

WORLD TRADE ORGANIZATION

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Committee on Agriculture
Special Session

NEGOTIATIONS ON AGRICULTURE

OVERVIEW

[...]

ANNEX

Green Box¹⁵

	Working Hypotheses	Variations/Additions
General disciplines (paragraph 1)	Maintain the basic criteria as per paragraph 1 of Annex 2.	(i) The basic criterion in paragraph 1(b) of Annex 2 to be modified to provide that the support in question shall not have the effect of providing production support or price support to producers.
Measures exempted from reduction commitments <i>Public stockholding for food security purposes (paragraph 3)</i>	Maintain the criteria and conditions as per paragraph 3 of Annex 2.	(i) Food purchases by the government to be allowed to be made at administered prices.
<i>Direct payments to producers (paragraph 5)</i>		(i) Maintain the existing criteria and conditions in paragraph 5. (ii) Add to the existing paragraph 5: <i>All base periods shall be notified. [These direct payments] [Such a direct payment] shall be based on activities in a fixed and unchanging historical base period.</i> (iii) For direct payments to producers, all base periods (i.e. 1986-88) should be notified and payments should be time limited.
<i>Decoupled income support (paragraph 6)</i>		(i) Maintain the existing criteria and conditions in paragraph 6. (ii) Modify the existing subparagraph (a) and add new subparagraph (e bis): (a) Eligibility for such payments shall be determined by clearly-defined criteria such as income, status as a producer or landowner, factor use or production level in a <i>defined, fixed and unchanging historical</i> base period. <i>(e bis) Payments [to individual producers] shall be available for no more than three years and shall not be renewed.</i>

¹⁵ In this and the following tables:

Italicised text in bold indicates additions/revisions and strike-out indicates deletions of the relevant provisions of the Agreement on Agriculture.

Square-bracketed text indicates alternative proposals.

{ } indicates that the number in brackets remains to be determined.

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	Working Hypotheses	Variations/Additions
<p><i>Government financial participation in income insurance and income safety-net programmes (paragraph 7)</i></p>		<ul style="list-style-type: none"> (i) Maintain the existing criteria and conditions in paragraph 7. (ii) Modify the existing subparagraphs (a), (b) and (c) as follows: <ul style="list-style-type: none"> (a) Eligibility for such payments shall be determined by an income loss, taking into account only income derived from agriculture, which exceeds 30 per cent of average gross income or the equivalent in net income terms (excluding any payments from the same or similar schemes) in the preceding three to five-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry. Any producer meeting this condition shall be eligible to receive the payments from the government. (b) The amount of such payments by governments shall restore a producer's income to no more than 70 per cent of income derived by that producer from agriculture in the averaging period used to trigger eligibility for payment. compensate for less than 70 per cent of the producer's income loss in the year the producer becomes eligible to receive this assistance. (c) The amount of any such payments shall relate solely to income derived from agriculture of the farm enterprise as a whole; it shall not relate to the type or volume of production (including livestock units) undertaken by the producer; or to the prices, domestic or international, applying to such production; or to the factors of production employed. (iii) Modify the existing subparagraphs (a) and (b) as follows: <ul style="list-style-type: none"> (a) Eligibility for such payments shall be determined by an income loss, taking into account only income derived from agriculture, which exceeds a certain proportion 30 per cent of average gross income or the equivalent in net income terms (excluding any payments from the same or similar schemes), which shall be clearly defined in national legislation in the preceding three year period or a three-year average based on the preceding five year period, excluding the highest and the lowest entry. Any producer meeting this condition shall be eligible to receive the payments. (b) The amount of such payments shall compensate for less than a certain proportion 70 per cent of the producer's income loss, which shall be clearly defined in national legislation, in the year the producer becomes eligible to receive this assistance. (iv) The minimum income loss criterion of 30 per cent in paragraph 7(a) of Annex 2 to be lowered [and the maximum compensation criterion of 70 per cent in paragraph 7(b) of Annex 2 to be raised].

Green Box

	Working Hypotheses	Variations/Additions
<p><i>Payments (made either directly or by way of government financial participation in crop insurance schemes) for relief from natural disasters (paragraph 8)</i></p>		<p>(i) Maintain the existing criteria and conditions in paragraph 8.</p> <p>(ii) Add to the existing subparagraph (a) and modify the existing subparagraphs (b) and (d) as follows:</p> <p>(a) Eligibility for such payments shall arise:</p> <ul style="list-style-type: none"> - <i>in the case of disasters</i> only following ... - <i>in the case of government financial participation in crop insurance schemes, eligibility for such payments shall be determined by a production loss which exceeds 30 per cent of the average of production in an actuarially appropriate period.</i> - <i>in the case of the destruction of animals or crops to control or prevent diseases named in national legislation or international standards, the production loss may be less than the 30 per cent of the average production referred to above.</i> <p>(b) Payments made following a disaster <i>under paragraph 8</i> shall be applied only in respect of losses of income, livestock (including payments in connection with the veterinary treatment of animals), land or other production factors due to the natural disaster <i>or destruction of animals or crops</i> in question.</p> <p>(d) Payments made during a disaster <i>under paragraph 8</i> shall not exceed the level required to prevent or alleviate further loss as defined in criterion (b) above.</p> <p>(iii) Add to the existing subparagraph (a):</p> <p>(a) Eligibility for such payments shall arise:</p> <ul style="list-style-type: none"> - <i>in the case of disasters</i>, only following ... - <i>in the case of government financial participation in crop insurance schemes, eligibility for such payments shall be determined by a loss which exceeds 30 per cent of the average productive capability insured in an averaging period which reflects the actual experience of that Member for such insurance.</i> - <i>in the case of the destruction of animals or crops to control or prevent diseases named in national legislation or international standards, the production loss may be less than the 30 per cent of the average of production referred to in the first indent above.</i> <p>(iv) The minimum production loss criterion of 30 per cent in paragraph 8(a) of Annex 2 to be lowered.</p>

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	Working Hypotheses	Variations/Additions
<p><i>Payments (made either directly or by way of government financial participation in crop insurance schemes) for relief from natural disasters (paragraph 8) (cont'd)</i></p>		<p>(v) The production loss measured in terms of three-year averages as per paragraph 8(a) of Annex 2 to be reviewed.</p> <p>(vi) Modify the existing subparagraph (a) as follows:</p> <p>(a) Eligibility for such payments shall arise only following a formal recognition by government authorities that a natural or like disaster (including disease outbreaks, pest infestations, nuclear accidents, and war on the territory of the Member concerned) has occurred or is occurring; and shall be determined by a production loss which exceeds the level to be clearly defined in national legislation 30 per cent of the average of production in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry.</p>
<p><i>Structural adjustment assistance provided through producer retirement programmes (paragraph 9)</i></p>		<p>(i) Maintain the existing criteria and conditions in paragraph 9.</p> <p>(ii) Modify the existing subparagraph (b) as follows:</p> <p>(b) Payments shall be conditional upon the total and permanent retirement of the recipients from marketable agricultural production and shall be time limited.</p> <p>(iii) Modify the existing subparagraph (b) as follows:</p> <p>(b) Payments shall be conditional upon the total and permanent retirement of the recipients from marketable agricultural production or lending of land for a longer period than {X} years.</p>
<p><i>Structural adjustment assistance provided through resource retirement programmes (paragraph 10)</i></p>		<p>(i) Maintain the existing criteria and conditions in paragraph 10.</p> <p>(ii) Add at the end of the existing subparagraph (d): Payments shall be time limited.</p> <p>(iii) The minimum retirement period in paragraph 10(b) of Annex 2 to be reduced to one year.</p>

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	Working Hypotheses	Variations/Additions
<p><i>Structural adjustment assistance provided through investment aids (paragraph 11)</i></p>		<p>(i) Maintain the existing criteria and conditions in paragraph 11.</p> <p>(ii) Add at the end of the existing subparagraph (a), modify the existing subparagraph (b), and add new subparagraph (b <i>bis</i>) as follows:</p> <p>(a) Such structural disadvantages must be clearly defined.</p> <p>(b) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production [or inputs into the production] (including livestock units) undertaken by the producer in any year after a fixed and unchanging historical the base period, other than as provided for under criterion (e) below.</p> <p>[(b bis) The amount of such payments in any given year shall not be related to, or based on, the use of factors of production in any given year after the base period.]</p>
<p><i>Payments under environmental programmes (paragraph 12)</i></p>		<p>(i) Maintain the existing criteria and conditions in paragraph 12.</p> <p>(ii) Modify the existing subparagraphs (a) and (b) as follows:</p> <p>(a) Eligibility for such payments shall be determined as part of a clearly-defined government environmental or conservation programme and be dependent on the fulfilment of specific conditions under the government programme. including conditions related to production methods or inputs.</p> <p>(b) The amount of payment shall be less than the extra costs involved in complying with the government programme and not be related to or based on the volume of production. limited to the extra costs or loss of income involved in complying with the government programme.</p> <p>(iii) Modify the existing subparagraph (b) as follows:</p> <p>(b) The amount of payment shall be limited to the following:</p> <ul style="list-style-type: none"> - the extra costs or, loss of income involved in complying with the government programme; or - the minimum amount to compensate for the provision of any environmental benefits which shall be clearly defined in national legislation. <p>(iv) Landscape payments should be considered under paragraph 12.</p>

Green Box

	Working Hypotheses	Variations/Additions
<p><i>Payments under regional assistance programmes (paragraph 13)</i></p>		<ul style="list-style-type: none"> (i) Maintain the existing criteria and conditions in paragraph 13. (ii) Modify the existing subparagraph (b) as follows: <ul style="list-style-type: none"> (b) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the fixed and unchanging historical base period, which shall be notified, other than to reduce that production. (iii) A clear definition of "disadvantaged area" as referred to in paragraph 13(a) of Annex 2 to be established. The average poverty level of developing country Members set by the World Bank (i.e. daily per capita income less than US\$1) to be used as the criterion. (iv) Criteria to be established for defining a particular region as less favoured, marginal or disadvantaged. Flexibility to be given to provide support to such regions to maintain and improve their traditional production systems and the environment. The extent of such regions expressed as percentage of the national territory of a Member to be limited by a <i>de minimis</i> clause, varied by climatic zone with S&D for developing countries.
<p>Add new paragraphs</p>		<ul style="list-style-type: none"> (i) New categories in the Green Box should not be added.
<p><i>Exempt measures for countries in transition</i></p>		<ul style="list-style-type: none"> (i) Countries in transition shall be temporarily exempted from reduction commitments with respect to subsidies such as investment subsidies and input subsidies generally available to agriculture, interest rate subsidies to reduce the costs of financing and grants to cover debt repayment.
<p><i>Animal welfare payments</i></p>		<ul style="list-style-type: none"> (i) Payments to compensate additional costs of complying with higher standards for animal welfare to be allowed.
<p><i>Payments compensating for extra costs accruing from higher production standards</i></p>		<ul style="list-style-type: none"> (i) Eligibility for such payments shall be determined as part of a clearly-defined government programme designed to address non-producer concerns such as consumer and societal demands and be dependent on the fulfilment of specific conditions related to production methods or inputs.
<p><i>Payments compensating for extra costs accruing from higher food safety standards</i></p>		<ul style="list-style-type: none"> (i) Extra costs arising from higher than international food safety standards to be compensated by Green Box support.

Green Box

Working Hypotheses		Variations/Additions
<p><i>Payments to maintain domestic production capacity of staple crops for food security purposes</i></p>		<p>(i) (a) Eligibility for such payments shall be determined by reference to clearly defined criteria in government programmes designed to provide support for the producers of staple crops.</p> <p>(b) Total production of the crop shall account for no less than {X} per cent of the total value of agricultural production and;</p> <p>- Total consumption of such crop shall account for no less than {Y} per cent of the total domestic consumption of agricultural products in terms of calorie intake; or</p> <p>- Total export of such crop shall account for no less than {Z} per cent of the total export of a particular country.</p> <p>(c) The amount of payment shall be limited to the minimum to maintain domestic production capacity of such crop in that particular country.</p>
<p><i>Payments to small scale family farms for the purpose of maintaining rural viability and cultural heritage</i></p>		<p>(i) (a) Eligibility for such payments shall be determined by reference to clearly defined criteria in government programmes designed to provide support for small scale family farms.</p> <p>(b) Small scale farms shall be defined in national legislation, taking into account such factors as total annual sales, share of hired farm labour, off farm income, etc.</p> <p>(c) The amount of such payment shall be limited to the minimum level for continued existence of such farms based on the purpose of maintaining rural viability and cultural heritage.</p> <p>(d) The payment shall not mandate or in any way designate the agricultural products to be produced by the recipients.</p>

Green Box

	Working Hypotheses	Variations/Additions
<p>Other disciplines</p> <p><i>Limits to Green Box expenditures</i></p>		<p>(i) Maintain the status quo (i.e. no capping or any other limitation on Green Box expenditures).</p> <p>(ii) Measures meeting the criteria of the subsequent paragraphs to be [subject to reduction commitments jointly or severally] [eliminated]: Paragraph 5, 6, 7 and 11 of Annex 2.</p> <p>(iii) A cap to be established in respect of: Variant 1: Total Green Box expenditures [for developed countries]. Variant 2: Direct payments in Annex 2. Variant 3: Payments under paragraphs 5, 6 and 7 of Annex 2 for developed countries. Variant 4: Domestic support of all types, including Amber support, Blue Box support and Green Box direct payments to producers, but excluding measures meeting criteria for paragraphs 2, 3, and 4 of Annex 2. Variant 5: Domestic support of all types, including Amber Box support, Blue Box support and Green Box support, at 10 per cent of the value of total agricultural production.</p>
<p><i>Non-actionability of Green Box measures</i></p>		<p>(i) Measures meeting Annex 2 criteria to be non-actionable for the purpose of countervailing duties.</p>
<p>Transparency/ Notification requirements</p>		<p>(i) Transparency, notification and review mechanisms to be strengthened to ensure programmes meet the criteria in Annex 2.</p>

Green Box

	Working Hypotheses	Variations/Additions
<p>S&D</p> <p><i>Payments (made either directly or by way of government financial participation in crop insurance schemes) for relief from natural disasters (paragraph 8)</i></p>		<p>(i) Modify the existing subparagraph (a) and add new paragraph 8 <i>bis</i> as follows:</p> <p>(a) Eligibility for such payments shall arise only following a formal recognition by government authorities that a natural disaster or like disaster (including disease outbreaks, pest infestations, nuclear accidents, and war on territory of the Member concerned) has occurred or is occurring; and, <i>in a developed country Member</i>, shall be determined by a production loss which exceeds 30 percent of the average of production in the preceding three-year period or a three-year average based on the preceding five-year period, excluding the highest and the lowest entry. <i>A developing country Member may provide a disaster relief to producers when the estimated production loss exceeds 10 percent of the preceding year.</i></p> <p><i>8 bis Payments for rehabilitation of production capacity after natural disasters</i></p> <p><i>Such payments may be provided to agricultural producers in developing countries to facilitate the recovery of the production capacity which has been damaged by an officially recognized natural or like disaster.</i></p> <p>(ii) Eligibility for payments made by any developing country Member under paragraph 8(a) of Annex 2 of the Agreement on Agriculture shall be determined by a production loss of a proportion of the average of production in the preceding three-year period, to be determined in national legislation.</p> <p>(iii) The threshold levels of production or income loss set out for payments made for relief from natural disasters under paragraph 8 of Annex 2 should not apply to developing countries.</p>
<p><i>Public stockholding for food security purposes (paragraph 3)</i></p>		<p>(i) Paragraph 3 of Annex 2 to be revised to address the difficulties of developing countries in meeting the condition that the volume and accumulation of food security stocks shall correspond to "predetermined targets".</p>

Green Box

	Working Hypotheses	Variations/Additions
<p><i>Public stockholding for food security purposes (paragraph 3) (cont'd)</i></p>		<p>(ii) Modify the existing footnote 5 to paragraph 3 of Annex 2 as follows:</p> <p>For the purposes of paragraph 3 of this Annex, governmental stockholding programmes for food security purposes in developing countries whose operation is transparent and conducted in accordance with officially published objective criteria or guidelines guidance shall be considered to be in conformity with the provisions of this paragraph, including programmes under which stocks of foodstuffs for food security purposes are acquired and released at administered prices, provided that the difference between the acquisition price and the external reference price is accounted for in the AMS.</p>
<p><i>Government financial participation in income insurance and income safety-net programmes (paragraph 7)</i></p>		<p>(i) Eligibility for payments made by any developing country Member under paragraph 7 of Annex 2 of the Agreement on Agriculture shall be determined by an income loss of a proportion of the average gross income or the equivalent in net income terms, to be determined in national legislation.</p>
<p><i>Payments under regional assistance programmes (paragraph 13)</i></p>		<p>(i) Paragraph 13(a) of Annex 2 to be revised to reflect the fact that in some developing countries there are no regions that constitute "a clearly designated contiguous geographical area with a definable economic and administrative identity".</p> <p>(ii) The requirement of paragraph 13(d) of Annex 2 that payments under regional assistance programme shall be available only to producers in eligible regions shall be waived for developing countries. Developing countries shall be allowed to target such assistance to predominantly low-income and resource-poor producers in the concerned region pursuant to national poverty reduction strategies.</p> <p>(iii) Add new subparagraph (f bis) in paragraph 13:</p> <p><i>(f bis) The criteria set out in (b), (c), and (e) of this paragraph do not apply to a developing country Member.</i></p>
<p><i>Exempt measures for developing countries</i></p>		<p>(i) Any support provided by any developing country Member in respect of an agricultural product whose productivity in that country is less than the world average (as determined by FAO), and exports of that product represent less than 3.25 per cent of world trade of that product for five consecutive calendar years, shall be deemed to have no, or at most minimal, trade-distorting effects or effects on production and hence be excluded from any domestic support calculation.</p>

Green Box

	Working Hypotheses	Variations/Additions
<p><i>Exempt measures for developing countries (cont'd)</i></p>		<ul style="list-style-type: none"> (ii) Spending by any developing country Member on transportation costs for food security and staple crops from surplus to deficit parts of the country shall be excluded from any domestic support calculation. (iii) Government measures of assistance, whether direct or indirect, to encourage agricultural and rural development, rural employment, food security, poverty alleviation, and diversification of agriculture shall become an integral part of Annex 2 of the Agreement on Agriculture. (iv) Policy measures specified below shall be an integral part of Annex 2 of the Agreement on Agriculture: <ul style="list-style-type: none"> (a) Investment subsidies which are generally available to agriculture in developing country Members; (b) Agricultural input subsidies whether in cash or in kind, generally available to low-income and resource poor producers in developing country Members; (c) Domestic support to producers in developing country Members to encourage diversification from the growing of illicit narcotic crops, or those whose non-edible or non-drinkable products, being lawful, are widely recognised as harmful for human health. (v) Create additional specification of criteria for non-trade-distorting support by developing countries in the areas of: investment and infrastructure, domestic marketing systems, risk management, conservation and productivity enhancement. (vi) Add new paragraph for payments for supporting production capacities of the basic foodstuff considered as the main national product (wheat, rice and livestock – sheep, horses) with the objective of product security. These reserves can be utilized solely for domestic consumption and not for export. These products can be sold at administered prices allowed to the developing, least-developed and vulnerable transition economies.
<p><i>Limits to Green Box expenditures</i></p>		<ul style="list-style-type: none"> (i) Developing country Members shall retain the flexibility to provide support under paragraphs 5, 6, 7 and 11 of Annex 2. (ii) Developing countries shall be exempt from a cap established in respect of [total Green Box expenditures] [domestic support of all types].

Article 6.2

	Working Hypotheses	Variations/Additions
<p>Scope and criteria</p>	<p>Maintain [and broaden] the existing Article 6.2 exceptions for developing countries.</p>	<p>(i) Modify the existing paragraph 2 of Article 6 as follows: In accordance with the Mid-Term Review Agreement ... to encourage diversification from growing illicit narcotic crops, or those whose non-edible or non-drinkable products, being lawful, are widely recognized as harmful for human health. Domestic support ...</p> <p>(ii) The following government measures, whether direct or indirect, to encourage food security, agricultural and rural development, and product diversification are an integral part of the development programmes of developing countries, and should be exempt from the reduction commitments.</p> <p>(a) investment subsidies whether or not provided to targeted producers or products;</p> <p>(b) input subsidies, whether or not provided to targeted producers or products;</p> <p>(c) support to encourage diversification from growing illicit narcotic crops as well as such crops that are licit but are harmful as determined by (for instance WHO) to human health e.g. tobacco;</p> <p>(d) subsidies to marketing costs (e.g. internal transport, post-harvest storage, agricultural cooperatives, product quality improvement), whether or not provided to targeted producers or products.</p> <p>Products that are exported and that are obtaining at least 3.25 per cent of the world market share are excluded from the list of eligible products for the domestic support measures mentioned above.</p> <p>(iii) Further flexibility to be made available to developing countries, either in the framework of Article 6.2 or a Development Box, to pursue their legitimate development needs, including food security, rural development and poverty reduction strategies by exempting from reduction commitments:</p> <p>(a) programmes, including those listed below, targeted at low-income and resource-poor producers using clear and objective criteria:</p>

Article 6.2

	Working Hypotheses	Variations/Additions
<p>Scope and criteria (cont'd)</p>		<ul style="list-style-type: none"> - agricultural input subsidies, whether in cash or kind; - product-specific support; - government subsidies for concessional loans through established credit institutions or for the establishment of regional and community credit cooperatives; - capacity building measures with the objective of enhancing the competitiveness and marketing of low-income and resource poor producers; - government transportation subsidies for agricultural products and farm inputs [to remote areas]; - government assistance in helping establish and operate agricultural cooperatives; - on-farm employment subsidies for families of low-income and resource-poor producers; - government sponsoring of savings instruments to reduce year-to-year variations in farm incomes. <p>(b) support to increase domestic production of staple crops for domestic consumption;</p> <p>(c) marketing support programmes and programmes aimed at compliance with quality as well as sanitary and phytosanitary regulations.</p> <p>(iv) Members shall establish additional criteria to exempt support measures which are essential to development and food security objectives, facilitate the development of targeted programs to increase investment and improve infrastructure, enhance domestic marketing systems, help farmers manage risk, encourage conservation measures, and increase productivity of subsistence producers.</p> <p>(v) Exemptions should include payments for food security, poverty reduction, and horizontal and vertical diversification of agricultural production.</p> <p>(vi) When support is provided by a developing country, in respect of a crop whose productivity in that country is less than the world average (as determined by FAO) if the product is destined for domestic market, and if the production is destined for export market and the export component of that product represents less than 3.25 per cent of world trade of that product for two consecutive years, those measures provided for those products shall automatically be deemed to be measures that are exempted and fall within the purview of Article 6.2.</p>

Article 6.2

	Working Hypotheses	Variations/Additions
Scope and criteria (cont'd)		<p>(vii) The possible expansion of Article 6.2 provisions should target LDCs and low-income countries, irrespective of their status as developing countries.</p> <p>(viii) Special rights and privileges and flexibilities in the fulfilment of obligations given to different categories of countries shall be enjoyed by all Members that fulfil the objective criteria and/or economic indicators underlying such categorisation.</p>
Transparency/ Notification requirements		<p>(i) Developing country Members that maintain agricultural development programmes and implement them through their national legislation or regulations or acclamations to pursue objectives, such as for food security, poverty alleviation, rural development, rural employment and diversification of agriculture shall notify such programmes to the Committee of Agriculture on a regular basis. Any new or modified support measures for which exemption from reduction is claimed shall be notified promptly.</p>

Blue Box

	Working Hypotheses	Variations/Additions
Concept/ Other disciplines		<ul style="list-style-type: none"> (i) The exemption contained in Article 6.5 to be eliminated. (ii) Blue Box payments to be reduced from the average level notified over 1995-2001 to zero over five years for developed countries. [Developed countries to commit to] a reduction of 50 per cent in the first year of implementation to be followed by equal cuts over the following years to reach zero. (iii) Blue Box support in developed countries shall be eliminated within three years with a 50 per cent reduction in the first year and 25 per cent annual reduction for the next two years. (iv) Maintain the concept of the Blue Box as per Article 6.5(a). (v) The Blue Box to be continued without any cap.
Criteria		<ul style="list-style-type: none"> (i) Maintain the criteria regarding "production limiting" and with respect to conditions as stipulated in subparagraphs (i) to (iii) of Article 6.5(a).
Transparency/ Notification requirements		<ul style="list-style-type: none"> (i) Notification requirements to be established which are similar to those currently in place for Amber Box measures.
S&D		<ul style="list-style-type: none"> (i) Blue Box payments to be reduced from the average level notified over 1995-2001 to zero over nine years for developing countries. [Developed countries to commit to] a reduction of 50 per cent in the first year of implementation to be followed by equal cuts over the following years to reach zero.

Amber Box

	Working Hypotheses	Variations/Additions
<p>Base levels</p>	<p>The base level for reductions shall be the final bound commitment levels as per Part IV Section I of Members' Schedules.</p>	<p>(i) The starting-point for new non-product-specific and product-specific commitments to be the final bound Total AMS level. Product commitments would be defined by the specificity in Members' Current AMS notifications. There would also be a non-product-specific category where that currently appears in Members' notifications.</p> <p>Base levels for product-specific reduction commitments would be linked to the (currently aggregated) final bound AMS commitment. Each subsidised product would be allocated a share of the total final bound AMS commitment level based on the actual product share in, for example, 2000-2001. Where a Member has Blue Box support, it shall be taken into account in the allocation of the share of the final bound AMS between products. Developing countries could be permitted to undertake reduction commitments on groups of products, or be allowed to allocate a share of the final bound AMS level that could be used for new products.</p> <p>(ii) The base level for the staging of further commitments shall be the average actual support level for the years 1995-2000 or the bound level for the year 2000, whichever is lower.</p> <p>(iii) An average of support levels over a representative three-year period to be used, provided that the period is not chosen to maximise support levels.</p>
<p>Calculation methodology of AMS/EMS</p> <p><i>Eligible production/applied administered price</i></p>		<p>(i) Maintain the calculation methodology of the AMS and EMS as per Annex 3 and 4, respectively.</p> <p>(ii) To prevent circumvention of domestic support reduction commitments, the AMS methodology should be improved in two specific ways:</p> <p>(a) The term "quantity of production eligible to receive" (paragraph 8 of Annex 3) to be clearly understood to include all marketable production that receives, directly or indirectly, supported price signals, including (but not limited to) through government intervention purchasing; and</p> <p>(b) where a WTO Member has abolished an "applied administered price" (paragraph 8 of Annex 3), yet similar levels of support continue to be provided to producers through any other measure; that is, no effective policy reform has actually occurred, then that Member be required to use a representative domestic market price in lieu of the applied administered price in the calculation of the market price support element of the AMS.</p> <p>The starting point for new reductions on domestic support should be rectified accordingly where adjustments of either of the above have been employed since the establishment of Uruguay Round commitment schedules.</p>

Amber Box

	Working Hypotheses	Variations/Additions
<p><i>Product-/non-product-specific support</i></p>		<p>(i) Non-product-specific support to be defined by requiring that crop specificity be established and that such measures in any given year not be related to or based on the type of volume of production, prices (domestic or international) and factors of production.</p> <p>(ii) Disciplines to be strengthened to avoid product-specific support from being improperly classified as non-product-specific support.</p>
<p><i>Inflation adjustment</i></p>		<p>(i) Maintain the provisions of Article 18.4 of the Agreement.</p> <p>(ii) Countries with excessive rates of inflation to be given flexibility to apply different methods of calculation. A uniform stable currency or a basket of currencies to be used to notify domestic support.</p> <p>(iii) Inflation and currency depreciation [in developing countries] should be taken into account.</p> <p>(iv) Monetary domestic support commitments should be subject to annual inflation adjustments.</p> <p>(v) Inflation adjustments of domestic support commitments should not be allowed.</p>
<p>Specificity of further commitments/ reduction method/target for further commitments/ implementation period/staging</p>		<p>(i) The Uruguay Round formula to be used [to reduce the Total AMS by {X} per cent from the final bound commitment level]. The Total AMS commitment to be maintained at the aggregate level.</p> <p>(ii) The final bound AMS commitment currently in Members' Schedules to be reduced to zero [on a product-specific disaggregated basis] over five years for developed countries. [Developed countries to commit to] a reduction of 50 per cent in the first year of implementation to be followed by equal cuts over the following years to reach zero.</p> <p>(iii) Members shall simplify domestic support disciplines into two categories:</p> <ul style="list-style-type: none"> - exempt support, as defined by criteria-based measures that have no, or at most minimal, trade-distorting effects or effects on production; and - non-exempt support, as defined by the Aggregate Measurement of Support (AMS) and production-limiting support as defined in Article 6.5 of the Agreement on Agriculture.

Amber Box

Working Hypotheses

Variations/Additions

**Specificity of further commitments/
reduction method/target for further commitments/
implementation period/staging (cont'd)**

Non-exempt support shall be subject to annual reduction commitments specified in Members' schedules. The allowed level of non-exempt support shall be reduced from the Member's final bound AMS ceiling to 5 per cent of the Member's average value of total agricultural production in the base period of 1996-1998 through equal annual reduction commitments over a five-year period. Members whose final bound AMS is less than 5 per cent shall maintain their ceiling for non-exempt support at the final bound AMS level. In the calculation of non-exempt support, a Member shall not include domestic support that is consistent with the provisions of Article 6.4 of the Agreement on Agriculture.

In addition to the reduction modality described above, Members shall agree to eliminate all non-exempt domestic support by a date to be established in these negotiations.

- (iv) The Total AMS of developed country Members shall be bound and further reduced. The ceiling of Total AMS of these countries shall be set in terms of their total value of agricultural production in the previous year. Amber Box and Blue Box support in developed countries shall be eliminated within three years, with a 50 per cent reduction in the first year and 25 per cent annual reduction for the next two years. Developed countries shall make reduction commitments on an aggregate and product-specific basis.
- (v) The Total AMS shall be reduced on a product-specific basis to zero over [four years] [a six-year period commencing in the year 2005], in equal annual instalments. Developed country Members shall commit to a 50 per cent down-payment of the total reduction target over the first year of the implementation period.
- (vi) Reduction commitments to be undertaken on a product-specific basis, resulting in reduction of all trade-distorting support, in the Amber Box, the Blue Box and Annex 2 (paragraphs 5, 6, and 7), to the *de minimis* level at the end of the implementation period.
- (vii) The AMS should be maintained as an aggregate measurement and not be turned into a product-specific commitment. Further AMS reduction commitments should be differentiated according to export orientation. The home-market oriented AMS should be subject to a reduction of {X} per cent, while the export-oriented AMS should be subject to a reduction of {Y} per cent (X<Y), based on available production and export statistics of a given base year. Reduction commitments should be implemented in equal instalments over {X} years.

Amber Box

	Working Hypotheses	Variations/Additions
<p>Specificity of further commitments/ reduction method/target for further commitments/ implementation period/staging (cont'd)</p>		<p>(viii) Reductions of trade-distorting domestic support to be made on a disaggregated basis, including a substantial down-payment in the first year of implementation, with the remaining trade-distorting domestic support to be reduced on the basis of two different schedules. For products benefiting from trade-distorting domestic support that were exported (i.e., defined as products from countries whose share of the international market in those particular products is greater than 3 per cent) support to be phased out in three equal annual reductions leading to elimination. Reductions of trade-distorting domestic support on products not exported or whose share of international market is not greater than 3 per cent, to be subject to a longer implementation period.</p> <p>(ix) Disciplines concerning domestic support measures that are variable in relation to market prices, e.g. deficiency payments, should be strengthened. Such aids for products of which a substantial proportion is exported should be subject to the same reduction commitments as export subsidies.</p> <p>(x) Export-enhancing domestic support such as price pooling and compensatory payments, including deficiency payments, applied to commodities destined for export should be subject to additional disciplines similar to those applied to export subsidies.</p> <p>(xi) There should be only two categories of support: Green and Amber Boxes. All trade distorting domestic support should be substantially reduced on an aggregate and product specific basis. An initial substantial reduction of the Total AMS between 50-70 per cent should be made, followed by annual reductions. With respect to product-specific commitments, reductions should be at least 40-50 per cent of the average values of the last three years of the Uruguay Round implementation. Reductions should be implemented over three years for developed countries.</p> <p>(xii) Further reduction commitments for recently-acceded Members should be undertaken from the bound levels of the AMS and the following flexibilities for reduction commitments should be granted: i) the level of the AMS reduction should be lower than for developed countries; ii) there should be longer implementation periods for the new commitments; and, iii) implementation of the new commitments should be delayed (i.e. there should be some pause between the end of implementation of accession commitments and the beginning of implementation of new reduction commitments).</p>

Amber Box

	Working Hypotheses	Variations/Additions
<p>Specificity of further commitments/ reduction method/target for further commitments/ implementation period/staging (cont'd)</p>		<p>The specific drafting proposal for modalities in the area of the Amber Box is as follows:</p> <p>Taking into account the provisions of paragraph 9 of the Doha Ministerial Declaration, the recently-acceded Members shall reduce their AMS level by {...} per cent, during {...} years of the implementation period, starting after the {...} years of entry into force of the Doha Development Agenda results.</p>
<p><i>De minimis</i> provisions</p>		<ul style="list-style-type: none"> (i) Maintain the <i>de minimis</i> provisions as per Article 6.4(a). (ii) The <i>de minimis</i> provision to be eliminated for developed countries. (iii) The <i>de minimis</i> support provisions as provided for in Article 6.4(a) for developed countries shall be reduced [with a view towards its elimination within an agreed period of time]. The <i>de minimis</i> provisions to be retained for developing countries. (iv) Reduce both product-specific and non-product-specific <i>de minimis</i> of developed countries to 2.5 per cent at the beginning of the implementation period, subject to eventual elimination of this provision within a period of no longer than three years. (v) Article 6.4(a)(i) and (ii) should be suspended until such time as the domestic support levels of all Members come down to the <i>de minimis</i> level. (vi) Exclude export-enhancing domestic support measures from applying <i>de minimis</i> provisions.
<p>Other disciplines</p>		<ul style="list-style-type: none"> (i) Members shall engage in negotiations on further reform commitments beyond the basic modalities on a sector-specific basis, such as deeper tariff reductions, product-specific limits on trade-distorting domestic support, and other commitments to more effectively address the trade-distorting practices in the affected commodity sectors. (ii) In pursuing the reform of domestic support, Members need to consider the effects of reduction commitments on the value of trade preferences for small vulnerable countries.

Amber Box

Working Hypotheses		Variations/Additions
<p>S&D</p> <p><i>Base levels</i></p>		<p>(i) The base level for the staging of further commitments shall be the average actual support level for the years 1995-2000 or the bound level for the year 2000, whichever is lower. Developing country Members shall stage further reduction commitments from the final bound levels established as a result of the Uruguay Round.</p>
<p><i>Specificity of further commitments/ reduction method/target for further commitments/ implementation period/staging</i></p>	<p>(i) Least-developed country Members should not be required to make further commitments.</p> <p>(ii) Developing country Members should be provided flexibility in terms of longer implementation periods and lower reduction rates.</p> <p>(iii) ...</p>	<p>(i) Developing countries should be allowed to make further commitments on an aggregated basis.</p> <p>(ii) The final bound AMS commitment currently in Members' Schedules to be reduced to zero [on a product-specific disaggregated basis] over five years for developed countries and nine years for developing countries. [Developed countries to commit to] a reduction of 50 per cent in the first year of implementation to be followed by equal cuts over the following years to reach zero.</p> <p>(iii) Developing countries to be exempt from making a down-payment in the first year of implementation.</p> <p>(iv) The Total AMS shall be reduced on a product-specific basis to zero over a six-year period commencing in the year 2005, in equal annual instalments. Developed country Members shall commit to a 50 per cent down-payment of the total reduction target over the first year of the implementation period. Developing country Members shall have the flexibility to maintain commitments at the aggregate level inclusive of support under the <i>de minimis</i> level, to implement reduction commitments over a ten-year period commencing in the year 2008, and to apply lower reduction commitments provided that the reduction is no less than half of that specified for developed countries.</p> <p>(v) There should be only two categories of support: Green and Amber Boxes. All trade distorting domestic support should be substantially reduced on an aggregate and product specific basis. An initial substantial reduction of the Total AMS between 50-70 per cent should be made, followed by annual reductions. With respect to product-specific commitments, reductions should be at least 40-50 per cent of the average values of the last three years of the Uruguay Round implementation. Reductions should be implemented over six years for developing countries.</p> <p>(vi) Any new commitments for developing countries should be no more than half of the commitments of developed countries.</p>

Amber Box

	Working Hypotheses	Variations/Additions
<p><i>Specificity of further commitments/ reduction method/target for further commitments/ implementation period/staging (cont'd)</i></p>		<p>(vii) Lesser commitments shall apply to developing countries, economies in transition and recently acceded countries.</p> <p>(viii) [Greater reductions] [Substantial reduction of domestic support] to be made on products of export interest to [LDCs] [developing countries].</p> <p>(ix) LDCs should be allowed to increase their non-product-specific support by an equivalent amount when in the calculation of their AMS domestic support prices were found to be lower than the external reference price, showing negative product-specific support. Since many LDCs had negative product-specific AMS, such countries should be accorded due credit by way of excluding specific food security expenditures from AMS calculations.</p>
<p><i>De minimis provisions</i></p>		<p>(i) Retain the existing <i>de minimis</i> provisions in Article 6.4(b) for developing countries.</p> <p>(ii) Developing country Members shall have the flexibility to aggregate [domestic support within the <i>de minimis</i> level] [non-product-specific support with product-specific support below the <i>de minimis</i> level]</p> <p>(iii) As long as the reduction commitments on trade-distorting domestic support are based on the Aggregate Measurement of Support (AMS), developing countries should be allowed to aggregate the values of product-specific <i>de minimis</i> that may then be allocated to support selected products.</p> <p>(iv) The <i>de minimis</i> level for developing countries should be increased to 15 per cent.</p> <p>(v) The <i>de minimis</i> level shall be raised to {X} per cent for [low-income] developing countries [and transition countries].</p>
<p><i>Inflation adjustment</i></p>		<p>(i) Special consideration to be given to problems of excessive rates of inflation in developing countries, including a possibility of expressing commitments in agreed currencies or a basket of currencies.</p>

Other Domestic Support Issues

	Working Hypotheses	Variations/Additions
Peace Clause		<ul style="list-style-type: none"> (i) The provisions of Article 13(a) and (b) shall cease to apply as per Article 1(f) of the Agreement on Agriculture. (ii) The provisions of GATT 1994 and of other Multilateral Trade Agreements in Annex 1A to the WTO Agreement shall not apply to subsidies consistent with the provisions of the WTO Agreement on Agriculture and the commitments made as a result of the Reform Process of trade in agriculture.
S&D		<ul style="list-style-type: none"> (i) Any domestic support measure implemented by any developing country Member that fully conforms with the provisions of Article 6.2 and Annex 2 of the Agreement on Agriculture, as well as domestic support within the <i>de minimis</i> level shall be: <ul style="list-style-type: none"> (a) non-actionable subsidy for purposes of countervailing duties; (b) exempt from actions based on Article XVI of GATT 1994 and Part III of the Subsidies Agreement; and (c) exempt from actions based on non-violation nullification or impairment of the benefits of tariff concessions accruing to another Member under Article II of GATT 1994, in the sense of paragraph 1(b) of Article XXIII of GATT 1994. (ii) Support measures provided by developing countries within the <i>de minimis</i> level, the existing Annex 2, the framework of a revised Green Box, the existing Article 6.2 or within the framework of an expanded Article 6.2 aimed at food security, poverty alleviation, rural development, rural employment and diversification of agriculture shall be exempted from any action under Article XVI of GATT 1994, the Agreement on Subsidies and Countervailing Measures and be exempted from actions based on non-violation nullification or impairment, in the sense of paragraph 1 (b) of Article XXIII of GATT 1994. (iii) Members shall not challenge the measures provided under Article 6.2 of the Agreement on Agriculture by developing countries.