

*The Doha Work Programme on Agriculture***TAKING NON-TRADE CONCERNS INTO ACCOUNT
IN THE MARKET ACCESS PILLAR***Contribution by the G10****INTRODUCTION***

1. This contribution aims at clarifying certain concepts and providing a basis for how non-trade concerns (NTCs) should be taken into account in the negotiations, focusing on the market access pillar. The paper starts by briefly reviewing certain key issues relating to NTCs. On the basis of this review, the paper suggests some implications for the modalities negotiations in the market access pillar, explaining *why* market access is crucial and *how* the market access modalities should reflect NTCs. The intention is not to table a proposal for fully-fledged modalities in the market access pillar, but to focus on the *linkage* between NTCs and market access provisions and flag a certain number of issues that should be addressed in the negotiations. This contribution will then be followed by more specific and detailed inputs at later stages.

NON-TRADE CONCERNS: THE KEY ISSUES

2. **We are mandated to take non-trade concerns into account:** G10 is fully committed to all the elements of the Doha Declaration and the Decision adopted by the General Council on 1 August 2004 (hereinafter referred to as the *Framework Agreement*). We are prepared to continue the reform process as a result of the Doha negotiations. At the same time, a balance is needed between trade and non-trade concerns. The Framework makes clear in its Paragraph 2 of Annex A that “*Non-trade concerns, as referred to in Paragraph 13 of the Doha Declaration, will be taken into account.*” The Doha Declaration reads that “*We take note of the non-trade concerns reflected in the negotiating proposals submitted by Members and confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture.*”¹ NTCs are of vital importance to many Members, and the emphasis on NTCs is crucial to the overall balance of the mandate and to a successful conclusion of the negotiations.

3. **Most non-trade concerns depend on domestic agriculture:** During the negotiations, many Members have referred to a number of non-trade concerns of relevance to their reform process. These include food security, rural development and the viability of rural areas, various environmental concerns such as biological diversity, agricultural landscapes and land conservation (which includes flood control, landslide prevention and combating soil erosion

¹ The Agreement on Agriculture refers to non-trade concerns in its Article 20 and the Preamble to the Agreement, which reads 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, ...”.

and desertification), and cultural heritage and identity. An essential commonality of these NTCs is that their safeguarding to a large extent is dependent on domestic production.

4. Food security is a typical example. The relationship between domestic agriculture and national food security is well established. It is a fundamental objective of every country to ensure stable supplies of food, and most governments have opted for a certain degree of domestic agricultural production, in conjunction with imports and stockholding, to ensure such supplies. In order to reduce the risks that are often associated with an excessive reliance on world markets, many countries with a low self-sufficiency in agricultural products judge as essential a certain degree of domestic agricultural food production.

5. **Domestic production conditions matter:** Sustaining domestic production is particularly challenging in countries with disadvantaged production conditions. Disadvantaged production conditions, such as small-scale farming, difficult climate or topography, often limit the scope for diversification and call for government interventions to sustain the production. The *diversity* of production conditions in different countries therefore needs to be recognised.

6. The NTCs referred to above is a non-exhaustive list. Other important NTCs *not* dealt with in this paper include various consumer concerns, such as food safety or information relating to different product and production characteristics, or animal welfare concerns.

SOME IMPLICATIONS FOR MODALITIES ON MARKET ACCESS

7. How can the DDA modalities in agriculture ensure sufficient room for manoeuvre to sustain sufficient domestic production necessary to safeguard NTCs, including in countries with disadvantaged production conditions? This contribution focuses on the *market access pillar*, it being understood that domestic support instruments are also relevant to the safeguarding of NTCs. Moreover, we note that for some Members geographical indications are a matter of NTCs.

8. The focus of this paper on market access is due to the following reasons: During the GATT history, tariffs have always been a legitimate tool to safeguard domestic agricultural production in countries with less competitive production conditions. Since the Framework Agreement will result in substantial reductions in trade-distorting domestic support and the elimination of all forms of export subsidies, tariffs will become all the more important in the future. The need for using market access instruments is even more acute for Members with budgetary constraints.

9. Also, agricultural export earnings secured through long-standing preferences contribute to address NTCs in many vulnerable developing countries.

10. *How* should the market access modalities take account of NTCs? Properly addressing NTCs is both a matter of flexibility and an appropriate level of ambitions. Without prejudging the outcome of the negotiations, the following is a non-exhaustive list of issues that are directly linked to the safeguarding of non-trade concerns, focusing on the tariff reduction formula and the selection and treatment of sensitive products:

The design of the tariff reduction formula

11. In order to meet all the objectives of the Doha mandate the Framework calls for a single approach for developed and developing countries through a tiered formula that takes into account Members' *different tariff structures*. On this basis, in order to ensure that also non-trade objectives of the Doha mandate are being met, tariffs should be subject to average linear

cuts, with deeper average cuts in higher bands. An average linear approach would allow for a certain degree of flexibility and may enable each Member to sustain sufficient agricultural production to address its NTCs.

The formula for sensitive products

12. To take account of NTCs, Paragraph 29 of the Framework states that there will be “*flexibilities for sensitive products*”. Sensitive products will not be subject to a tiered formula, but should be put in one separate box for sensitive products, regardless of their tariff level. On the issue of *selection* of sensitive products, Para 31 of the Framework reads as follows:

Without undermining the overall objective of the tiered approach, Members may designate an appropriate number, to be negotiated, of tariff lines to be treated as sensitive, taking account of existing commitments for these products.

13. Given that sensitivities and NTCs vary across countries, it goes without saying that each Member must be given full discretion to select its specific sensitive products. According to Para 31, the number should be *appropriate*, not necessarily limited. Moreover, the Framework clearly foresees that the number should vary from one Member to another, since Para 31 stipulates that the sensitive products will be designated by the Members, and that the number should be appropriate and take account of existing commitments for these products.

14. As to the treatment of sensitive products, the Framework envisages some TRQ expansion for sensitive products. However, Paragraph 33 of the Framework reads that “*balance in this negotiation will be found only if the final negotiated result also reflects the sensitivity of the product concerned.*” G10 recognises that improved tariff quota commitments will be required for all sensitive products. G10 believes a multidimensional approach will need to be designed to ensure a flexible treatment of sensitive products in which substantial market access improvement is achieved without undermining the sensitivity of the product concerned. Various dimensions of such an approach could be:

15. First, in accordance with the first sentence of Para 33, different combinations of TRQ commitments and tariff reductions will be allowed.

16. Second, Paragraphs 33 and 35 list several elements that will give the flexibility required to reach a final balanced result. These elements include TRQ expansion, improvements in TRQ administration and reduction or elimination of in-quota tariff rates. Additional options could also be envisaged.

17. Third, to properly take account of NTCs, additional criteria should be considered to allow Members to better reflect individual sensitivities, as foreseen in Paragraph 33. Several options could be foreseen. For instance, TRQ commitments could be differentiated according to the overall agricultural import performance of the Member concerned.

18. Fourth, the TRQ expansion, as well as the tariff cut applying to sensitive products, could be expressed in terms of an average commitment.

19. Incorporating special and differential treatment (S&D) for developing countries is an essential element. In this regard, Paragraph 35 of the Framework and Paragraph 6 of Attachment 1 of TN/AG/W/1.Rev 1 provide effective S&D and enable developing country Members to fully benefit from the existing market access opportunities under TRQs.

20. The specific design of the approach to be taken to the treatment of sensitive products will be subject to negotiations. In the discussion above, alternative options to improved TRQ commitments are explored. These options are not mutually exclusive. To G10, flexible

treatment of sensitive products is essential, and G10 therefore invites the Membership to reflect on the approaches presented above to ensure that NTCs are being properly taken into account. G10 reserves its right to table more specific proposals in this area at later stages.

21. Agreeing to modalities will involve a series of difficult trade-offs. A successful outcome of the negotiations will only be reached when the legitimate interests of all Members are duly taken into account. The challenge lies in designing compromises that are sufficiently balanced to attract the support of all.