

**Committee on Agriculture
Special Session**

**REVISED DRAFT MODALITIES FOR AGRICULTURE
SENSITIVE PRODUCTS: TARIFF QUOTA CREATION**

1. Based on consultations to this point, it is my sense that neither one nor the other of the options presented in paragraph 83 of the text will prevail. If that judgement is correct, the only realistic landing zone will be on the basis of a fully transparent, strictly conditioned and limited allowance for some tariff lines not currently subject to tariff rate quotas to be declared sensitive and newly subject to tariff rate quotas. Based on constructive consultations that have taken place to this point, the following represent the elements of convergence that have emerged. They are not in final legal drafting form but could, hopefully, operate as a platform to get to closure.
2. Paragraph 83, second option would be deleted.
3. As regards paragraph 83 first option, something along the following lines would be added to the sentence: “.....or meets the conditions outlined below.”
4. It would need to be followed by something along the following lines:
5. Tariff lines not currently subject to tariff rate quotas can be declared sensitive and be newly subject to a tariff quota provided that the number of these lines does not exceed 1 per cent of tariff lines for any Member¹; that the 1 per cent is taken out of the maximum entitlement of sensitive tariff lines for the Member concerned; that the lines concerned are subject to provision of an additional 2 per cent of domestic consumption beyond what would be otherwise required under paragraph 74; that the in-quota tariff rate is zero; and, as for all other sensitive product tariff lines, that they are scheduled and applied *erga omnes* on a most-favoured-nation basis. The lines concerned shall be transparently specified in full tariff line detail and with the access amounts provided in the attachment as an integral part of these modalities.
6. Where there has been significant historical trade such that the above formulation would have the effect of manifestly and artificially restraining trade in a manner contrary to the object and purpose of these modalities, the domestic consumption requirement above shall be added to the historical trade figure for the tariff lines concerned. The product(s) concerned and the resultant access amounts shall be specified in full detail at tariff line level for the Member concerned in the attachment and constitute an integral part of these modalities (situation B in the attachment).
7. In a particular case where use of historical trade and the above consumption factor would still manifestly and artificially restrain trade in a manner contrary to the object and purpose of these modalities due to the very recent and dynamic trade in the product concerned, there shall be a specific provision for this product. The access amounts shall be specified in full detail at tariff line level for the Member(s) concerned in the attachment and constitute an integral part of these modalities (situation C in the attachment).

¹ Except Norway which shall meet the terms of the last paragraph.

8. In the case of Norway, it shall abide by the provisions regarding 2 per cent additionality above except where, according to Attachment Ai(G) it has designated sensitive products at a seven digit level and allocated the entire aggregate domestic consumption to these three product categories. In this case it shall, as its contribution, provide an additional 0.5 per cent of domestic consumption for the whole TRQ for these three product categories. The access amounts shall be specified in full detail at tariff line level in the attachment and constitute an integral part of these modalities.

ANNEX

Developed Country Member	Default situation: Product and amount of TRQ access concerned at tariff line level	Situation B: Product and amount of TRQ access concerned at tariff line level	Situation C: Product and amount of TRQ access concerned at tariff line level
European Communities			
United States			
Japan			
Norway			
Switzerland			
