

WORKING DOCUMENT No. 6

FINAL BOUND TOTAL AMS: A TIERED FORMULA

Tiered Reduction Formula

Reductions in Final Bound Total AMS

1. The Final Bound Total AMS shall be reduced in accordance with the following tiered formula:
 - (a) where the Final Bound Total AMS is greater than US\$40 billion, or the equivalent in the monetary terms in which the binding is expressed, the reduction shall be [70] per cent;
 - (b) where the Final Bound Total AMS is greater than US\$15 billion and less than or equal to US\$40 billion, or the equivalents in the monetary terms in which the binding is expressed, the reduction shall be [60] per cent;
 - (c) where the Final Bound Total AMS is less than or equal to US\$15 billion, or the equivalent in the monetary terms in which the binding is expressed, the rate of reduction shall be [45] per cent.
2. Developed country Members with high relative levels of Final Bound Total AMS (at least 40 per cent of the total value of agricultural production) shall undertake an additional effort. Where the Member concerned is in the second tier, the additional reduction to be undertaken shall be equal to the difference in the reduction rate between the second tier and the top tier. Where the Member concerned is in the bottom tier, the additional reduction to be undertaken shall be one half of the difference in the reduction rate between the first tier and the second tier.

Implementation Period and Staging

3. The reductions in Final Bound Total AMS for developed country Members in the top two bands shall be implemented by means of a first instalment of a [30] per cent reduction followed by reductions in equal annual instalments over the following four years. For other developed country Members, the reduction shall be implemented in equal annual instalments over five years.

Special and Differential Treatment

4. The reduction in Final Bound Total AMS applicable to developing country Members with Final Bound Total AMS commitments shall be two-thirds of the reduction applicable for developed country Members. The reductions in Final Bound Total AMS shall be implemented in equal annual instalments over eight years.
5. NFIDCs listed in document G/AG/5/Rev.8 shall be exempt from AMS reduction commitments.
6. Developing country Members shall continue to have the same access to the provisions of Article 6.2 of the Agreement on Agriculture as under existing WTO obligations.
7. Saudi Arabia, the Former Yugoslav Republic of Macedonia and Vietnam, as very recently-acceded Members shall not be required to undertake reductions in their Final Bound Total AMS. Small low-income, recently-acceded Members with economies in transition shall not be required to undertake reductions in Final Bound Total AMS.¹ In the case of such Members, investment subsidies

¹ This shall be applicable to Moldova which is the only such Member with a Final Bound Total AMS.

which are generally available to agriculture and agricultural input subsidies, interest subsidies to reduce the costs of financing as well as grants to cover debt repayment may be excluded from the calculation of the Current Total AMS.² The reductions in Final Bound Total AMS for other RAMs with AMS commitments shall be two-thirds of the rate specified in paragraph 1 above and shall be implemented in accordance with paragraph 4 above.

Other

8. Article 18.4 of the Agreement on Agriculture shall continue to apply in order to respond to the situations referred to in that provision.

Product-Specific AMS Limits

General

9. Product-specific AMS limits shall be set out in terms of monetary value commitments in Part IV of the Schedule of the Member concerned in accordance with terms and conditions specified in the paragraphs below.

10. The product-specific AMS limits specified in the Schedules of all developed country Members other than the United States shall be the average of the actual product-specific AMS support during the Uruguay Round implementation period (1995-2000).

11. For the United States only, the product-specific AMS limits specified in the schedule shall be the resultant of applying proportionately the average actual product-specific AMS support in the [1995-2004] period to the average actual total AMS for the Uruguay Round implementation period (1995-2000).

12. Where a Member has, after the base period, specified in paragraphs 10 and 11 above, introduced product-specific AMS support above the *de minimis* level provided for under Article 6.4 of the Uruguay Round Agreement on Agriculture, the product-specific AMS limit specified in the schedule for those products may be the average amount of the two most recent years' expenditure prior to the date of adoption of these modalities for which notifications have been made and provided that this is within the limits of the overall annual bound Total AMS commitment for those two most recent year-period for the Member concerned.

13. In cases where product-specific domestic support during the base period specified in paragraphs 10 and 11 above was below the *de minimis* level provided for under Article 6.4 of the Uruguay Round Agreement on Agriculture and the Member concerned is not in the situation covered by paragraph 12 above, the product-specific limit specified in the schedule for those products may be that *de minimis* level, expressed in monetary terms as a product-specific AMS commitment.

14. The product-specific AMS limits shall be implemented in [full on the first day of the implementation period] [three equal annual instalments, with the starting point for implementation being 130% of the product-specific average in the base period].

Special and Differential Treatment

15. In the case of developing country Members, the Product-specific AMS limits shall be established by the developing country Member concerned choosing one of the following methods and scheduling its commitments for all its products according to that method chosen:

- (a) the average actual expenditure for each product during the base period 1995 to 2000 or 1995 to 2004, as may be selected by the Member concerned; or

² This shall be applicable to Albania, Armenia, Georgia, Kyrgyz Republic and Moldova.

- (b) two times the Member's product-specific *de minimis* level provided for under Article 6.4 of the Uruguay Round Agreement on Agriculture; or
 - (c) 20 per cent of the Annual Bound Total AMS in any year.
16. Article 6.3 of the Agreement on Agriculture shall be amended also to reflect these modalities.