibility. The flexibility is achieved by either of the following:
 - By having a limited deviation from the overall reduction level in a given tier: The overall reduction rate in each tier should be greater than the cut in Option 1.
 - By making deeper cut than in Option 1 for a tariff line in a tier, and by using this as the credit for another tariff line in the same tier: Each tariff line should be subject to a minimum cut, the number of tariff line eligible for credit should be limited, and the credit earned should be less than the extra effort made, hereby resulting in an overall cut level of the tier higher than in Option 1.

Capping

- The G10 rejects the notion of capping agricultural tariffs.

Sensitive products

[selection]

- The standard number of sensitive products will be defined as a certain percentage of tariff lines. Within this percentage, Members should have full discretion to designate the tariff lines to be treated as sensitive.
- Where the flexible formula is applied, the percentage of sensitive products must be smaller than where the formula without flexibility is applied.
- In either case (application of formula with and without flexibility), a Member may be entitled to a greater percentage of sensitive products provided compensation is offered by means of additional TRQ commitments and tariff reductions in a standard combination (see below).

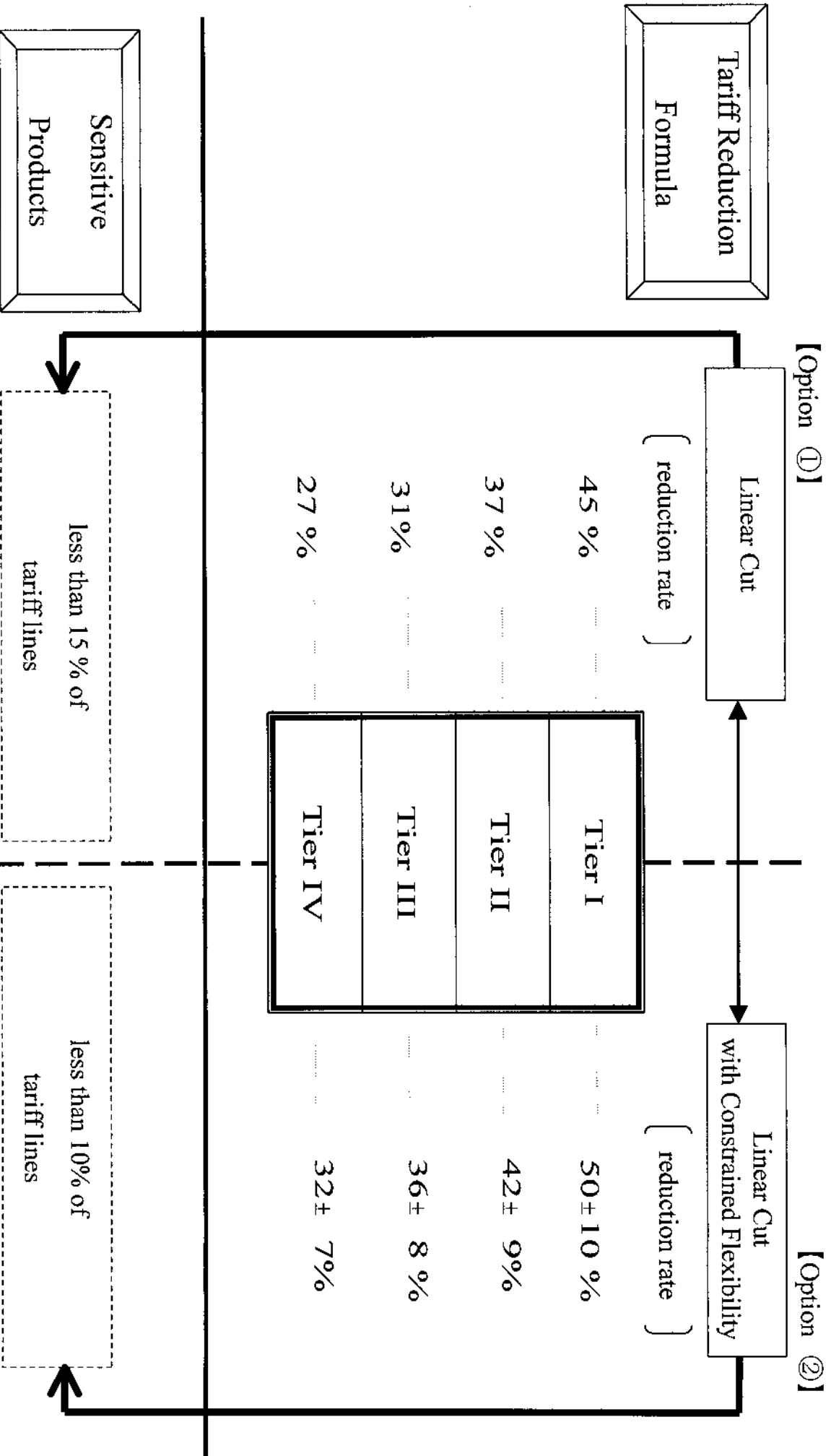
- In addition, in order to take account of differences in tariff structures, Members with more than [] % of tariff lines belonging to the highest tier will be allowed to have an additional number of sensitive products.
- The principles enunciated on S&D will also apply in the choice of sensitive products and in particular the issue of longstanding preferences should be duly taken into account.

[treatment]

- Sensitive products shall be taken out of the tariff reduction formula for other products, and put into a separate box.
- Market access improvement for sensitive products will be less than that for other products and will be achieved through a standard combination of tariff cut and TRQ commitment applying to each product. Deviation from the standard combination should be possible, based on a sliding scale mechanism under which the degree of commitment for one element will slide in accordance with the degree of commitment for the other element. If one element of the combination (e.g. tariff cut) is lower than the standard combination by a certain percentage points, the other element (e.g. TRQ expansion) will have to be increased by the same percentage points.
- When a product currently not subject to TRQ is designated as sensitive, Members may choose not to create a new TRQ provided that the tariff reduction derived from the sliding scale mechanism above will be achieved in a shorter implementation period. Alternatively, a Member may opt for a longer implementation period for the reduction required by applying the tiered formula.
- Any changes in descriptions of existing tariff quotas set down in the Section I-B, Part I of the Schedules of Members concerned, which result in improved market access opportunities, shall be regarded as tariff quota commitments. The way to count these elements in the sliding scale mechanism above will be negotiated when the revised Schedules are submitted by Members.
- The base for TRQ expansion will reflect various elements affecting sensitivities, including present and future supply and demand, consumption patterns, and NTCs.

- For sensitive products whose TRQ are already substantial in relation to the domestic consumption, the degree of TRQ commitment in the standard combination will be adjusted in an equitable manner.

G10 approach: Illustration to show the balance between options



* Figures shown are for illustrative purpose only.

(Sheet No. 2: Example for current access TRQs)

Sensitive Products

* X=10 or 15 according to the option chosen in sheet No.1

[Option A]

[Option B]

<selection>

X % of tariff lines		[reduction rate]	[tariff quota commitment]
	(0)	:	(30)
	5	:	25
	10	:	20
Standard Combination	15%	+	15% of current access commitment
	20	:	10
	25	:	5
	:	:	:
	(30)	:	(0)

<treatment>

(X+5) % of tariff lines		[reduction rate]	[tariff quota commitment]
	(0)	:	(40)
	10	:	30
	15	:	25
Standard Combination	20%	+	20% of current access commitment
	25	:	15
	30	:	10
	:	:	:
	(40)	:	(0)

* Figures shown are for illustrative purpose only.

G10 POSITIONS ON DOMESTIC SUPPORT AND EXPORT COMPETITION

Level of ambition

- G10 Members have undertaken far reaching domestic agricultural policy reforms resulting in reductions in both trade-distorting support and export subsidies, in many cases through difficult political and social process. These Members have thus made efforts more than required by the Uruguay agreement and they should be credited for this and not penalised. They are prepared to make further substantial commitments, provided that an acceptable solution is found in the market access pillar. The starting point for reductions being the final commitment level in the Uruguay Round as stated in the Framework agreement.
- The Doha mandate sets out different levels of ambition for the three pillars, which should be properly reflected in the modalities:
 - Export support; elimination, which means a 100% cut
 - Domestic support; substantial reduction in trade distorting support with an element of harmonisation
 - Market access; substantial improvements, bearing in mind that this will also be achieved through commitments in the subsidies pillars.
- Reductions in trade distorting support and the elimination of the most trade distorting practises – the export competition measures - will lead to improved competitiveness for exporters not applying such measures.
- The three pillars constitute a package. In this regard, the magnitude of future steps in the domestic support and export competition pillars will have to be taken into account when defining the level of ambition in market access.
- The G10 recalls the need to also take into account the special needs of recently acceded members and the need for specific S&D provisions for developing countries in all pillars.

Domestic support

Overall trade distorting support

- G10 supports a formula structure for reductions in overall support with three bands where EU will be placed in the highest band, Japan and USA in the middle band and other countries in the lowest band.

~~—The G10 proposes reductions by The overall reduction of trade-distorting domestic support should be 75% in the highest band, 53% in the middle band and 31% in the lowest band. larger than the sum of cuts brought about by the separate commitments taken with respect to de minimis support as well as the Amber and Blue Boxes.~~

AMS

- G10 supports a formula for AMS reductions with three bands where EU will be placed in the highest band, Japan and USA in the middle band and other countries in the lowest band.

- The G10 proposes reductions by 83% in the highest band, 60% in the middle band and 37% in the lowest band
- ~~G10 members are prepared to make extra efforts in the reduction of AMS, provided that their situations are properly taken into consideration in the market access pillar.~~
- In the middle band, Japan is ready to adjust its reduction rate in light of the difference of its AMS level from that of the United States. In the lowest band, G10 Members with high relative support (Switzerland, Norway and Iceland) have indicated willingness to make an additional effort in AMS reductions in order to facilitate a solution.
- Capping of product-specific AMS at their respective average levels should be calculated as the arithmetic mean of the notified levels during the UR implementation period excluding the highest and lowest entries. Solutions must be found in cases where product-specific AMS has been introduced after the base-period.
- The G10 is in favour of S&D treatment in the form of lower reduction rates. The reduction rate for developing countries should be less than the cut for developed countries in the lowest band.

de minimis

- ~~Substantial +50% reductions in *de minimis* support for developed countries. In general the cuts for developing countries should be less than the cut for developed countries. Small and vulnerable developing economies, which do not have recourse to AMS should be exempted from reductions in *de minimis*.~~

The Blue Box

- The importance of the Blue Box for the overall reform process is clearly spelt out in paragraph 13 of the Framework. The Blue Box shall be less trade distorting than the Amber Box. It is our view that this concern has been adequately accommodated by the specific criteria relating to production-limiting programmes.
- The issues related to any additional Blue Box criteria remains unsolved and further technical work is immediately required among all affected parties. As a basis for this work the G10 recalls the guidelines laid out in Para 14 of the Framework for this exercise, in particular the reference to the balance of existing rights and obligations, and the need to avoid undoing ongoing reforms.
- Transparency of the Blue Box measures should be increased through improved notification requirements.
- The G10 remains committed to the provisions of Para 15 of the Framework.

Inflation

In a few special cases extreme exchange rate fluctuations and inflation rates may have caused extraordinary situations which should be dealt with separately and on a pragmatic case-by-case basis, as provided for in Article 18.4 of the Agreement on Agriculture.

The Green Box

- The G10 objects to proposals that will change the character of or cap the Green Box, and recalls the limited mandate for this exercise.

- The G10 is ready to discuss the inclusion of new elements tailored to the needs of developing countries.

Export competition

- The G10 recalls that parallelism in phasing out all forms of export subsidies is essential in this pillar. The elimination of direct export refunds, to be efficient, has to be matched by equal commitments on the other equivalent measures. This presupposes that a solid methodology to remove the subsidy element of such measures is developed.
- The G10 is totally committed to eliminate all forms of export subsidies and establish disciplines on all export measures with equivalent effects, provided that an acceptable solution is found in the market access pillar.
- In order to reach agreement with respect to the definition of trade distorting practises of STEs and food aid, the G10 emphasises the need to intensify the technical work in these two areas.

G-20 PROPOSAL ON DOMESTIC SUPPORT

12 October 2005

1. The G-20 reaffirms its document dated 5 July 2005, "Draft elements for discussion on Domestic Support", in which it presented the structure for reductions in AMS, *de minimis* and overall trade distorting support, as well as the note regarding the elements for the base for overall reduction appended to it. A copy of the previous G-20 paper on domestic support is attached for reference.
2. In particular, the G-20 highlights the fact that in order to deliver the Doha mandate of "substantial reductions in trade distorting domestic support", it is necessary to count with a combination of cuts, disciplines and monitoring.
3. Regarding disciplines, the G-20 has circulated its proposals "Review and Clarification of Green Box Criteria" and "G20 Elements for discussion: Blue box" and has just endorsed a document on product-specific capping. With that the G-20 will be covering all elements concerning disciplines provided in for the Framework that are essential tools to complement cuts.
4. Furthermore, the G-20 is also tabling a proposal on monitoring and surveillance that will further enhance the mechanisms to ensure transparency and compliance with the commitments members entered into.
5. In order to move forward the negotiations, the G-20 presents below its proposal on the level of ambition regarding cuts of overall trade-distorting support and AMS.
6. As S&D is an integral part of all elements of the negotiation, developing country Members required to do so will undertake a cut less than 2/3 of the cut to be undertaken by developed Members in the same band.

- I. Overall Trade Distorting Support

7. The Doha Declaration mandates negotiations to achieve the objective of "substantial reductions in trade distorting domestic support". In keeping with such instruction, the July Framework, indicates that the overall cut constitutes the central element of the pillar to which all other elements of domestic support - AMS, Blue Box and *de minimis* -should adjust to (see paragraphs 10 and 12 of the Framework). With that, the Framework provides for an overall restriction to the level of subsidies independent from how it is classified under the different boxes and allows for the fulfillment of the objective of bringing down levels of applied trade-distorting domestic support.

8. The G-20 proposes that the bands and the cuts for developed countries be defined as follows:

Bands (Thresholds in US\$ billion)	Cuts
Over 60 billion	80%
10-60 billion	75%
0-10 billion	70%

9. As to S&D, given the difference in *de minimis* entitlements between developed and developing countries (5 and 10% of total value of production, respectively), developing countries should be in a separate band for overall cuts. Furthermore, developing countries without AMS entitlements shall be exempt from making an overall reduction to their trade-distorting domestic support, since they will be exempt from making reductions to their *de minimis*.

II. DE MINIMIS

10. Reductions shall be made to both product and non-product specific *de minimis*. The level of such reductions will be such to adjust to the rate of cut for the overall trade-distorting support.

11. Developing country members with no AMS entitlements shall be exempt from reductions. The level of reduction of *de minimis* for those developing country members with AMS entitlements will be determined in relation to overall reductions of trade-distorting domestic support, bearing in mind that those developing countries that allocate almost all *de minimis* support for subsistence and resource-poor farmers will be exempt.

III. AMS

12. Final bound AMS will be reduced substantially, using a tiered approach, as follows:

Bands (Thresholds in US\$ billion)	Cuts
Over 25 billion	80%
15- 25 billion	70%
0-15 billion	60%

IV. Other issues

13. The G-20 believes that the work in the Sub-Committee on Cotton needs to be expedited so that early agreement can be reached on effective measures consistent with all aspects of the Framework Agreement. They stressed the urgency to address this question not later than the Sixth Ministerial Conference in the light of the current crisis affecting African cotton producers.

G-20 PROPOSAL ON MARKET ACCESS

12 October 2005

1. The G-20 recalls that the Doha Ministerial Declaration calls for “substantial improvements in market access” and that special and differential treatment for developing Members is an integral part of all elements in the negotiations.
2. The G-20 reaffirms its document “Elements for discussion on market access”, dated 7 July 2005 (attached), and the views contained therein. In particular, the Group recalls that the tariff reduction formula is the main component of the market access pillar and, therefore, should be negotiated before addressing the issue of flexibilities for developed countries.
3. The G-20 reiterates the importance of the Framework principles, contained in its paragraph 29, guiding the elaboration of the tariff reduction formula with a view to leading to substantial trade expansion.
4. The Group maintains that overall proportionality of commitments between developed and developing countries should be achieved through lower tariff reductions and higher thresholds for the bands. Developing country Members will cut less than 2/3 of the cut to be undertaken by developed country Members.
5. Also, the Group stresses that the full compliance of the Doha Mandate in terms of substantial reduction in domestic support and elimination of all forms of export subsidies by developed countries constitutes an essential element for the submission of this proposal and is a necessary condition for its validity.
6. The G-20 recognizes the need to safeguard developing countries farmers against imports from developed countries benefiting from trade-distorting subsidies. Developing countries will have the right to have recourse to remedial action against such imports. The G-20 will submit a proposal to ensure that right. These disciplines shall be negotiated.
7. The G-20 stresses that its proposal of the linear cut within the bands constitutes the real middle ground in market access negotiations and expects Members to converge to that proposal.
8. The G-20 emphasizes that special and differential treatment for developing countries constitutes an integral part of all elements of the negotiation. The G-20 is also determined to make operational the provisions in the Framework on special and differential treatment for developing countries, in particular SPs and SSM, so as to preserve the food security, rural development and livelihood concerns of millions of people.
9. With a view to delivering the Doha mandate, the G-20 proposes that developed countries will undertake a formula cut of at least 54%, on average, while developing countries will be subject to a maximum tariff cut of 36%, on average. In order to accomplish that, the G-20 proposes the following:

Thresholds	Developed countries		Developing countries	
	<i>Thresholds (in AVEs)</i>	<i>Linear Cuts</i>	<i>Thresholds (in AVEs)</i>	<i>Linear Cuts</i>
	0≤20	45%	0≤30	25%
	> 20≤50	55%	>30≤80	30%
	>50≤75	65%	>80≤130	35%
	>75	75%	>130	40%
High tariffs & Cap	cap:100%		cap: 150%	

Other market access elements (paragraphs 35-47)

In relation to the elements contained in the 7 July 2005 document, the G-20 document wishes to highlight the following points:

SP/SSM

The G-20 emphasizes that the concepts of Special Products and Special Safeguard Mechanism are integral elements of special and differential treatment for developing countries. The Group reiterates its commitment to work together with the G-33 and other interested Groups to render effective and operationalize these instruments

Tariff escalation

The G-20 is finalizing its contribution on tariff escalation.

Tropical products and products of particular importance to the diversification of production from the growing of illicit narcotic crops

The G-20 will be tabling in the next few days its contribution on this issue.

Long-standing preferences

The G-20 continues its technical work on long-standing preferences

LDCs

The Group reaffirms its guiding principles concerning Least Developing Country Members:

- (i) LDCs shall be exempt from reduction commitments.
- (ii) Developed country Members should provide duty- and quota free access to all products originating from LDCs.
- (iii) Steps should be taken to promote their export capacities, including the need to address their supply constraints. Meaningful gains should be made in this, as well as other pillars for LDCs.

RAMs

The G-20 will be tabling in the next few days its proposal on Recently Acceded Members.

1. Agriculture

The Chair reiterated the objectives set out in the annotated agenda: possible trade off among and within the three pillars of the negotiations on agriculture. In Addition, he invited participants to clarify the numbers mentioned at various meetings which took place last week in Paris.

EU (P. Carl)

We are at the starting point of a serious discussion. Question : can we reach full modalities at Hong Kong ? There are many gaps to fill in all sectors under negotiation, not only in agriculture.

AMS (Amber Box): EU as greatest subsidiser should undertake biggest effort. Opening bid by the EU: reduction of 65%

Blue Box : 5% ceiling as agreed in Framework last July. Flexibility by EU very limited on that score because Blue Box measures necessary to carry out CAP reform. But agree to discuss on the shape and content of new blue box. EU ready to look into product-specific capping of Blue Box. Counter-cyclical payments used by USA create substantive distortion (see cotton case). They have to be modified to comply with ruling given by WTO.

The EU wants to factor CAP reform in the process. EU acknowledges that there is a significant amount of water in domestic support. But if we had kept to the schedule fixed in Doha, the discussion on water would be meaningless. As far as Blue Box is concerned, the EU has water under 5% ceiling. But substantial reforms are underway as for sugar. It might then well be that the EU would need some margin here to dampen the effect of the reform by resorting to Blue Box Measures.

De minimis support : substantial reduction (65%).

Overall level of trade-distorting support : 65% reduction.

Export subsidies : main trade off is within the pillar. Necessity to ensure parallelism between all forms of export subsidies (export refunds, Food aid, exporting state trading enterprise and export credits)

Market Access : 2004 Framework paper remains guidelines. EU ready to make substantial overall reduction. Progressivity in tariff reductions achieved by cutting higher tariffs more than lower ones, with flexibility for sensitive proucts. Prepared to move away from Uruguay Formula to a middle position as proposed by G20 provided flexibilities are warranted for a number of sensitive products. Possible Scenarios have been illustrated in table prepared prepared for the Paris meeting.

For the EU, simple linear cuts within the tiers mean significantly higher number of sensitive products. Alternatively, flexibility within tiers would mean less recourse to sensitive products. The table put forward by EU is for illustrative purposes only. EU not wedded to these scenarios. EU does not have a precise negotiating position because there is not enough convergence on the design of the formula. For the time being, EU only wedded to July 2004 Framework. All approaches put forward by Members will have to live up to commitments made in Framework. In this connection, the EU agrees that the Framework provides for substantial trade expansion, which can occur in many different forms. But the EU is talking only about very limited flexibility within the tiers that should not undermine this objective.

Tariff Cap : EU prepared to envisage tariff cap of 100. May be higher for developing countries.

TRQ expansion : the EU underlined the notion of deviation from tariff formula which will have to be integrated in deal to define magnitude of TRQ expansion.

USA (P. Allgeier)

What EU has put forward are kind of working hypothesis. And we have to discuss all those assumptions and to figure out which ones may be conducive to consensus.

Domestic support : The work at home (US Congress) continues to figure out how to translate parameters of negotiations into Farm Bill. Delicate operation because Congress does not want its position to be dictated from outside. Administration determined to push reform because existing Farm Bill has some flaws. Cotton case lost in WTO may have product-specific consequences for USA.

Magnitude of **AMS reduction** submitted by EU is a working assumption. USA agrees to substantial reduction in AMS. But effort by US depends on magnitude of effort by Japan and EU. In any case the US will not be able to agree that EU remains entitled to subsidise more than twice the amount the US is entitled to. The EU retorted that, in order to meet this requirement, the EU would have to cut its AMS by 80% whereby the USA would reduce only by 50%. This was unacceptable to the EU.

Blue Box: For the USA, it should be seen in relation to the Amber Box. There are two dimensions: how much money is spent and what type of policies are authorised. Some measures are extremely trade distorting (Amber Box) and others less trade distorting (Green Box). Blue Box is an intermediary category. Test: does a measure provide incentive to the farmers ? So, we should agree on the spending limits and broad criteria for Blue Box instead of writing details of the Farm Bill.

De minimis : substantial reduction in connection with cut applying to total trade-distorting support.

Export subsidies : We should determine an end date for export refund. There has to be parallelism between all forms of export subsidies. However, food aid is a special case: there is a huge variety of food aids. Some are not trade-distorting, some are. USA ready to stop

commercial displacement but we have to ensure those in need of food aid that they will get it.
Approach in 3 points:

1. Explicit criteria of what is an emergency situation by some competent authority able to do so.
2. There are very poor countries that should not face restrictions on food aid.
3. For all other types of food aid, we should establish tighter disciplines.

Tariff reduction formula: 4 tiers.

Level of thresholds: 20%, 40%, 60%. Thresholds should be the same for developed and developing countries but with different cuts. Within tiers: progressive type of cuts. Middle point for reduction within tiers: 55%; 65%; 75%; 85%. For instance, tariffs of precisely 20%; 30% and 40% tariff would be reduced by respectively 50%; 55% and 60%. There should be a tariff cap at 75% for developed countries.

Sensitive products: should not become new degree of uncertainty. Treatment of sensitive products with TRQs is key to provide necessary level of comfort.

Cotton : Enormous amount of work to be done on this. Final results of Round will have an impact on Cotton.

Brazil (Clodoaldo Hugueney)

G20 : took risk in coming up with proposals, which may be characterised as compromise solutions. G20 is still working to develop its proposals.

There is a greater degree of precision by US on Market Access than in the case of EU. There is a greater degree of precision by EU on domestic support than in the case of EU. Domestic support and market access are closely linked. These linkages are important aspects of discussions.

Domestic support : 2 central elements are cuts and disciplines. Overall cut of Total Trade Distorting Support is very important aspect. Central question is whether we are going to see real cuts in domestic support measures. 65% cut mentioned by EU is considered as an opening bid.

Blue Box : Reduction in capping below 5%. This is one way of preventing box shifting. Another way, is to tighten disciplines on Blue Box measures. So, new disciplines on New Blue Box are of paramount importance.

G20 also attaches importance to reviewing the Green Box criteria.

Export competition. End date cannot be delayed. Export subsidies have to be eliminated in a short period of time. A solution to problem of parallelism should be found.

Market access: G20 proposal is a middle ground in market access. Because EU, with its requests for flexibility, wants to revert to initial UR formula. On the other hand, the US is more or less sticking to Swiss formula. Therefore, G20 proposal is middle point. Trade is concentrated on a few number of tariff lines and we should agree on a very limited number of sensitive products. We should avoid as much as we can to resort to TRQs. We have to further work on relationship between deviation, number and treatment of sensitive products.

G20 worried about flexibility within the formula. Sensitive products are the tool to provide flexibility.

On thresholds, it may be possible to converge towards 4 tiers. But not possible to use same thresholds for developed as for developing countries. Product-specific cap in blue box as proposed by EU is welcome and will contribute to limit box shifting. The cotton case demonstrated that counter-cyclical payments are significantly trade-distorting. We need real cuts and not only reduction in water. This should be integral part of our discussions now.

Trade-offs among pillars: Brazil does not agree that concessions on domestic support should and export subsidies should allow lesser concessions in market access. This would run counter the framework and excessively curtail the level of ambition.

Switzerland

Linkages : first linkage is between domestic policy and negotiations.

In the mandate : linkage between ambition and fairness. Anyhow, the cumulative results in all three pillars will exceed any previous outcome negotiated at GATT/WTO.

We have to seek a balance of sacrifices.

Export subsidies : major results, we can go very fast but we need parallelism and Gis

Blue Box : recall specific flexibility needed by Norway.

Domestic support : we are ready to make a solid contribution to this negotiation.

Market access : we can only reach ambitious results if there is some flexibility. We should not lose sight of the three pillars which are interconnected and which will define in aggregate the real level of ambition.

G20 proposal on market access not middle ground as far as tariff capping is concerned. Cap was mentioned in the July document as a matter for further examination. This examination never took place so far.

If we have no flexibility in the formula, we will need a large number of sensitive products.

Japan

Domestic support : most important element is reduction to be achieved by Japan, US and EU.

Taking into account the level of Domestic support: EU in first band and Japan in second band. Japan is prepared to make larger reduction of domestic support than required in second band but US should also be in second band.

Market access: crucial to identify the flexibilities in the formula while taking into account the possible trade offs. Formula without flexibility means lower reduction rates. Formula with flexibility means higher average reduction rates. There should be an optional system.

Malaysia

Welcome figures put forward by US, also on capping. We should compare levels of ambition across sectors and not forget that we talk about Swiss formula with coefficients around 15 in NAMA.

India

Underlined the development deficit of negotiations. This situation has to be rectified. If developed countries not ready to cut significantly **domestic support**, there is not going to be market access in developing countries. The new Blue Box is a matter of concern. If level of domestic support in developed countries remains the same due to box shifting, Hong Kong will be a failure.

Thresholds of tiers put forward by US for market access not acceptable: according to Framework, tariff structures have to be taken into account. By proposing same thresholds for developed and developing countries, US reopens the July 2004 Framework. There should be different thresholds for developing countries.

Kenya

S&D is of paramount importance, including Special products and SSM.

Zambia

LDCs interested in success of Round. But attention should be paid to their interests and special situations. This is a development Round.

Canada

With numbers on the table, we are now talking about the real issues. Point made by India well taken. To have substantial results overall, we need to deal as seriously with domestic support as with market access.

The calculations performed by Canada show that EU has 71% water in AMS. The US has 65% water in their AMS, but level of water in the case of US varies according to world prices. So to achieve real cuts, AMS should be cut by more than those figures.

For the overall level of trade-distorting support : both countries have 79% water.

In the **Blue Box**, EU only uses 1 to 2% of current domestic production and US only 2%. So, a 5% ceiling as provided for in the Framework does not constrain both of them.

We need product-specific caps for Blue Box to prevent box shifting. As to nature of programmes in Blue Box: when you have support varying according to prices (such as counter-cyclical payments), the measure can be rated as trade-distorting.

Export competition: elimination of export refunds is clear. Food aid : ideas put forward by US good starting point.

Market access : many linkages within this pillar. Growing convergence towards 4 tiers + notion of a cap is gaining ground. Flexibility should be handled by means of sensitive products. Treatment of sensitive products is an element that needs to be further developed. We have a lot of work to do here.

We need to see more numbers on the table from more countries.

As for the parameters of the formula, Canada ready to support figures put forth by USA. Same numbers should be used for reduction of trade-distorting domestic support.

Australia

We have to deal with numbers and specific proposals.

Substantial amount of water in Domestic support: we have to get rid of that and even go further.

Market access: get rid of the water and go beyond that.

Blue Box: capping of Blue Box shall be lower to create constraint on US and EU. So we should lower the cap on Blue Box (to 1.5%). And also take a look at disciplines although this is difficult.

We need to do much more than 36% cut in tariff to change things. Minimum 55% cut in lowest tier to at least 85% in highest tier to get improved market access.

For developed countries, we have to reduce the differential between average level of industrial tariffs and average level of tariff on agricultural products.

Conceding the notion of sensitive products was already a major step for Cairns Group countries. They cannot entertain a double flexibility, that is also within the formula.

The test is not whether a product is sensitive or not but whether or not new trade opportunities are going to be provided in any form, for instance in the form of TRQ expansion. What matters in the end is not so much the number of sensitive products but the commercial opportunities generated by the agreement reached.

China

Agree with Brazil. Emphasis should be on development dimension as stressed by India.

There are strong links between pillars. Most distortive measures are export subsidies : we need end date and discussion on US ideas concerning food aid. On domestic support, we need real cuts and not only reduction in water. Criteria for Blue Box remain important. On market access: EU is leaning to UR formula and US is leaning to Swiss formula. Therefore, G20 proposal is very much middle ground. Happy that EU agrees with capping. In fact, proposal by G20 on capping is very mild.

Final remarks by Chairman Kondo

Convergence on 4 tiers for the tariff reduction formula.
More work needed on domestic support.
Highlight optional idea by Japan
Trade-offs between sensitive products and formula apparent
Need to focus on treatment of sensitive products hand in hand with formula, including numbers.

Comments by Chairman Falconer

There is advancement technically as compared to end of July. This is positive.

Would feel a lot better about it if we had another 6 months to Hong Kong.

Time is short and it does not derive from discussion that we may make it by Hong Kong.

This kind of conversations will be over in two weeks and next week will be crucial to make progress for preparing the Ministers who will meet the following week. It will be difficult to make headways afterwards. We should capitalise on the progress made so far and even go further. Otherwise, we are going to be in deep trouble.

We have convergence on number of bands. But we still need to sort out the issue of levels of thresholds.

Encourage Members to come up with their numbers as EU and US. The sooner people can talk about numbers the better. Also for sensitive products. The issue is how to do this without leak and political trouble. But this has to start before Hong Kong and people should take the risk.

We have some numbers on what we do on the formula. We should not lose sight of the fact that we will not resolve the type and depth of cuts within the bands if we do not tackle the issue of sensitive products at the same time (number + treatment). This should be broached next week. Nobody (but one delegation) disagreed with the view that it could live with a linear cut under certain conditions.

Domestic support: we are not going to resolve the issue of AMS if we do not look at what actual expenditures are.

Reduction of total trade distorting domestic support: we are in a different situation here because of Blue Box. EU ready to consider product-specific cap on blue box.

On the criteria for blue box, more work to do. Key for conversation next week.

Export subsidies: still some unfinished work here. New ideas on Food Aid.

We also have to look at Special products, SSM and S&D.

We are going to have a transparency discussion tomorrow afternoon.

Tuesday: those around this table should be frank with the rest of the Membership to explain what we are doing here. Short version of what we try to do for the rest of the people.

Smaller discussions in reasonably representative groupings will be carried out by Chair with focus on domestic support and market access next week. Possibly on export competition.

Other discussion on S&D, SSM and SP should also take place.

Friday : wrap up session.

COASS

4 October 2005

Statement by the G10

Thank you Mr. Chairman. Thank you for this opportunity to take stock of the latest developments and to clarify approaches and ideas put forward recently by Members.

At this juncture we would like to share with Members our assessment of the current situation.

Mr. Chairman, the G10 reiterates its willingness to enter into far-reaching commitments in all three pillars. The greatest level of commitment will be of course reached in export competition where the ambition is highest : 100 percent reduction or elimination. The second greatest step will be undertaken in the Domestic Support pillar, where deep cuts should bring about a harmonising effect. Taken together, these commitments represent a major contribution to the reform process. We are ready to make them provided we get a balanced deal in the market access.

This is not to say that market access is nothing but a side show. On the contrary, the G10 remains committed to the objective of substantially improving market access for all products. But one cannot expect cuts in tariffs as deep as in export subsidies and Domestic Support, the two pillars where the reform process is most advanced. Cumulating similar cuts in trade-distorting support *and* in tariffs is politically simply not feasible at a stage where our agricultures will have to absorb the effects of the subsidies reform. In such a context, the shock resulting from excessive demands in respect of tariff reductions can only fuel resistance to

the reform process. This would clearly be the case of a proposal to divide by 10 all tariffs greater than 60%.

In the export competition pillar, the elimination of direct export refunds, to be efficient, has to be matched by equal commitments on the other equivalent measures. This presupposes that a solid methodology to remove the subsidy element of such measures is developed. Unfortunately, we are not there yet.

On domestic support, I would like to recall that G10 countries have already engaged in profound reforms of their domestic support, moving away from trade-distorting measures. These achievements will contribute to the predictability and expansion of trade in agricultural products. Indeed, reducing substantially trade-distorting domestic support will improve market access opportunities.

The G10 commends the EU for the working hypothesis put forward regarding the reduction of trade-distorting support. These numbers will facilitate our discussion on the level of ambition.

The G10 rejects tariff capping. [An overall tariff cap is inconsistent with the principle that the different tariff structures of Members - which reflect the differences in agricultural production conditions - should be taken into account. It would simply flatten these structures at an arbitrary level and introduce a rigidity that would not suit the specific conditions of each Member resulting from the Uruguay Round tariffication.

In addition, tariff capping is biased *per se* because it does not entail that all Members will contribute equally to achieving the Doha objective. For example, Members with a large range of tariffs below the level of the cap - but for which

these tariffs are providing effective market protection - will not be required to make concessions commensurate with the concessions of Members with would be struck by the cap.]

We have also carefully examined the illustrative scenarios put forward by the EU and we have made our own simulations on the basis of the same assumptions. To give you a hint of their impact, the scenario that results in an average cut of 36 per cent for the EU generates a 60% average cut for some of the G10 countries.

Further precision on the G10 Position :

Agree to use G20 proposal as a starting point.

Number of tiers : 4

Ready to apply a linear formula within the tiers. However, as we have repeatedly stated, we need some flexibility in the formula.

A number of proposals regarding the level of thresholds have been made. As a group including developed and developing countries, the G10 advocates a solution that would be a kind of middle point between those proposals.

In addition, we would like to underline the overall relationship between the level of ambition in the formula and the selection and treatment of sensitive products.

The G10 is currently reflecting on all these elements and hope to be in position to share more detailed ideas with other delegations soon. At the same time, we have fleshed out our approach to sensitive products, the treatment of which remains the poor cousin of our negotiations.