



**Committee on Agriculture
Special Session**

**REPORT BY AMB. STEPHEN NDŪN'GŪ KARAU TO THE
COMMITTEE ON AGRICULTURE IN SPECIAL SESSION¹**

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1 INTRODUCTION

1.1. As you will recall, following my appointment as Chairman of the Committee on Agriculture in Special Session on 26 April, I have held a series of 35 bilateral consultations with group representatives or coordinators, and individual delegations representing the whole Membership in its diversity.

1.2. I concluded this first phase by holding an informal open-ended meeting of the Committee on Agriculture in Special Session on 1 June, during which I reported on my consultations.

1.3. I also gave delegations the opportunity to introduce during that meeting the 14 submissions and communications that had been circulated since the last informal meeting of the Committee on Agriculture in Special Session in November 2016.

1.4. You will recall that in my concluding remarks at the meeting on 1 June, I invited delegations which had not yet tabled a submission to do so as quickly as possible, and in any event, before the summer break, if they wanted their ideas and suggestions to be part of our discussions.

1.5. Some new submissions were tabled recently and will be introduced today, and it is my understanding that work is still in progress on a couple of others.

1.6. I concluded on 1 June that it was necessary to deepen our work, topic by topic based on all the submissions and communications received thus far, with a view to engaging in an intense, pragmatic, focused and creative discussion process aimed at progressively reducing the gaps in negotiating positions and moving towards convergence.

1.7. I attended the informal ministerial meeting held on 8 June in the margins of the OECD meetings in Paris where the Director-General requested Ministers to instruct Geneva delegations to "*remain ready to work constructively, and with a willingness to engage with greater specificity*" and to "*show open-mindedness and pragmatism*".

1.8. It is against this background that I decided to move to topic-based Room-E type meetings with the participation of approximately 30 delegations on all topics in which you have expressed an interest.

1.9. These topics are Public Stockholding for Food Security Purposes (PSH), Domestic Support, Special Safeguard Mechanism for developing country Members (SSM), Market Access, Export Restrictions and Other Issues, including Export Competition and Sanitary and Phytosanitary measures. Following the practice established by my predecessors, I also held consultations on Cotton in a Quad plus format.

¹ As read on his behalf by Ambassador Harald Neple from Norway.

1.10. To ensure inclusiveness and transparency in this process, I invited group coordinators in addition to the key stakeholders in these Room E type- meetings, so that they could report back to their respective groups.

1.11. It represented in total **seven meetings**: two meetings on PSH and SSM on 15 June and on 14 July, two meetings on Domestic Support on 20 June and 12 July, two meetings on Cotton on 16 June and 30 June, and one meeting on Market Access, Export Restrictions and other issues on 23 June.

1.12. As you are aware, I had initially intended to hold meetings more frequently. But on several occasions, delegations asked me to postpone our discussions either because of other commitments, overlap with other meetings or because they needed more time to get prepared.

1.13. I accommodated such requests for two main reasons:

1.14. First, because I consider there is no point in holding meetings for the sake of it. Adequate preparation in advance of our meetings within groups and between Members with different visions is absolutely crucial to make our meetings fruitful.

1.15. Secondly, to ensure inclusiveness and transparency and avoid a situation where some delegations, especially the smaller ones, would not be in a position to be appropriately represented.

1.16. This being said, I am of the view that we will need to significantly accelerate the rhythm of our discussions after the summer break, if we are committed to progress on substance and achieve convergence on the negotiating issues in time for MC11.

2 SUBSTANCE

2.1. I will now report in detail on all these topic-based discussions.

2.2. I will not address PSH and SSM in my report today but will do so tomorrow during the respective dedicated sessions on these two topics.

Domestic Support

2.3. I held two consultations on domestic support. My consultations have confirmed that this pillar continues to be one of the priority issues for the vast majority of delegations.

2.4. To facilitate the discussions, I circulated a certain number of questions in advance of the meetings. The first set of questions concerned: a potential achievable for MC11; the key elements to constrain the use of trade-distorting domestic support; ways to express any potential new element; the treatment of the different elements; and the priority issues for subsequent discussions on Domestic Support.

2.5. The second set of questions built on debates resulting from the first one and concerned: the best potential use of existing elements of the Agreement on Agriculture to limit trade-distorting support, and the level and coverage of a potential new overall limit, should this idea be retained.

2.6. My overall assessment of the meeting was that the engagement by Members was encouraging and demonstrated the will to try to find an outcome for MC11. It was also very clear, however, that any outcome would be just an incremental step.

2.7. The responses broadly confirmed the known positions. Regarding the objective for MC11, the majority of Members can be broadly divided in two groups: 1) those favoring an overall limit – fixed or floating, and 2) those calling for the elimination of the AMS entitlements as a pre-requisite for any other domestic support reform. A possible framework for the future work was also mentioned by some.

2.8. Regarding the overall limit itself, Members supporting the idea have different views on what it should apply to, both in the short run and at a later stage. The differences were more pronounced as regards the Blue Box support and Art.6.2, as well as whether the limit should be combined with product-specific disciplines. Some other ideas were also suggested, notably considering *per capita* support and inflation rates.

2.9. Regarding AMS, some Members called for its substantial reduction, while others demanded its elimination for developed country Members, or making it correspond to the value of production in the case of developing Members.

2.10. Levelling the playing field, S&D, and transparency were also key priorities for many.

2.11. I also took note of redlines and sensitivities expressed. These are well known to you all: Article 6.2 and *de minimis* for developing Members, an overall limit based on the value of production, Blue Box, and product-specific disciplines for some.

2.12. Regarding product-specific limits, the opinions of those calling for disciplines ranged from general limits to *per capita* limits, including a reduction of the per product support that is above the *de minimis* limit.

2.13. These discussions confirmed that reducing trade-distorting domestic support is a priority for virtually all delegations. Nevertheless, how to go about it still differs significantly. I reminded delegations that doing nothing will not achieve their objective, nor does it help to level the playing field.

2.14. Regarding the priority issues for the subsequent discussions on domestic support, the responses varied significantly and basically covered all the elements I mentioned in my report.

2.15. Finally, let me acknowledge the fact that several submissions on domestic support were circulated in the last days and will be introduced today.

Market Access

2.16. I held one consultation on market access during which Members had the opportunity to comment on papers by Paraguay and Peru and a proposal from Russia.

2.17. Members expressed a wide range of views on the likelihood of an outcome on market access for MC11. Some thought incremental outcomes would be feasible at MC11, others considered that a commitment to pursue market access negotiations post-MC11 would be a realistic outcome. Others thought that an outcome in this area would not be possible.

2.18. With respect to Paraguay and Peru's paper highlighting continuation of the reform process in market access, some Members supported the idea of incremental steps on tariff peaks, escalation, simplification, and in-quota duties. Some expressed doubts that there was sufficient time to conduct the necessary technical work. Members expressed some reservations about pursuing the approach suggested – including with respect to postponing discussions on the tariff reduction formula, the lack of explicit S&D, and the linkage between agriculture market access and other areas in the negotiations.

2.19. With respect to the Russian Federation's paper proposing the elimination of the SSG, some supported the idea that MC11 could deliver an outcome on SSG – either elimination or modification – others did not see this as a feasible outcome for MC11 given the current negotiating environment.

2.20. Members' comments on what they saw as priority issues reflected the diversity of positions in this area. Some would like to have concrete discussions on specific elements, while others considered that it would be better to focus on a work programme to support continuing discussions on market access. Still others advocated that attention should be given to transparency and updated market access information in order to lay the ground work for future market access outcomes.

Cotton

2.21. On cotton, I held two meetings in Quad plus format composed of the C4, Argentina, Australia, Brazil, China, Colombia, the European Union, India, Pakistan and the United States.

2.22. The second meeting gave participants the opportunity to make initial comments on a draft proposal on Cotton Domestic Support currently being prepared by the C4. These comments constituted useful inputs to the C4 to finalize their proposal.

2.23. Many participants were of the opinion that the most efficient way forward would be to focus, in view of MC11, on the most trade-distorting support granted to cotton farmers.

2.24. More systemic sensitivities as regards possible disciplines on Green Box and Blue Box support benefitting cotton producers were expressed by some delegations.

2.25. Some delegations suggested a ceiling on the trade-distorting support expressed as a percentage of the cotton value of production.

2.26. Some Members supported the objective of total elimination of cotton AMS and opposed any new disciplines on *de minimis* for developing country Members without an AMS commitment.

2.27. Some other Members disagreed with the principle of a differentiation in the disciplines between developing country Members with or without an AMS commitment.

2.28. The importance of special and differential treatment was underlined by some delegations, while some others insisted on the necessity for all Members providing trade-distorting support to contribute to an outcome on cotton, with one delegation suggesting that Article 6.2 support should also be included in the discussion.

2.29. The link between the overall negotiation on Domestic Support and the negotiation on cotton Domestic Support was again highlighted.

2.30. It was agreed that the C4 would continue to work on its draft proposal based on inputs received from various Members and that another Quad plus meeting would be held as and when appropriate.

2.31. The C4 may wish to update the Membership on the state of play of their consultations during this meeting.

2.32. A recent proposal tabled by a group of Members also makes reference to cotton along with Domestic Support and PSH.

2.33. Overall, most participants reiterated their support for a meaningful and specific outcome on cotton domestic support, but a couple of participants recorded their lack of optimism, taking into account the overall negotiation prospects.

2.34. Possible improvement in the duty-free and quota-free market access for exports of cotton and cotton-related products from Least Developed Countries and the cotton development component were also mentioned as possible elements for an outcome on cotton at MC11.

2.35. Finally, let me also recall that the next dedicated discussion on trade related aspects of Cotton will take place on 24 July.

Export Restrictions

2.36. I held one consultation exploring the feasibility and the content of a possible outcome on export restrictions at MC11. There was broad support among the Membership on Singapore's ideas to enhance transparency of export restrictions, which could form the basis of such an outcome.

2.37. In this context, I note that Singapore just circulated a text-based proposal that may assist future discussions.

2.38. Some developing Members also underlined the importance of export restrictions as a policy tool to support food security needs and to contain price volatility in the event of food shortages. They resisted any attempt to curtail the S&D element in the existing rules. The potential burdensomeness of the proposed transparency requirements, especially for developing countries, was also raised.

2.39. Some Members also considered that an outcome on export restrictions should not just be limited to transparency alone. The issue of exempting non-commercial humanitarian transactions from such measures also came up in the discussions.

Export Competition

2.40. A couple of Members reiterated that export competition was still an unfinished business, and that this fact should be recognized at MC11, but none of them classified this topic as a priority for MC11.

Sanitary and phytosanitary (SPS) measures

2.41. Two Members have suggested that some SPS issues could be part of the deliverables for the next Ministerial Conference in Buenos Aires. They indicated that they were still considering which body or bodies would be the most appropriate forum to discuss their submission.

2.42. These Members used the opportunity of the July 2017 meeting of the SPS Committee to draw Members' attention to their document and invited additional inputs. They also noted that they remained open to discuss their submission bilaterally with interested delegations as they planned the next steps.

3 CONCLUSION

3.1. Let me now conclude my report with some comments of a general nature.

3.2. As already mentioned in my previous report, my assessment, based on what I have heard thus far in our discussions, is that different topics are at different levels of maturity. Many delegations considered that a substantial outcome at MC11 was within reach for Public Stockholding for Food Security purposes, Domestic Support, Cotton and Export Restrictions. The same could not be said of the other topics.

3.3. This being said, some delegations considered that a substantial outcome was still possible, at least partially, for some of the other topics. Some other delegations expressed doubts about the possibility of reaching substantial outcomes on any of the topics under consideration.

3.4. The question we must ask ourselves now is how do we organize our work going forward?

3.5. This issue is now becoming absolutely critical, given the tight timeframe we are operating within. At best, we have 12 working weeks between the "Jeûne genevois" holiday period and MC11.

3.6. First, it seems to me we need to prioritize our discussions, based on the level of priority given by Members to the various topics, and allocate our time accordingly.

3.7. Second, it is clear that we have not yet moved so far into what I would call a real intensive negotiation mode. We have had useful suggestions, discussions and exchanges but no real negotiation.

3.8. While this preparatory phase is very important to prepare the ground for a successful negotiation, we also need to be realistic and pragmatic.

3.9. I have been asked several times by Members as to when we will move into text-based negotiations

3.10. This question is, of course, important for the topics where a substantial outcome is expected, but it is also relevant for topics where the Membership could envisage other types of outcomes, like a post MC11 work programme.

3.11. So, what is the current state of play? On some topics, we have one main written proposal which could serve as a possible basis for discussion, on other topics we have several contributions or proposals highlighting various options, sometimes close to each other, sometimes very far apart.

3.12. These written contributions are supplemented by your oral interventions during meetings, some of which contain very specific and concrete elements.

3.13. On some issues, some delegations also indicated that they did not see, for the time being, any prospect for such a text-based negotiation leading to a substantial outcome at MC11.

3.14. The issue we face today is how do we move forward considering the numerous elements available on the various topics, and their respective degree of priority for the Membership, should we decide to move into text-based negotiations.

3.15. This issue cannot be addressed in isolation from the rest of the WTO negotiations. On one hand, as reaffirmed several times by delegations, agriculture should form part of any outcome at MC11. On the other hand, priorities, process and prospects in agriculture must be seen in the context of overall priorities, process and prospects for MC11.

3.16. Keeping in mind this issue, I look forward to getting your views on the progress on substance made thus far, as well as on the process forward towards MC11.
