

Committee on Agriculture
Special Session

G33 PROPOSAL ON SPECIAL SAFEGUARD MEASURES*

Communication from G33

I. INTRODUCTION

1. Paragraph 42 of the July framework¹ reads:

"A Special Safeguard Mechanism (SSM) will be established for use by developing country Members".

2. The July framework provides no guidelines with respect to the possible architecture of the SSM. However, the G33 believes that as a fundamental component of Special and Differential Treatment (SDT) under the market access pillar, the SSM should respond to the particular circumstances and needs of the developing countries, and constitute an effective defense mechanism against import surges and price declines. The group is not willing to accept a mechanism that does not respond to the needs and concerns of developing countries.

3. In this context, the G33 is of the view that the negotiations on modalities of the SSM do not take place in a vacuum: any mechanism to be established should take into account the experience of developing countries with trade liberalisation in agriculture and the implementation of relevant WTO provisions.

4. On this basis, the group put forward the following parameters to guide negotiations on modalities on SSM:

- i) The safeguard measure shall be automatically triggered;
- ii) The safeguard measure shall be available to all agricultural products;
- iii) The safeguard measures should be available to address situations of import surges or swings in international prices. Therefore, price and volume-triggered safeguards shall be contemplated.

* G33 countries consist of : Antigua and Barbuda, Barbados, Belize, Benin, Botswana, China, Congo, Cote d'Ivoire, Cuba, Dominican Republic, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Republic of Korea, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, The Philippines, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia, Zimbabwe.

¹ Annex A to the General Council Decision on the Doha Work Programme -WT/L/59.
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- iv) Both additional duties and quantitative restrictions shall be envisaged as measures to provide relief from import surges and decline in prices;
 - v) The mechanism shall respond to the institutional capabilities and resources of developing countries; hence it should be simple, effective and easy to implement.
5. In developing these guidelines, the group submits the following specific elements for the design of the SSM:

II. SPECIFIC ELEMENTS FOR THE DESIGN OF THE SSM

<ul style="list-style-type: none"> ▪ Beneficiaries: 	<ul style="list-style-type: none"> - All developing country Members.
<ul style="list-style-type: none"> ▪ Product scope: 	<ul style="list-style-type: none"> - All agricultural products as per Annex I of the Agreement on Agriculture.
<ul style="list-style-type: none"> ▪ Triggers: 	<ul style="list-style-type: none"> - Special Safeguard Measures may be invoked if: <ul style="list-style-type: none"> (a) the volume of imports of the product concerned entering the custom territory of the Member invoking the measure during any year exceeds <u>the average volume of imports of the three preceding years for which data are available;</u> or (b) the price of imports of the product concerned entering the custom territory of the Member invoking the measure is below <u>the trigger price defined as the monthly average c.i.f. import price of the product concerned over the three preceding years for which data are available.</u>
<ul style="list-style-type: none"> ▪ Remedy measures: 	<p><i>Volume-triggered SSM</i></p> <ul style="list-style-type: none"> ▪ <u>An additional duty</u> applied to the extent necessary to address the import surge. The deeper the import surge the higher the additional SSM duty to be imposed². or ▪ <u>A quantitative restriction.</u> The measure shall not reduce the quantity of imports below the average volume of imports of the three preceding years for which data are available.

² The concept behind this option is that the remedy should be proportional to the problem. Deeper the import surge, stronger the remedy (i.e. higher the additional duty). A progressive - maximum - additional duty can be established for 3 or 4 bands characterising the depth of the import surge. Annex A illustrates the way this proposition can be implemented.

<p>Price-triggered SSM</p> <ul style="list-style-type: none"> ▪ <u>An additional duty</u> not exceeding any positive difference between the c.i.f. import price of the shipment concerned and the trigger price as defined above. The additional duty may instead be applied on regular time intervals not exceeding one year, according to the implementation capacity of the developing Member concerned. ▪ <u>A quantitative restriction</u>. Quantitative restrictions may be applied only when the measure is being implemented on a regular time intervals rather than on a shipment basis, but the results are ineffective in halting the continued fall in prices. The measure shall not reduce the quantity of imports below the average volume of imports of the three preceding years for which data are available. 	<p>▪ Remedy measures (continued):</p>
<ul style="list-style-type: none"> - TRQ imports shall be counted for the purpose of determining the volume of imports required for invoking the volume-triggered SSM. 	<p>▪ Treatment of TRQ imports:</p>
<ul style="list-style-type: none"> - SSM provisions may be applied concurrently with any countervailing and or anti-dumping duties imposed in accordance with the relevant WTO Agreements. - Such measures may not be applied in conjunction with measures under the Agreement on Safeguards, nor with measures under Article 5 of the Agreement on Agriculture. 	<p>▪ Concurrent application of safeguard measures:</p>
<ul style="list-style-type: none"> - For perishable and seasonal products, the provisions on the SSM will be implemented in a manner that takes into account the specific characteristics of those products. More concretely, shorter time periods can be used as base period for purposes of invoking the volume-based SSM; and different reference prices for different periods may be used for purposes of invoking the price-based SSM. 	<p>▪ Perishable and seasonal products:</p>
<ul style="list-style-type: none"> - Any additional duty or quantitative restriction imposed in pursuance of the provisions on the SSM shall be maintained for a period not exceeding one year from the date the measure was invoked. - At the end of the above period, the SSM may again be invoked if the relevant triggers are met. - If the price-triggered SSM is applied on a shipment basis, no specification of duration is necessary. 	<p>▪ Duration of the SSM:</p>
<ul style="list-style-type: none"> - The SSM shall be applied in a non-discriminatory manner irrespective of the source of 	<p>▪ Non-discrimination:</p>

	<p>the imported agricultural product.</p> <ul style="list-style-type: none">- The operation of the SSM shall be carried out in a transparent manner.- Any developing country Member taking action under this mechanism shall give notice in writing to the CoA, as far in advance as practicable and in any event within 30 days of the implementation of the measure. <p>▪ Transparency requirements:</p> <ul style="list-style-type: none">- The notice in writing will include an indication of the tariff lines affected by the SSM measure.- Members taking actions under this mechanism shall afford any interested Member the opportunity to consult with it in respect of the conditions of application of such action.
<p>▪ Final provisions:</p>	<ul style="list-style-type: none">- When measures are taken in pursuance of provisions on SSM, Members undertake not to have recourse, in respect of such measures, to the provisions of paragraph 1(a) and 3 of Article XIX of GATT 1994 or paragraph 2 of Article 8 of the Agreement on Safeguards.

ANNEX

DEPTH OF THE IMPORT SURGE	REMEDY MEASURE
$x \leq Y$ per cent the volume trigger	None
Y per cent the volume trigger $< x \leq Y1$ per cent the volume trigger	Z per cent of the bound duty
$Y1$ per cent the volume trigger $< x \leq Y2$ per cent the volume trigger	$Z1$ per cent of the bound duty
$x > Y2$ per cent the volume trigger	$Z2$ per cent of the bound duty

LEGEND:

x = current level of imports
 Y = depth of the import surge measured as a percentage of the volume trigger. Note that $Y < Y1 < Y2$.
 Z = maximum additional duty imposed as a remedy measure under the volume-triggered SSM. Note that $Z < Z1 < Z2$.

**Committee on Agriculture
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G33 PROPOSAL ON SPECIAL PRODUCTS*

Communication from G33

I. INTRODUCTION

1. The July framework¹ states:

"41. Developing country Members will have the flexibility to designate an appropriate number of products as Special Products, based on criteria of food security, livelihood security and rural development needs. These products will be eligible for more flexible treatment. The criteria and treatment of these products will be further specified during the negotiation phase and will recognize the fundamental importance of Special Products to developing countries."

2. Thus the Framework recognises that developing Members have the flexibility to designate special products based on criteria of food security, livelihood security and rural development needs. The Framework requires Members to further specify the elements constituting more flexible treatment for these products.

3. The paragraphs that follow present the G33 views on both these issues.

II. THE CRITERIA OF FOOD SECURITY, LIVELIHOOD SECURITY AND RURAL DEVELOPMENT NEEDS

4. According to the July framework, the designation of SPs shall be made on the basis of the food and livelihood security concerns, and the rural development needs of developing countries. These concepts are embedded in the agriculture sector policies of all developing countries. The complexity behind each of these concepts though significant, arises for the most part because of varied characteristics of the agriculture sector itself of individual developing countries.

5. Although food security is defined in terms of the country as a whole, it can also be defined at various other levels. It is widely accepted today that food security is also intrinsically concerned with households' and individuals' access and guarantees to food. Further trade liberalisation in agriculture may affect the livelihood of the rural poor and small and vulnerable farmers in developing countries in a variety of ways, depending on their particular circumstances, livelihood strategies and resources. Thus, gauging the particular relevance of specific products for food and livelihood security require detailed analysis of the potential implications of liberalisation for wide-spread segments of the population, across various geographical regions, within a country, in addition to the assessment of the possible impact of liberalisation for the country as a whole.

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¹ Annex A to the General Council Decision on the Doha Work Programme - WT/L/59.
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6. Moreover, the selection of SPs must be made in full understanding of the domestic policy context and circumstances of the country concerned as these evolve over time, for these provisions to have a stronger impact and really respond to the development needs of individual developing countries.

7. From the perspective of the G33, the designation of SPs on the basis of food and livelihood security and development concerns more widely, have to do with considerations such as the importance of particular products for the subsistence strategies of the rural poor and small and vulnerable farmers; the importance that a product may represent as a source of livelihood for the population in a disadvantaged region; the significance of a crop or product for the consumption profile of the country or for specific communities within a country; the potential structural effects of an import substitute in the consumption profile of the country; the contribution of a product to the economy as a whole, including from the perspective of GDP, employment and food procurement; the role that a product may play in the wider domestic policy context of the country concerned, etc.

8. On the basis of the above, we are of the view that the application of a common set of indicators across the developing world for purposes of designating SPs would be very difficult. Furthermore, establishing a multilaterally agreed threshold level for each plausible indicator that may be thought of, capable of capturing the size and diversity of the agriculture sector in all developing countries would be even more difficult.

9. Thus, given the inherent complexity of the agriculture sector and for the SP provisions to serve development concerns, the designation of products requires maximum flexibility. This flexibility does not equate to arbitrariness since the designation of SPs must be made on the basis of the already agreed criteria of food and livelihood security and development needs of the developing country concerned. The G33 is of the view that only under this flexibility will the fundamental importance of SPs to developing countries be recognised as stated in paragraph 41 of the Framework.

10. As the domestic circumstances of the developing Member concerned, as well as the wider domestic policy context of such country evolve over time, the list of SPs will, accordingly, be revised as deemed appropriate by the developing country concerned, in line with the requirements that may be established for that purpose.

III. ELEMENTS CONSTITUTING MORE FLEXIBLE TREATMENT FOR SPS

11. Provisions on SPs constitute an integral element of special and differential treatment (SDT) under the market access pillar. According to the July framework, only developing countries will have the opportunity to designate an appropriate number of such products on the basis of food and livelihood security and rural development needs.

12. Therefore, while deciding on the elements constituting "more flexible treatment" for SPs the paramount concern of members should be to guarantee that such flexibilities allow developing countries to attain their development objectives. Being able to achieve these objectives is a right of developing countries for which no concessions should be asked in return.

13. Commitments in market access relate mainly to the reduction of tariffs and tariff rate quota (TRQs) expansion. The July framework foresees the adoption of a tiered approach for the reduction of tariffs.

14. From the perspective of the G33, the July framework's language clearly and unambiguously implies that the SPs will not be bound by the formula for tariff reduction to be agreed as a general rule. Neither will these products be subject to commitments on TRQs.

15. The G33 believes that as a unique SDT provision, SPS must be provided maximum flexibility in treatment, in recognition of the fundamental importance of these products for developing countries. Thus, SPS will be exempt from tariff reductions and any commitment on TRQ. SPS shall also have access to the Special Safeguard Mechanism (SSM).
