



**Committee on Agriculture
Special Session**

COMMITTEE ON AGRICULTURE IN SPECIAL SESSION

**REPORT BY THE CHAIRMAN, H.E. MR. VANGELIS VITALIS,
TO THE TRADE NEGOTIATIONS COMMITTEE**

7 December 2015

1. Since the last CoA SS on 18 November, I further intensified my process and held many bilateral consultations as well as consultations in variable geometry on a range of issues. I conducted 15 Room E –type meetings, as follows:

- on 19 and 27 November, and 2, 4 and 5 December on Export Competition;
- on 24 November, and 1 and 5 December on the Special Safeguard Mechanism;
- on 23 and 26 November, and 1, 3, 4 and 7 December on Cotton; and
- on 25 and 30 November, and 5 December on Public Stockholding, which is on a separate track from the wider negotiation.

2. In addition, the 4th Dedicated Discussion on cotton took place on 26 November. I also held meetings with the Group Coordinators to discuss all the issues on the table on 3 and 8 December.

1 CONTEXT

3. Despite the intensive consultations and progress made, there is still no appreciable convergence on **any** of the issues Members are working on, with a limited exception in the case of cotton. Members have also been working intensively on the content of a Ministerial Declaration at Nairobi – across Parts 1, 2 and 3 of that instrument, with Part 2 widely recognized as the place to slot any substantive outcome, including for agriculture. Given the very limited time left before Nairobi, the prospects for being able to place something meaningful on agriculture in Part 2 are not encouraging.

4. All my consultations have been guided by a four-core principle I enunciated some time ago. These are: that Members' engagement on all of the issues is entirely without prejudice to their position on the overall Nairobi package or to what the post-Nairobi agenda might look like; that we work on all areas in parallel; that there is no presumption of convergence, and that we respect transparency.

2 SUBSTANCE

5. Regarding **Domestic Support** and **Market Access**, there has been regrettably no evolution in the substantive positions of Members. Despite my requests, no new ideas, suggestions or other thoughts on these two pillars have been put forward. Therefore, my conclusion is that there continues to be no convergence on domestic support or market access.

6. **Export Competition** has been identified – without prejudice to positions Members may take on other issues and indeed on the post-Nairobi context – as a possible deliverable on agriculture for Nairobi.

7. Based on the comments received from Members during my consultations, my objective has been to initiate a text-based negotiation process, using the Rev.4 text as a basis and taking into account the various written contributions received from Members.

8. I therefore pursued an intensive consultation process, looking to build out concentric circles of engagement, with a view to better identify possible zones of convergence that could then be shared in a gradual process with all the Members.

9. I also encouraged all Members to seek to stay as close as possible to the existing Rev.4 text on Export Competition and that any amendments to that text ought to be as limited as possible and only to the extent necessary.

10. I invited Members to reply to the three following questions: (i) **Where** in Rev.4 do you have a concern?; (ii) **What** precisely is the nature of your concern?, and (iii) **How** do you propose to address your concern? I also added that I would be expecting written amendments to be proposed for the text to reply to this "How?" question.

11. As noted above in my report, several written contributions were circulated in the last three weeks, in addition to numerous comments and positions expressed during my various consultations. I welcomed this development, but I urged Members to engage in the negotiations with a view to narrow the gaps between their various positions, with a view to identifying what is realistically achievable in the short term left before the Ministerial Conference.

12. This has unfortunately not been the case so far. Among other issues, specific substantive concerns continue to be expressed about the timeframes and conditions envisaged for the elimination of export subsidies, repayment terms in the area of export finance, coverage of self-financing provisions, special and differential treatment, transparency provisions or monetization in food aid. In addition, some new concerns have appeared in the last days.

13. In order to help structuring this debate, I held on Saturday 5 December a consultation on the SSM, Public Stockholding and Export Competition with a large group of Members based upon a compilation of the drafting proposals received from Members. An updated compilation on all three pillars based on the proposals received during that consultation has been circulated to Members in documents JOB/AG/61, JOB/AG/62, JOB/AG/63, respectively. They should be considered as being as a whole in square brackets and, of course, without prejudice to the position of any Member or to the content/nature/format of any final outcome at the Ministerial Conference.

3 SPECIAL SAFEGUARD MECHANISM

14. The G33 has submitted two papers on the SSM in the context of MC10. These are contained in documents JOB/AG/44 and JOB/AG/49 dated 19 October and 18 November 2015, respectively. These proposals seeking a ministerial outcome on the SSM specifically touched the following four areas: (i) special dispensation for LDCs and SVEs; (ii) product coverage; (iii) remedies breaching pre-Doha bindings, and (iv) application and duration of volume SSM. Since the circulation of these two papers by the G33, a total of five consultations dedicated to this theme were organized respectively on 6, 13 and 24 November, and 1 and 5 December to discuss these specific proposals.

15. In these consultations, the proponents of the SSM have stressed that they consider the SSM to be a balancing element in relation to other potential outcomes for Nairobi. Other Members, though generally welcoming the preparedness of the G33 to consider their oft-repeated concerns as well as some specific elements alluded to in the recent submissions, expressed strong opposition to the idea of an outcome on SSM at MC10 in the absence of a broader outcome on agriculture market access. In addition to the fundamental political issue of the timing of an outcome on SSM in isolation from the market access negotiations, some very specific concerns were also raised including, *inter alia*, on product eligibility and the potential applicability of the SSM on preferential trade. These Members recorded some of these concerns in the form of text-based suggestions during the consultations on 5 December. Given these sustained divergent views, the negotiations on this issue have reached an impasse.

4 COTTON

16. On Cotton, I held intensive consultations both in the classical cotton quadrilateral ("quad")¹ and quadrilateral plus ("quad plus")² formats, as well in a "quad extended" format with close to 40 participating Members.

17. Based on the C4 proposal for a Ministerial Decision on cotton³ tabled on 12 October 2015, as well as various written textual proposals received from Members, I have developed incrementally during these consultations a draft text for a possible Ministerial Decision on cotton at the Nairobi Ministerial Conference.

18. I take this opportunity to pay tribute to Deputy-Director General David Shark who accepted to facilitate the negotiation on the development-related aspects of this text, while I was focusing on the trade-related aspects.

19. This draft text (document JOB/AG/64) has been circulated to you on 8 December 2015. It includes, in addition to a preamble, three elements – market access, domestic support, and export competition, as well as a section on development components and provisions on monitoring and follow-up.

20. It is fair to say that this text represents the maximum level of convergence that could be reached in Geneva on this issue, and that good progress has been made during this consultation, on two pillars out of three.

21. But the fact is that, despite strenuous efforts, this text leaves the options open on the most controversial issues in relation to **Domestic Support**.

22. On **Market Access**, good progress has been made during our discussion and the text is now [almost] stabilized and includes differentiated engagements by Members to grant duty-free and quota-free market access for cotton and cotton-related products originating from LDCs, based on a list attached to the draft text.

23. On **Export Competition for cotton**, the choice to be made is very simple, and all the Members agree on what should be the solution in the context of a wider outcome on Export Competition in Nairobi, which remains my working hypothesis.

24. The sections on **Development** and **Implementation and follow-up** can also be considered as stabilized.

25. On **Domestic Support**, unfortunately I cannot report similar progress. The positions remained divergent. The C4 maintained its proposal whereas some other Members considered it was not doable. Several alternatives were envisaged including Standstill, Due restraint or Best endeavours-type approaches but convergence amongst the participants could not be built around any of these options during my consultations. A couple of Members even suggested that this section of the text should be limited to purely descriptive factual paragraphs.

26. Finally, there is also a set of remaining issues across the text depending on most fundamental choices to be made by Members as regards the post Nairobi work, and had therefore to be left open in the text.

27. My conclusion is somewhat obvious, and well-known: cotton must be part of any outcome from the 10th Ministerial Conference – not least because of the expected benefits for LDC Members.

28. There has been good progress and I believe the draft text will constitute a good basis for an outcome on cotton at Nairobi.

¹ C4 (Benin, Burkina Faso, Chad and Mali), Brazil, the European Union and the United States.

² Quad participants plus Argentina, Australia, China, Colombia, India and Pakistan.

³ TN/AG/GEN/38 - TN/AG/SCC/GEN/14.

29. But leaving very important issues unsolved at the end of the Geneva process will not make the task of the Ministers easier in Nairobi. I therefore urge all the main players at stake in this negotiation to carefully reflect during the coming days on how they could contribute to a meaningful outcome on cotton in Nairobi next week.

5 PUBLIC STOCKHOLDING FOR FOOD SECURITY PURPOSES

30. On 25 and 30 November, and 5 December, I held three Room E-type meetings on this subject. These meetings involved close to 40 Members, including group coordinators and were based on the two new proposals submitted on the issue since the last CoA SS. The first one was submitted by the G33 on 24 November (JOB/AG/54) and suggested to exempt programmes for public stockholding for food security purposes from the AMS calculation through a new Annex to the existing Agreement on Agriculture; and the second was submitted by Australia, Canada, and Paraguay on 4 December (JOB/AG/60) and suggested to use the Bali Ministerial Decision on Public Stockholding for Food Security Purposes (WT/MIN(13)/38; WT/L/913) as a text for the purposes of text-based negotiations. The latest Room E discussions on 5 December were based on the two proposals and had for the objective to identify areas of common ground on the possible elements for a permanent solution. However, despite a willingness to address some of the concerns raised, there is still no convergence on this issue.

31. In the meantime, it should be recalled that Members have a mandate both from the Bali Ministerial in 2013 and from the General Council in 2014. The former set a deadline for MC11 for resolution of this matter, while the latter instructed Members to make all concerted efforts to resolve this matter by 31 December 2015.

6 SUBMISSIONS

32. There have been ten new submissions that have been presented since the last CoA SS. Out of those, eight were submitted on Export Competition (JOB/AG/50, JOB/AG/51, JOB/AG/52, JOB/AG/55, JOB/AG/56, JOB/AG/57, JOB/AG/58, and JOB/AG/59) and two on Public Stockholding (JOB/AG/54 and JOB/AG/60).
