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**Committee on Agriculture  
Special Session**

**COMMITTEE ON AGRICULTURE IN SPECIAL SESSION:  
INFORMAL MEETING, 30 OCTOBER 2015**

**REPORT BY THE CHAIR**

Today's meeting has three inter-related objectives:

1. I will report on my consultations since our last CoA SS on 2 October. As I have been saying since I was appointed to this role two months ago, I am determined to ensure transparency in this negotiation;
2. I want to give an opportunity to Members to introduce new submissions and to other Members to react; and
3. I want us collectively to take stock of the negotiations across all the pillars.

In order to use our time efficiently I suggest that you make your comments in one statement covering both the new submissions and your assessment of where we are in the negotiations.

**1.1 Report on Consultations**

1.1. In presenting my report on my consultations, I will do my report following what is now my usual structure: (1) the process, (2) the context, and (3) the substance of our forward work.

**1.2 Process**

1.2. Since we last met in this setting on 2 October, I have held many bilateral consultations as well as consultations in variable geometries on a range of issues. That is the process I have in mind for the way ahead as well. In addition to my bilateral and small group consultations – with a particular emphasis on Export Competition and Cotton – I also conducted two Room E meetings – one on Public Stockholding on 14 October and the other on Export Competition on 16 October. This being said, I want to stress again that the Public Stockholding for Food Security issue is and remains on a separate track. For the purposes of transparency and with your permission, I will use this meeting to report back on my consultations on this issue too. In terms of the process I have in mind looking ahead I am prepared to organize as many meetings as necessary to take all issues as far as we can. But I will need your help and positive contribution for this. But please remain assured – whatever the setting for the meeting, I will always report back to the full Membership on a regular basis.

**1.3 Context**

1.3. As you will recall, in his Room W briefing on 17 September, the DG called for more clarity from Members "by mid to end of October" in order to prepare the ground for a successful ministerial. In the Room W meeting yesterday he warned about the current state of negotiations and called for a serious engagement on substance, urging Members to reflect again and rethink their redlines. He stressed that what Members will decide to do in and after Nairobi will shape the future of the WTO.

1.4. So here we are, at the end of October – not much time left but a big collective responsibility to take. While we may have a (rather unfortunate) increasing clarity on the issues (or even pillars) that may not be part of the MC10 deliverables, the situation with what actually would be deliverable for Nairobi needs to be clarified urgently. Even on an issue which may be more mature

relative to others – without prejudice to our broader positions as to whether an outcome on Export Competition may form part of the Nairobi package – we need further convergence on what this specific outcome might be. Time is short and in order to work towards that objective, we need Members intending to submit written amendments to do so as soon as possible.

1.5. The context for my forward process therefore remains difficult and with time running short. That said, the context for my process continues to be that all issues remain on the table, even if some are moving at variable speeds.

#### 1.4 Substance

1.6. Before I begin my report on the substance of my consultations I would like to stress that my report here is of course without prejudice to the submissions that will be introduced later today.

1.7. Let me begin with *Domestic Support* and *Market Access*. I sincerely regret that I have seen no evolution in the substantive positions of Members. I have been asking you all, individually, in groups and more broadly whether you have any new ideas, suggestions or other thoughts on these two vital pillars. Unfortunately I have nothing new to report. Nonetheless I invite anyone who may have a new positive element to contribute to do so.

1.8. As you know, there is a new proposal from the G33 on the SSM, and I can tell you already that I am planning to hold a Room E consultation on it next Friday, 6 November. It is important that we consider all options and as I have been emphasising throughout this process and since I took on this role, all issues will continue to be part of my forward work programme. Let us see where this takes us.

### 1 EXPORT COMPETITION

1.1. The *Export Competition* pillar is currently in a somewhat unique position in the agriculture negotiation. As I said, it has been identified – without prejudice to positions we may take on other issues and indeed on the post-Nairobi context – as a **possible deliverable on agriculture for Nairobi**. It is also clear today that there are still some significant outstanding issues within this pillar. But let me give you some more details on the **process** specific to this pillar I have followed so far.

1.2. Following our last open-ended special session, I engaged in a first round of consultations specifically dedicated to this pillar, including the Room E meeting I mentioned before. There was a shared sense at the Room E meeting that the time had come to move into a **text-based negotiation using the Rev.4 text on Export Competition as our basis for engagement**. I enunciated during this meeting the four key principles which would guide my process: *parallelism; without prejudice; no presumption of convergence and transparency*. I also described what I called my working operational guidelines:

1. First, to encourage all Members to seek to **stay as close as possible to the existing Rev.4 text on Export Competition** and any amendments to that text be *as limited as possible and only to the extent necessary*. Let me repeat that: any amendments to that text be *as limited as possible and only to the extent necessary*.
2. Second, and against that background, that I will be asking Members who have identified an issue in the Rev.4 text on Export Competition the following three questions:
  1. **Where** in Rev.4 do you have a concern?
  2. **What** precisely is the nature of your concern? and
  3. **How** do you propose to address your concern?

1.3. And I added that I would be expecting *written amendments* to be proposed for the text to reply to this "How?" question.

1.4. Following the Room E meeting I **engaged in a range of consultations in a variety of formats**, including:

1. a group of developed country Members still using export subsidies;
2. a group of developing country Members with export subsidies reduction commitments or having used export subsidies under the Article 9.4 flexibility, and
3. several group coordinators.

1.5. My intention is to **continue and intensify** this consultation process in the coming weeks.

1.6. The Director-General's message from yesterday's Room W meeting only reinforced the conclusion reached at the Room E meeting on 16 October, i.e. the need to pursue in an intensive manner our **text-based negotiation using the Rev.4 text on Export Competition as our basis for engagement**.

### **1.1 General considerations on the EC consultations**

1.7. Let me begin by saying that I have appreciated the time Delegations have been prepared to give me during these various consultations which were frank, in some cases robust, and always helpful. Before getting specifically to each of the four components of the Export Competition pillar, let me start with a certain number of general considerations which I have again heard during these consultations.

1.8. Many of the participants, and I think this is a shared feeling amongst all of you, expressed their regret – and in many cases real concern about the fact that a global outcome on Agriculture, including the Domestic Support and Market Access pillars, was out of reach for Nairobi. And those of you who will need to make policy-related adjustments if an outcome on Export Competition is operationalized – also reminded me how difficult it will be to agree to an outcome on Export Competition as a "stand-alone element", given the lack of any "external balance" across the wider negotiation.

1.9. Some of you also indicated that an outcome on Export Competition should be somehow rebalanced with outcomes on other elements within agriculture. In this regard, many of you told me that the Special Safeguard Mechanism was important to you – and I am please therefore that this sense of importance has translated into a further written proposal on this matter which we will discuss shortly.

1.10. The importance of the food security-related issues was also mentioned by one participant, including issues like the applicability of Export Restrictions to exports to LDCs.

1.11. There was also a wide recognition of the fact that an outcome on Export Competition in Nairobi would constitute a very significant and meaningful outcome, and, as some of you stated during my consultations, a long overdue fix to what has constituted – and still constitutes – one of the most egregious lacks of disciplines in the field of agriculture.

1.12. I also took good note again of the point that many of you registered with me – that the outcome on Export Competition will have to maintain an internal balance across the various components of the Rev.4 text. And many of you insisted therefore on the need to minimize the changes to be brought to the Rev.4 text. It was also said that in the case that some elements of the Rev.4 text had to be "recalibrated" to take on board the concerns expressed by some Members, such a recalibration process should operate in a balanced manner across the whole Membership.

1.13. Several of you have also reminded me of the importance you attach to the various substantive references to Special and Differential Treatment, in particular in relation to Article 9.4 flexibility, as well as a range of other flexibilities being sought in the text. These particularly include, although not only, the flexibilities that may be on offer for Least Developed Countries and Net Food Importing Developing Countries, as well as Small and Vulnerable Economies.

1.14. Several of you also highlighted the need to enhance the provisions on transparency and monitoring in the Rev.4 text.

1.15. On process, at least one of you mentioned the need to further consult within your group.

1.16. Finally, several of you remarked that written proposals with the suggested changes by the Members willing to adjust the Rev.4 text would be necessary to allow you to react in an appropriate and timely manner.

1.17. Let me now be specific about what I have heard about the various elements contained in the Rev.4 Export Competition text, i.e. export subsidies; export credits; food aid and state trading enterprises.

## 1.2 Export subsidies

1.18. Let me begin with **Export Subsidies**. There is a simple transposition required in this section of the text, by simply **adding seven years**, to the various dates included in the text, since it is now seven years since the circulation of the Rev.4 text in 2008. More specifically, this would mean:

1. **The end of 2020** for the date of elimination of scheduled export subsidies by developed country Members;
2. **The end of 2023** for the date of elimination of scheduled export subsidies by developing country Members;
3. **The end of 2028** for the termination of the article 9.4 flexibility for developing country Members.

1.19. Following this approach, all the other dates included in the Rev.4 text would be adjusted in the same manner, including for example on Export Subsidies the need for developed country Members to reduce their budgetary outlay commitments by half by 2017 (instead of 2010). Most of the Members with whom I consulted agreed with my suggested approach.

1.20. However, a couple of you had reservations, in one case due to the absence of instructions from Capital. Some of you indicated however that their assent could be revised in case some changes were brought in other sections of the text. On the other hand, several of you expressed your readiness to eliminate more quickly your export subsidy commitments, provided all the Members were ready to undertake such an accelerated time-frame. A couple of you identified challenges in the conditions attached to the budgetary outlays phasing down and eventual elimination of export subsidies, including the various steps that underpin that phasing.

1.21. This remains an extremely sensitive issue for these Members.

1.22. As mentioned earlier, several of you remarked on the importance of the provisions on the duration of the Article 9.4 flexibility. On the other hand, one Member has noted the need to state more clearly in the text that the new disciplines will put to an end the use of export subsidies covered by the Article 9.4 flexibility. Other Members had strong reactions to this suggestion.

1.23. Finally, during the Room E meeting on 16 October one Member suggested the immediate elimination of export subsidies for exports to LDCs, NFIDCs and SVEs. The feasibility of such a proposal was questioned by one of you, and some of you asked whether this proposal would apply in the same way for developed and developing exporting country Members.

1.24. On balance, my sense is that this component of the Rev.4 text is in reasonable shape, but clearly there remain gaps between the Membership on specific items. Many Members have made clear that in order to consider any changes beyond the simple transposition time frames I described earlier, you would need elaborated proposals in written form, in order to take a final position.

## 1.3 Export Finance

1.25. On Export Finance, one Member expressed several concerns in relation to the current text as contained in Annex J of the Rev.4 text. The first relates to the six months maximum repayment term contained in the text. This was considered too short by one Member. This Member also noted the need to include in the text some kind of Safe Harbour provision to grant some protection to

the agricultural export credit programmes in compliance with the future disciplines against challenges under the Agreement on Subsidies and Countervailing Measures. Other issues raised by this Member related to the coverage of the self-financing provisions and to the need to get to the same end-point for exporting developed and developing country Members, with some longer implementation periods for developing countries.

1.26. Finally, this Member also regretted the lack of information reported to the WTO on the activities of several officially supported export finance programmes, and highlighted the urgent need to improve transparency.

1.27. The Small and Vulnerable Economies group indicated that it was studying the possibility to modify its proposal, as contained in document JOB/AG/16 to obtain, as importing country Members, similar flexibilities as those contained in paragraph 5 for NFIDCs.

1.28. Finally, one Member reiterated the critical importance of its request contained in document TN/AG/GEN/31 for some targeted changes in paragraph 5 of Annex J.

#### **1.4 Agricultural exporting STEs**

1.29. Annex K of the Rev.4 text on agricultural exporting STEs has not, so far, attracted specific concerns, at least to my knowledge. Some of you have underlined the importance of the elimination of exporting monopoly powers in line with the Rev.4 text as part of an overall outcome on Export Competition.

#### **1.5 International Food Aid**

1.30. In relation to the provisions on International Food Aid contained in Annex L, several developing country Members, in particular the African Group, highlighted the importance of this part of the Export Competition pillar, including on the in-kind food aid monetization provisions.

1.31. As with Export Credits, the Small and Vulnerable Economies group indicated that it was studying the possibility to modify its proposal, as contained in document JOB/AG/16, to get similar flexibilities as NFIDCs in the field of in-kind food aid monetization.

1.32. Finally one Member considered that Annex L of Rev.4 was lengthy and complex, and on the whole problematic. This Member has indicated that an appropriate alternative would be a shorter text containing guidelines on best practices to be followed in this area.

1.33. This **concludes my report on Export Competition.**

## **2 COTTON**

2.1. Let me start by restating what seems to me the obvious: The fact that cotton should be part of any outcome from the 10<sup>th</sup> Ministerial Conference – not least because of the expected benefits for LDC Members. I think this fact has been acknowledged by all of you. This being said, here like elsewhere, while there is a shared understanding on this fact, there is no convergence as of today on what should constitute such an outcome.

2.2. Since taking up the Chairmanship, I have held a first round of discussions on cotton with key interested Members bilaterally, particularly C4 members. I asked the C4 members to detail as specifically as possible their views on what could constitute an outcome on cotton at MC10.

2.3. To this end, the C4 circulated on 12 October its proposal on cotton which will be officially introduced to the full Membership today. On receipt of the proposal, I immediately initiated a consultation process to start discussing this proposal as a reference point for engagement in the traditional formats used for this negotiation. I will, as a matter of fact, have another such consultation this afternoon. My consultations in the last two weeks focused therefore on the C4 proposal. Objectively this is the only written proposal on cotton currently on the table.

2.4. Let me acknowledge at the outset the positive attitude and constructive engagement demonstrated by the participants in my consultations to date. I trust that will continue – notwithstanding the clear differences that remain.

2.5. As Members will be aware, there are three elements to the C4 proposal – *market access; domestic support and export competition*. Let me give you a flavour of where each of these elements currently stands.

2.6. On *Market Access*, some participants asked the C4 to detail the list of products that would be covered by the DFQF treatment under their proposal, including by providing the corresponding HS tariff line codes. The C4 has provided this material which is now the focus of our negotiations alongside the existing proposal. One Member has questioned the balance of efforts to be undertaken by developed country Members and some developing country ones.

2.7. On *Domestic Support*, some clarifications have been sought and I expect these to be the focus of our discussions in the coming days. The feasibility and the overall balance of a possible outcome in Domestic Support remain a central issue at the core of my consultations and it is clear that this remains a challenging area.

2.8. On *Export Competition*, one Member has underlined that a cotton-related outcome here should be envisaged within the scope of a wider outcome on Export Competition.

2.9. Finally, one Member has also suggested adding some provisions related to Export Restrictions applied on cotton exports.

### 3 PUBLIC STOCK HOLDING

3.1. In a separate process, I held a Room E meeting with close to 40 Members, including group coordinators on 14 October. Unfortunately, I did not see any fundamental change in Members' well-known positions.

3.2. On one hand, there were G33 members and others who saw the proposal as the basis for a permanent solution, and on the other hand there were many other Members who highlighted what they considered to be the core problem of the proposal – that is transferring market price support to the Green Box. In terms of the unintended consequences issue, the G33 has indicated its willingness to address those concerns, as well as the transparency issues. The G33 has reminded us collectively that the mandate was about finding a permanent solution to the public stockholding issue and not about food security in general.

3.3. Regarding a potential permanent solution, it was once more suggested to look at the different elements of the Bali Decision. Some Members indicated that it should cover all programmes – existing and new. One Member has made clear its concern and disappointment that some have suggested that a permanent solution was not doable for Nairobi.

3.4. In short, while Members' views remained wide apart, at least they agreed on the mandate – both from Bali and from the General Council in 2014. And as you recall, the latter instructed Members to "engage constructively to negotiate and make all concerted efforts to agree and adopt a permanent solution on the issue of public stockholding for food security purposes by 31 December 2015".

3.5. For my part – and I realise this is not necessarily a popular position for all of you – I will continue to work in various formats on this matter, and I expect to convene a further meeting on this matter shortly.

3.6. **This concludes my report** of my work to date

3.7. For the purpose of efficiency, I would now like to give directly the floor to the Members wishing to introduce their submissions.

## 4 NEW SUBMISSIONS

4.1. We have three new submissions that have been presented since the last CoA SS:

1. the C4 on cotton (TN/AG/GEN/38-TN/AG/SCC/GEN/14);
2. the G33 on SSM (JOB/AG/44), and
3. the African Group (JOB/AG/45) covering various aspects of our negotiations.

4.2. I will proceed by asking Lesotho to speak first on behalf of the Africa Group, followed by Mali speaking on behalf of the C4; Indonesia speaking on behalf of the G33. Once we have heard these three presentations and in order to use our time efficiently I suggest that you make your comments in one statement covering two aspects:

1. the new submissions, and
2. your assessment of where we are at in the negotiations.

## 5 CONCLUSION

5.1. I want to begin by thanking Members for their new written submissions. These now represent a further element in my thinking about the way forward. In terms of the convergence I heard, let me make the following six observations. There is agreement on the:

1. Importance of agriculture;
2. Importance of the development aspect of agriculture;
3. Imperative of an outcome in agriculture for the Nairobi Ministerial – the tenth such meeting since the WTO was founded and the first on the African continent.;
4. The significance of the anniversary of this organization and the venue of our next ministerial meeting, including in terms of the preservation of the multilateral trading system;
5. Deep disappointment about the likely absence of outcomes in the important pillars of market access and domestic support, and
6. In terms of the new proposals today, let me just say that I take these very seriously and I will be convening meetings on the issues raised and the proposals themselves in the immediate future.

5.2. Indeed, I expect to make announcements on the convening of specific meetings in the coming days.

5.3. Let me now offer you my thoughts on the way ahead. You will recall that when I concluded my assessment of where we were at on Export Competition, I indicated the four elements that framed my approach. I now intend to use this approach more broadly to frame our process going forward. To refresh your memory this was: *parallelism; without prejudice; no presumption; and transparency*. Specifically:

1. **Parallel process:** *All* elements in our negotiations remain as potential deliverables for the Nairobi package. We need to acknowledge, however, that while I am managing a comprehensive parallel process – not all parts are moving at the same speed. Variable speeds is the way to think about what is happening. I do not rule out the possibility that suddenly one element accelerates and catches up with another or even over-takes it, but at the present time an objective fact is that while all pieces of the process are being consulted on and being discussed, variable speeds apply. In this regard it is obvious that Export Competition is ahead of the other areas as it is the only text-based negotiation in which we are presently engaged. The only other area where in my judgement there has been a modest measure of progress relative to the other areas is Cotton.

In parallel to this of course is the fact that these issues are moving alongside the ongoing conversations on the post-Nairobi scenario. And all of these matter to all of you in one way or the other.

2. **Without prejudice engagement:** it is fully understood by us all – fully understood – that Members' engagement on all of the issues we are working on and seeking to progress, including in the text-based negotiations on Export Competition is entirely without prejudice to their position on the overall Nairobi package – whatever that might look like, or which elements are contained in it – or indeed to what the post-Nairobi agenda might look like. This is an important working principle.
3. **No presumption:** There is no presumption of convergence on what precisely an outcome should look like in any of the areas we are currently working on. In other words, there is no presumption of an outcome in any area, including those more advanced than others, let alone the content and contours of that outcome. Be assured, however, that I will not leave a single stone unturned in my efforts to find a way forward across our negotiations.
4. **Transparency:** Let me emphasise again my commitment to fully respect in this process the principles of transparency and inclusiveness. As I have said before – this will not be a Melian Dialogue. I will be reporting on a regular basis in open-ended sessions like this one to ensure that each and every Member is fully aware of how the process is evolving.

Be prepared for lots of meetings – that is the price of an inclusive and transparent process. It is one I know we are all ready to pay.

I also described what I called my two working operational guidelines for text-based negotiations where we are "defining by doing". At present we have a text that is widely understood to be the basis for the negotiations in only one area – the Rev.4 text on Export Competition. As a consequence, my working operational guidelines can only apply in that case and at this point. Let me remind you what these were:

1. All Members should seek to **stay as close as possible to the existing Rev.4 text on Export Competition** and any amendments to that text be as limited as possible and only to the extent necessary.
2. Against that background, I will be asking Members who have identified an issue in the text on which we are negotiating – in this case the Rev.4 text on Export Competition – the following three questions:
  - 1) **Where** in the text do you have a concern?
  - 2) **What** precisely is the nature of your concern? and
  - 3) **How** do you propose to address your concern in writing?

5.4. As I said, at present, these working operational guidelines can only apply in Export Competition where we are in a text-based negotiating phase. I expect, however, to apply these guidelines elsewhere and where necessary.

5.5. Before we conclude, let me pay a specific tribute to our colleague Ambassador Pambagyo of Indonesia. Iman and I have a long negotiating history that dates to the ASEAN-Australia-New Zealand FTA. It is with sadness that we lose Iman here to our process, but I am pleased that our regional architecture will be part of his ongoing work in his new and exciting role. I learnt many things from Iman during our negotiations, not value of constructive and courteous engagement and patience. These are all skills we should bear in mind for the weeks ahead. Iman, thank you for your considerable contribution to this organization. This is of course not goodbye, merely au revoir, or as we say in New Zealand Ka Kite Ano (until we meet again).

5.6. Finally, while it is clear we are still some way away from that *Thalassa Thalassa* moment I hoped we might be approaching when I took on this responsibility as Chair of these negotiations, for my part I remain hopeful that we are inching forward and towards that happy moment. In fact, I remain confident that we can and *must* find a way and I urge you to work together to that shared objective.