

# Agriculture Negotiations at the WTO Doha Analysis Report<sup>1</sup>



INTERNATIONAL CENTRE FOR  
TRADE AND SUSTAINABLE  
DEVELOPMENT

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## Executive Summary

This paper is the second report of series II detailing the developments in the agriculture trade negotiations currently underway at the World Trade Organisation (WTO). The report series is being prepared by the International Centre for Trade and Sustainable Development (ICTSD).

This report, issued in January 2002, is designed to provide an update on the negotiating process since the completion of the fourth WTO Ministerial Conference in Doha, Qatar, from 9-14 November, 2002. It also seeks to set the context and assesses some of the possible developments during the second phase of the agriculture negotiations based on what most Members interpret as an agreement on a “new round” of trade talks.

For now, Ministers have decided that agriculture together with other seven mandated negotiation tracks are pooled in a so-called ‘single undertaking’, meaning that there will be only one comprehensive round of negotiations, whose agreed results will then be binding as a whole for each Member. In addition, all negotiation tracks within this ‘single undertaking’ are subject to the same deadline (1 January 2005) by which the trade round is to be concluded. As this approach opens the door for a wide range of trade-offs, this and subsequent reports will further elaborate on the dynamics in the main non-agricultural negotiations in order to enable better ongoing assessment of the possible outcomes of the round of negotiations with respect to agriculture. Furthermore, progress in areas such as intellectual property rights, environment and implementation can have direct impacts on the global farming sector and thus have been analysed in more depth.

This report is divided into five sections:

- Section 1 is a brief introduction setting the agriculture negotiations in the overall context of activities at the WTO.
- Section 2 focuses on the themes within the current negotiations that have been identified as showing most significance for influencing European trade policy-making, providing descriptive and analytical detail of expressed positions.
- Section 3 provides a brief analysis of the outcomes of the Fourth WTO Ministerial in general and, particularly, with regard to agriculture as well as other elements of the Doha Declaration directly linked to international agricultural trade.
- Section 4 deals with the new language on environment embodied in the Doha Declaration and highlights possible implications by providing a brief analysis and a summary of reactions from key WTO Members as well as environmental organisations.

- Section 5 looks ahead at the emerging issues in connection with the future negotiations in agriculture itself as well as the design of the negotiation mechanisms of the new trade round as a whole.

The methodology used in compiling this report combined comprehensive in-house analytical work as well as extensive outreach to country delegates based in Geneva and representatives of local non-governmental organisations. As already provided in the previous report, the quick references now include information on the importance of trade and agricultural trade for each country. This is designed to assist readers in assessing the relative importance of trade issues for that country. These are included as appendices. To enable readers to conduct their own assessments more easily, the full text of the Doha Declaration has also been annexed to the report, together with an EC non-paper. Other non-papers were used in writing this report but could not be annexed for reasons of confidentiality.

## Section 1: Context Setting/Timetable

The second phase of agriculture negotiations currently underway at the WTO in line with the built-in-agenda (Article 20) of the AoA is now moving towards its end. As Members agreed at the November Doha Ministerial, a new round of trade negotiations including agriculture has been launched, which is to be concluded before 1 January 2005. As a result, Members have entered into consultations on how to form a new negotiation mechanism under the auspices of the Trade Negotiation Committee (TNC)<sup>2</sup>, on the one hand, and the already running built-in-agenda negotiations such as those on agriculture, services and Trade-Related Aspects of Intellectual Property Rights (TRIPs), on the other. This is necessary as negotiation areas such as agriculture are now incorporated in the 'single undertaking'<sup>3</sup> of the forthcoming trade round.

The question arising here is whether subsidiary negotiating bodies such as the Committee on Agriculture (CoA) will cease to exist and will be replaced by issue-based working groups under the TNC, or whether they will continue their current work mode. Regardless of the outcomes of the consultations, the principal structure will be the same, i.e. several subsidiary bodies will deal with specific negotiation issues and will report to the TNC. The difference, however, is that – in case Members choose the working group mode – they will have to determine which procedural provisions shall apply to the single working groups, e.g.: who will chair them; whether there will be vice chairs; whether chairs will rotate annually or remain for the duration of the negotiations, etc. The TNC will meet in late January and is expected to decide on these procedural questions.

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<sup>2</sup> The TNC will be under the authority of the WTO's supreme body, the General Council. It will have the same membership as the General Council, but it will not be subject to the constitutional provisions applying to the General Council. Several Members would like to maintain the leadership of the General Council in the negotiations of the new round (see also Section 5 of this report).

<sup>3</sup> Prior to the Uruguay Round, a number of agreements were negotiated that, were not adopted by all the contracting parties to the GATT and only applied to those countries who accepted to be bound by them. In the Uruguay Round as well as in Doha, a different approach was adopted: it was decided that the virtually all of the multilateral agreements to be negotiated were to be accepted as a whole. The GATT, the Agreement on Agriculture (CoA), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), the GATS, as well as most of the other agreements negotiated during the Uruguay Round are part of this 'single undertaking'. Four specific agreements are binding only on those Members who have accepted them. These agreements, referred to as the "plurilateral trade agreements", are the Agreement on Trade in Civil Aircraft, the Agreement on Government Procurement, the International Dairy Agreement and the International Bovine Meat Agreement, the latter two of which were terminated at the end of 1997.

On agriculture itself, the next negotiating session of the CoA will be held from 4-8 February 2002 (with a 4-6 February special informal session) covering the subjects:

- development box;
- single commodity producers;
- special and differential treatment;
- small island developing countries; and
- "other issues".

As indicated by trade sources, the formal special session on 7 February will conclude the current phase II of the ongoing negotiations under the original Article 20 mandate. After that, the negotiations continue under the mandate of the Doha Ministerial Declaration.

The further timescale as known to date is as follows:

- 28 January: First meeting of the Trade Negotiation Committee (TNC)
- 31 March 2003: Modalities for further commitments to be agreed
- 2nd half of 2003: draft Schedules to be submitted (at 5<sup>th</sup> WTO Ministerial in Mexico)
- 2nd half of 2003: Stocktaking (at 5<sup>th</sup> WTO Ministerial in Mexico)
- 1 January 2005: Negotiations to be concluded

## **Section 2: New Developments on Key Issues**

### **2.1 General**

When Members met in the WTO Committee on Agriculture (CoA) on 3-4 December for last year's final 'agriculture week' they addressed: farm support for agriculture that serves environmental purposes; preferential market access for agricultural goods from developing countries; food aid; consumer information & labelling; and sectoral initiatives. In its report, ICTSD focused on the issues of Environment and Consumer Information & Labelling as they have the most implications for agriculture and sustainable development issues from a multifunctionality perspective.

WTO Members have been holding 'special' agriculture sessions since early 2000 as mandated by the Agreement on Agriculture (AoA), which provides for a continuation of the "fundamental reform" programme for the liberalisation of the world's farming sector through ongoing negotiations (Article 20). While the agriculture negotiations have so far been taking place independently of other talks in the WTO in line with the 'built-in agenda', they are now part of the single undertaking launched at the Fourth WTO Ministerial Conference in November<sup>4</sup>.

### **2.2 Environment**

In the environment debate, Members principally reiterated and elaborated already known positions. The discussion was led by the two most extreme camps: the ones who believe that some non-trade concerns could only be addressed through mechanisms outside market forces, and the ones who see significant trade liberalisation as the only way to deal with non-trade concerns.

Consequently, non-papers (i.e. unofficial papers) were tabled by Japan and Norway - both of which belong to the group of 'friends of multifunctionality' - and from the Cairns Group of food exporting nations comprising Canada, Australia, and several Latin American and South-East Asian countries. The debate principally revolved around the question, whether environmental concerns are adequately addressed by targeted, transparent and non- or minimally trade-distorting measures while making use of already existing AoA tools (e.g. the Green Box). The use of existing WTO instruments and provisions is being promoted by those calling for a quick liberalisation of the farming sector, such as the US and the Cairns Group<sup>5</sup>. In contrast, the 'friends of multifunctionality' like Norway, Japan and Korea believe that agriculture is a unique trading sector vis-a-vis, for instance, trade in industrial

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<sup>4</sup> See also Section 3 and 5 of this report.

<sup>5</sup> Or "ambitious" group.

goods<sup>6</sup>. They argue that agriculture has a multifunctional character as it not only has an economic function, but also addresses non-trade concerns such as environment, food security, rural development and poverty alleviation.

The preamble of the AoA as well as Article 20 itself indeed provide that Members should take non-trade concerns into account. However, significant differences exist among Members on how this should be done. In general, farm subsidies are deemed to be trade-distortive and thus only allowed under certain conditions listed in the AoA. Members can use the Green Box to compensate farmers e.g. for environmental conservation or protection provided through their agricultural work. Payments under the Green Box, however, must be non-, or at most minimally trade-distorting. Thus, direct payments to farmers, for example, should be decoupled from production so as not to create an incentive for farmers to increase their production - which would have a trade-distorting effect. The Green Box also allows Members to make payments, *inter alia*, through environmental programmes under criteria that are clearly defined and targeted to minimise trade distortion.

Members, such as Japan and Norway, are concerned that the two options of either decoupling direct payments from production or providing targeted support via criteria-based programmes might not be sufficient to appropriately address non-trade concerns, arguing that subsidies outside the Green Box are needed in order to help agriculture perform its many roles. While stressing the need to tackle agriculture's diversity as part of these non-trade concerns, the countries take the view that some production linkage of domestic support payments may be necessary, particularly in areas where agricultural production has a low potential because production is needed for environmental reasons. This, however, had been clearly rejected by the EC in its non-paper on the Green Box<sup>7</sup>.

Proposals:

Norway: Green Box measures alone not sufficient to address environmental concerns as, firstly, the requirement of no or at most minimal trade distortion may not be appropriate to address non-trade concerns, and, secondly, the detailed and specific conditionality of the Green Box may involve high control and administration costs, especially in areas where the agricultural sector consists of a large number of small-sized farms; although maximum targeting is desirable, a trade-off between precision on the one hand, and administration and control cost, on the other, is necessary; countries with a comparative disadvantage should be allowed to use production-related measures (building on proposal G/AG/NG/W/101).

Cairns Group: Identifying environmentally-unfriendly support should be the central element in the analysis of the environmental impact of

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<sup>6</sup> Together with EC and Switzerland: so-called "cautious" group.

<sup>7</sup> See Annex E as well as ICTSD November Update Report, p. 10.

agriculture; as environmental measures are often used to off-set the environmental damage caused by distorting policies, eliminating trade and production-distorting support would enhance the environment; review of paragraph 12 of Annex II (environmental programmes) is necessary to examine whether specific criteria need to be tightened to ensure that the respective measures are at most minimally trade-distortive; also review of the notification and evaluation procedures is necessary; in general, environmental support policies should be pursued through decoupled, targeted and transparent agricultural measures ( building on proposal G/AG/NG/W/35).

Japan: As Green Box measures alone cannot ensure domestic production, various policy measures aimed at maintaining domestic production, which would secure the level of environmental benefits that the society desires, should be incorporated in the agricultural reform under Article 20 of the Agreement on Agriculture (building on proposal G/AG/NG/W/9).

Norway argued that, for non-trade concerns such as biodiversity and land conservation to be addressed appropriately, a minimum degree of domestic production needed to be maintained. This, however, presupposed that farming was sustainable and profitable, which in some cases required significant government support also in the form of production-related measures. To avoid high control and administrative costs, Norway proposed to find a solution striking a balance between the objective of "least trade distortive" and its non-trade concerns - eventually in a mechanism outside the Green Box<sup>8</sup>. For its part, the Cairns Group reiterated its position that agricultural trade liberalisation was the best guarantee for positive environmental development. Cairns Group Members pointed out in particular that trade and production distorting subsidies in developed countries can lead to lower agricultural profits - and thus poverty - in developing countries, which is, according to the Group, a major cause of environmental degradation. In addition, the Cairns Group called for a review of AoA Annex II paragraph 12 (environmental programmes), as under the terms of this paragraph some trade- distorting support may be justified as meeting environmental goals.

According to Cairns Group delegations as well as WTO trade sources, Members did not attach major attention to the environmental aspects of the debate, partly because no new positions had been brought to the table. For example, as Norway stated in an April 2001 communication<sup>9</sup>:

“[T]he negotiations ha[ve] clearly evidenced that a broad number of Members believe Green Box measures would *not* be sufficient to address such concerns. The difficult task for all of us in the next phases of the negotiations

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<sup>8</sup> The Green Box, under which environmental concerns in agriculture at the WTO are generally addressed, requires that support payments be either de-coupled from production or specifically tailored and targeted so as to create no, or at most minimal, trade distortion.

<sup>9</sup> G/AG/NG/W/183.

consists of agreeing on *instruments* that, on one hand, adequately safeguard NTCs, also in low-potential areas, and, on the other hand, are least-trade-distorting. The issue of spill-over effects must be approached bearing in mind the balance of interests. After all, in a global trading system we are all affecting each other and the challenge consists of finding solutions that are sufficiently balanced to be acceptable to all Members.”

Furthermore, the issue of high administration and control costs had already been raised by Norway in its negotiation proposal G/AG/NG/W/101.

An EC delegate explained to ICTSD that the EC has much understanding for the particular ecological situation in Norway. However, the EC takes the position that environmental concerns should be addressed within the box system exclusively through targeted measures<sup>10</sup> but not, for example, via export subsidies or raised tariffs. Other agricultural concerns such as food safety, however, cannot be dealt with under the boxes exhaustively, the delegate said.

### **2.3 Consumer Information and Labelling**

Although technically falling under the jurisdiction of WTO bodies other than the CoA (such as the Committee on Technical Barriers to Trade (TBT) or the Committee on Sanitary and Phytosanitary Measures), labelling issues are also of concerns for some Members who believe they can positively address agricultural non-trade concerns like food safety - in the case of genetically modified organisms (GMOs), in particular – or animal welfare. Mainly “cautious” group members further point to the right of the end-consumer to know what he buys in terms of content and manufacturing of the product. Expectedly, the US as a main exporter of GMOs together with some developing countries are objecting to mandatory GMO labelling schemes as they regard them as a means of unjustifiable discrimination against genetically engineered food. It is one of the main WTO principles that “like products” must be treated equally, and for two products to be like, one usually looks at the products as they appear at their stage of sale, but not at their applied process and production methods (PPMs) which are not incorporated in the goods as such. Therefore, many countries regard mandatory labelling based on PPMs as an impediment to their export activities and as a contradiction to the fundamental WTO operating principle of non-discrimination<sup>11</sup>.

Proposals:

Switzerland: Relationship of regulatory measures ensuring consumer information and the provisions of the TBT Agreement should be assessed by the TBT Committee; it should also establish

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<sup>10</sup> This responds to the point made by Norway that the detailed and specific conditionality of the Green Box may involve high control and administration costs.

<sup>11</sup> For further details see also ICTSD February 2001 Report, p. 7 and pp. 37-38.

guidelines on “Good Regulatory Practice” with respect to labelling of products; TBT Committee should also confirm the urgency for international harmonisation of labelling requirements and encourage the international harmonisation of bodies, e.g. the Codex Alimentarius Commission, to advance its work on labelling as expeditiously as possible; on animal welfare, the Green Box is the most appropriate instrument to address this issue; therefore, the Green Box should be re-examined in order to enable states to compensate their farmers for additional costs that occur due to higher national animal welfare standards<sup>12</sup> (building on proposal G/AG/NG/W/96 on consumer concerns).

EC: Regarding mandatory labelling, guidelines for the introduction of labelling requirements in accordance with TBT Article 2<sup>13</sup> should comprise, firstly, the Member’s right to choose a level of consumer information and protection; secondly, establishment of mandatory labelling schemes to be presumed not to create as such an unnecessary obstacle to international trade; thirdly, creation of labelling schemes to be conducted in a transparent manner; lastly, labelling schemes need to be able to provide information on the characteristics of a product, its process and production methods (PPMs), including ways animals and plants are reared or grown, the organic or non-organic nature of the production process, the modified properties of agricultural products, etc. (partly building on comprehensive proposal G/AG/NG/W/90).

The EC and Switzerland reiterated that labelling could be an option to address some non-trade concerns without distorting trade, as it would enable consumers to freely choose products that comply with their expectations in areas such as animal welfare and organic farming. In addition, labelled products could improve market access by increasing consumer confidence, they said.

While Switzerland and other European countries recognised that this issue should be addressed in the Committee on Technical Barriers to Trade (TBT), they made a link between progress in the agriculture negotiations and the TBT Committee. Cairns Group members, the US and several developing countries objected to this point, arguing that labelling was part not of the agriculture negotiations, but fell under the jurisdiction of the TBT Committee, and in the case of food safety also involved other bodies such as the

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<sup>12</sup> Switzerland agrees here with the point made by the EC in its non- paper submitted in the September special session (see November 2001 ICTSD Update Report).

<sup>13</sup> TBT Article 2 (“Preparation, Adoption and Application of Technical Regulations by Central Government Bodies”) provides *inter alia* that Members, when preparing, adopting or applying technical regulations, need to comply with the most favoured nation (MFN) principle as well as the principle of non-discrimination. Such regulations must not be more trade-restrictive than necessary to fulfil legitimate objectives such as the protection of human health or safety, animal or plant life or health, as well as the environment.

Committee on Sanitary and Phytosanitary Measures (SPS) or the food labelling Committee of the Codex Alimentarius Commission.

An interview with the EC delegation explained that the EC proceeded this way at the WTO in a way that was consistent with directions from Ministers to address agriculture in a global manner, which would also include labelling/food safety issues. Since the EC had committed itself at Doha to bring down its market protection significantly a discussion advancing the EC's competitiveness in this area was seen as a possible and approach to balance its concessions.

On the other hand, Members such as those from the Cairns Group were vehemently opposed to the EC's and Switzerland's approach as they feared being "blackmailed" by them to agree that mandatory labelling schemes were justified under the TBT Agreement. Their point was that by linking progress in the labelling debate to the agriculture negotiations, the clear timeframe for the agriculture negotiation agreed at Doha<sup>14</sup> could be eroded as Members could argue that it was impossible for them to agree on modalities for the trade talks in agriculture until 2003 without knowing the outcomes of the labelling discussion at the TBT. It should also be noted in this context that the Doha Declaration does not contain a mandate to negotiate the TBT. It only instructs the Committee on Trade and Environment (CTE) to draw particular attention to the issue of "labelling requirements for environmental purposes", and to make recommendations, "where appropriate, with respect to future action, including the desirability of negotiations". Therefore, TBT is not – at least for now - part of the single undertaking and thus technically de-linked from agriculture within the new round.

When interviewing a Cairns Group developing country delegation it could further be observed that another main reason for rejecting a connection between labelling and agriculture was the fact that labelling – ecolabelling in particular – is linked to "Environment", and is therefore immediately associated with the newly mandated negotiations on environment (Doha Declaration paragraphs 31-32) comprising – at least indirectly – the clarification of the precautionary principle, which is an issue of substantial disagreement among WTO Members.

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<sup>14</sup> See Section 3.

## Section 3: Doha Outcomes Related to Agriculture<sup>15</sup>

### 3.1 General

Rarely have the words “something for everybody” rang truer than after the adoption of the WTO Ministerial Declaration in Doha on 14 November 2001. While this may seem as a fair outcome of tough and comprehensive negotiations, the phrase actually takes on a new meaning: Members’ interpretations of the documents adopted by ministers vary so widely that, several weeks after the end of the talks, it still is far from clear what exactly they have committed to. Ministers undoubtedly launched a “broad-based” round of multilateral trade negotiations on nine topics - eight of which are to conclude as a “single undertaking” by 2005. The eight are implementation, agriculture, services, industrial tariffs, subsidies, antidumping, regional trade agreements and the environment. However, ambiguities pertain to virtually all key areas, including when - or even whether - negotiations will actually start on investment, competition policy, trade facilitation and transparency on government procurement. Many of the ambiguities have to do with negotiating mandates that seem *a priori* to preclude meaningful outcomes, notably through clauses indicating that the negotiations will not change Members’ rights and obligations or diminish the effectiveness of the Agreement under negotiation. In other areas, such as geographical indications, Members already disagree as to whether negotiations have or have not effectively been launched, or under which body or timeline they are to be conducted. These questions are covered below in more detail.

### Development Round?

There is no doubt that the Declaration contains more “development friendly” language than any of its predecessors. Whether this is enough to qualify the negotiations as a “development round” largely depends on who is doing the qualifying and how the provisions will be acted on. Many developing countries still see the post-Doha agenda as heavily skewed towards industrialised country interests, particularly as they obtained few immediate gains on implementation issues. Most importantly, no progress at all was made on market access for textile products. Instead of a significant Doha “down payment”, three priority areas for developing countries are included in the ‘single undertaking’<sup>16</sup>. Implementation is an issue for negotiations in its own right, although an overlap in different mandates and timelines is already creating confusion. Antidumping and subsidy reform - which is also at the heart of the implementation concerns - will be negotiated under the heading of WTO rules. While the launch of negotiations on these topics is a major

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<sup>15</sup> Substantial portions of this section were adapted from the analysis provided in the November/December issue of BRIDGES Monthly, Year 5 No. 9 and is included here to provide context for the agriculture negotiations.

<sup>16</sup> See footnote 2.

achievement, the “single undertaking” implies concessions in other areas in order to advance the implementation agenda. In addition, the US’ political difficulties with weakening trade remedy laws, as well as the increasingly ambivalent position of many countries as both users and targets of anti-dumping measures, will make for complex negotiations whose outcome is anything but a foregone conclusion. The Declaration contains unusually substantial sections on such topics as technical assistance, capacity-building and least developed countries. References to capacity-building and respect for developing countries’ special situation are also liberally sprinkled throughout paragraphs dealing with other topics. This is particularly true in the case of the controversial Singapore issues<sup>17</sup>, where some developing countries draw a direct link between effective technical assistance and an eventual agreement to start negotiations. A non-negotiating work programme has also been launched on some priority issues for developing countries, including trade and debt, finance and technology transfer, the special problems of small economies, as well as special and differential treatment. Whether all these provisions will prove substantive as well as substantial will be a key factor in developing countries’ acceptance of the single undertaking outcome.

## **Environment**

Identified as the major “win-win-win” opportunity for the world trading system - good for the environment, good for trade and good for development - fisheries subsidies have finally made it onto the WTO negotiations agenda after years of inconclusive talks in the Committee on Trade and Environment. Unprecedented - and most improbable only several ago – WTO Members have agreed to further discuss the relationships between the multilateral trade and environment regimes, as well as to continue information exchange between WTO committees and MEA secretariats. In addition, negotiations will start on liberalisation of trade in environmental goods and services. However, uncertainty about what is an “environmental” good or service, or what either could be construed to mean, has led some WTO Members and environmental NGOs to question the wisdom of the initiative.

### **3.2 Agriculture**

#### **Export Subsidies**

In Doha, defining the agricultural negotiating mandate once again revolved around what to do with export subsidies, pitting the EC against practically the entire WTO membership. The former was on record that draft language on reducing export subsidies “with a view to phasing [them] out” was

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<sup>17</sup> I.e. competition, investment, transparency in government procurement and trade facilitation listed in the Ministerial Declaration which had been adopted at the First December 1996 WTO Ministerial Conference held in Singapore.

unacceptable. While the phrase stayed in, it emerged from Doha with the qualification that the talks must be carried out “without prejudging the outcome of the negotiations” (paragraph 13 of the Ministerial Declaration). Thus, while some Cairns Group members rejoice in finally getting a “commitment” to the elimination of export subsidies, EC officials stress that Members are only committed to “working in the direction of” such elimination and have not agreed to a deadline for reaching the goal<sup>18</sup>. The level and speed of the reductions will continue to be at the centre of difficult negotiations. Another ambiguous point is determination of which export subsidies the negotiations will aim to phase out? In an uneasy compromise between the US position that the talks should focus on *export subsidies* and the EC demand that they cover *all forms of export support*, the Ministerial Declaration speaks of “*all forms of export subsidies*”. While most trade delegates from developed and developing countries consulted for this report were inclined to believe that this provision also applies to the export subsidy elements in other export competition regimes, such as export credits, food aid or state-trading enterprises, the US expressed caution if not outright rejection.

## Domestic Support

The negotiations are also to aim at “substantial reductions in *trade-distorting domestic support*”. Some Cairns and Like-minded Group members regard this mandate as a potential gate for negotiations on all subsidy boxes (amber, blue, green), whereas the EC clearly stated that this would only refer to those notified under the amber box of trade-distorting subsidies. This is in line with the EC’s persistent call for maintaining the Blue Box and for not putting upper ceilings on Blue Box as well as Green Box expenditures.

## S&D

According to paragraph 13 of the Ministerial Declaration, special and differential treatment (S&D) “shall be an integral part of all elements of the negotiations and shall be embodied in the Schedules of concessions and commitments”. While this basically restates Article 15.1 of the Agreement on Agriculture, the Doha Declaration further states that S&D should be embodied “as appropriate *in the rules and disciplines* to be negotiated, so as to be *operationally effective*”. This is seen - especially by developing countries - as a commitment that future S&D provisions will be incorporated in the AoA in an enforceable manner in contrast to what many view as “non-operational” commitments in the Marrakech Decision<sup>19</sup>, which only contains “best

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<sup>18</sup> In this context it should be noted that although the wording “without prejudging the outcomes of the negotiations” had been inserted due to the EC’s reservation regarding a possible commitment to eliminate export subsidies, Members agree in principle that the wording refers to the negotiations on all three pillars of the AoA (market access, domestic support, export competition).

<sup>19</sup> The “Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed [LDCs] and Net Food-Importing Developing Countries [NFIDCs]” had been adopted during the Uruguay Round in order to ensure that increasing

endeavour" language. Many consultations were held in Doha on the creation of a "development box" that would give greater latitude for developing countries" agricultural support measures. However, none of the delegations interviewed for this report interpreted the requirement that S&D should "enable developing countries to *effectively* take into account their development needs, including food security and rural development" as an explicit reference to a development box. India, for example, regarded it rather as an expression of political will to make special and differential treatment more operational in the agricultural sector.

## **Non-Trade Concerns**

The Declaration also "takes note" of non-trade concerns (NTCs) as reflected in Members' proposals and "confirms" that they will be taken into account in the negotiations. Many delegates predict that the notion of NTCs "*as reflected in [Members'] proposals*" will bring the whole NTCs debate back on the negotiation table. In addition to highlighting the avenues that this "clear reference" to non-trade concerns opens for "the protection of the environment in rural areas and vitality of the countryside", he said that the EC was "determined to ensure that our consumers can have confidence in the safety of the food they eat, whether it is imported or produced at home. This text recognises our right to pursue the proposals we have already submitted in Geneva in this context." Prior to Doha, the EC made a concerted - but generally ill-received - effort to get food safety on the agricultural negotiations agenda.

A Like-minded Group member took the view that, as developing countries' key non-trade concerns - food security and rural development - are mentioned under S&D, the paragraph on NTCs merely referred to developed countries. A Cairns Group member stressed the wording that NTCs "will be taken into account [...] as provided for in the Agreement on Agriculture", pointing to the fact that AoA Article 20(c) refers to such concerns together with "the objective to establish a fair and market-oriented trading system". Therefore, this source said, the Declaration - just as Article 20 only recognised NTCs that do not lead to trade distortion.

## **Implementation**

The list of outstanding implementation concerns compiled in WTO document JOB 01/152/Rev.1 contains one agricultural issue: the question whether - in the event that domestic support prices are lower than the external reference price (so called "negative AMS") - Members shall be allowed to increase their

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food prices which might result from liberalising the world's agriculture trade sector in the short run would not adversely affect the availability of adequate supplies of basic foodstuffs for LDCs and NFDCs from external sources on reasonable terms and conditions. The Decision has never been implemented, according to some Members, as it only contains "best endeavour" language, and the envisaged beneficiaries of the Decision have never been able to prove that rising food prices were the result of trade liberalisation.

non-product specific AMS by an equivalent amount (paragraph 2). This issue will be discussed within the mechanism for the agriculture negotiations (to be established by the Trade Negotiations Committee, i.e. not necessarily the special sessions of the Committee on Agriculture, in which the negotiations have taken place up to now).

The section on agriculture of the Decision on Implementation-Related Issues and Concerns (WT/MIN(01)/W/10) deals most prominently with the Green Box - an area of great concern for some developing countries.<sup>20</sup> Para 2.1 “urges [...] restraint in challenging measures notified under the green box by developing countries to promote rural development and adequately address food security concerns.” Despite its “best endeavour” nature and lack of specifics, it does provide some clout for pushing for this in the negotiations.<sup>21</sup>

### **Negotiation Timeframe**

The first benchmark for progress is 31 March 2003, by which date Members are to agree on “modalities for further commitments” (para. 14). To most delegates consulted for this article that deadline was one of the major achievements regarding agriculture and *the* added value in comparison to AoA Article 20, under which the built-in negotiations have proceeded to date. They see the modalities as a recipe for creating schedules and conducting calculations. Based on these negotiation outlines, Members must submit their comprehensive draft Schedules before the fifth WTO Ministerial, likely to be held in late 2003. The subsequent negotiations on rules and disciplines and related legal texts are to be concluded before 1 January 2005 (para. 45). Where and in what form all this will take place is still to be decided by the Trade Negotiations Committee under the authority of the General Council.<sup>22</sup>

### **3.3 Intellectual property rights**

Ambiguities are also rife in the Ministerial Declaration’s provisions dealing with intellectual property rights, in particular regarding geographical indications and Articles 27.3(b) (patentability of life forms) and 71.1 (review of the implementation of the TRIPs Agreement).

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<sup>20</sup> According to the WTO Secretariat, as of March 2001, 36 developing countries have notified measures under the Green Box for the year 1998. For more updated but incomplete information see WTO document G/AG/NG/S/12/Rev.1.

<sup>21</sup> It should be noted in this context, that this issue is not directly related to the debate on the expiration of the “peace clause” end of 2003 as provided for in AoA Article 13. The state-of-play of the peace clause debate remains unchanged: some Members, most prominently the EC, call for its maintenance, whereas others such as the Cairns Group oppose its renewal. According to delegations, the debate is a “non-issue” at the moment. However, there is still room for renegotiation, for example by synchronising the peace clause’s expiry date with the conclusion of the new round scheduled for 2005.

<sup>22</sup> See also Section 5 of this report.

## Geographical Indications

The Declaration explicitly mandates negotiations on establishing a multilateral system of notification and registration of geographical indications<sup>23</sup> for wines and spirits. It thereby effectively reiterates the TRIPs Council's existing mandate to establish such a system, but includes the negotiations as part of the single undertaking, thus setting a time limit for completion (2005). Whether negotiations are also mandated for the extension of geographical indication (GI) protection for products other than wines or spirits, however, is still being hotly debated in the wake of the Conference. Some Members have expressed concern that interpreting the Declaration's provisions as not providing a negotiating mandate for GI extension might set a precedent for the possibility of negotiations on other outstanding implementation concerns. While countries opposed to extending GIs, including the US, Argentina as well as other Cairns Group countries, argue that no mandate exists, others dispute this conclusion. Switzerland<sup>24</sup> in a communication submitted on behalf of the EC and 13 other countries states that the Ministerial Declaration provides "a clear mandate to launch negotiations" on GI extensions. This conclusion was also supported by India, which in a joint submission with Bulgaria, Kenya and Sri Lanka (WT/MIN(01)/W/ 9) asserts that negotiations have been launched on GI extension "as part of the negotiations on outstanding implementation issues". "It is our understanding that no additional consensus is required for the launching of these negotiations," the submission states. The US, in contrast, stressed that ministers had "avoided launching negotiations" on GIs. "We have confirmed with the [WTO] Secretariat that we do not believe - and they agree - that this [Declaration] mandates negotiations," a US official said.

At the centre of the controversy is para. 12 of the Declaration which provides two options for negotiations on outstanding implementation-related concerns (which also include GI extension), namely (a) issues to be negotiated under a specific mandate where such a mandate is provided in the Declaration, and (b) outstanding implementation issues to be addressed by the relevant WTO bodies which will report to the Trade Negotiations Committee by the end of 2002 "for appropriate action". While some Members argue that GI extension should be addressed under (a), others see it as an issue for discussion under (b). Also, among those supporting the latter interpretation, some assert that "appropriate action" could, but does not necessarily imply negotiations, whereas others say that it can only be regarded in the context of negotiations. While the extension of GIs is listed as one of the developing countries' implementation concerns, it is in practice not a North- South dispute, but

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<sup>23</sup> TRIPs Article 22 defines geographical indications (GIs) as "indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristics of the good is essentially attributable to its geographical origin." Whereas Article 22 only provides protection against acts of deception and unfair competition, TRIPs Article 23 further grants increased protection to wines and spirits (e.g. "Champagne"), even where the true origin of the good is indicated or the GI is accompanied by expressions such as "kind", "type", "style", etc. However, Article 24 requires Members to negotiate towards increasing protection of individual GIs. Some WTO Members are calling for such negotiations as they want to see typical GIs originating in their territories (e.g. "Darjeeling" tea or "Basmati" rice) included in the list of GIs.

<sup>24</sup> See WTO document WT/MIN(01)/ W/11.

rather pits countries that want to use GIs (protecting product names that denote the region of production) to promote exports and prevent misappropriation (mainly in Asia, Europe and Africa) against the main agriculture exporting countries that do not want their products to be prevented from using these names. One developing country representative not in favour of negotiations pointed out that GI extension is likely to lead to new obligations for developing countries while the benefits will mainly go to developed countries that are better prepared at the national level to take advantage of it.

## Patentability of Life Forms

Although Article 27.3(b)<sup>25</sup> is one of the most controversial articles of the TRIPs Agreement, negotiations are not explicitly mandated in the Ministerial Declaration. The TRIPs Council is merely instructed “to examine, *inter alia*, the relationship between TRIPs and the Convention on Biological Diversity, the protection of traditional knowledge and folklore, and other relevant new developments raised by members pursuant to Article 71.1”. The CBD issue has been a long-standing demand of Brazil and India, while Peru, some Central American countries, Switzerland and Norway have sought clarification of the relationship between TRIPs and traditional knowledge. However, as several issues related to Article 27.3(b), are also listed under outstanding implementation concerns, some Members now question whether negotiations have actually been launched. Confusion also reigns about the timeframe for discussions on 27.3(b) and 71.1, which will partly depend on resolving the question of interpretation mentioned above. In particular, they welcomed unprecedented references to traditional knowledge and folklore, and the explicit linking of these issues to Article 27.3(b), which they see as a framework for discussions at the TRIPs Council. Other developing country representatives, however, doubted that those discussions would come up with a resolution. Some developed countries, including the US and EC, have previously resisted WTO discussions on these issues, which they argue should be covered by the World Intellectual Property Organization (WIPO).

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<sup>25</sup> TRIPs Article 27.3(b) provides that Members may exclude from their domestic patent protection plants and animals as well as essentially biological processes, but not micro-organisms as well as non-biological and microbiological processes. Furthermore, Article 23.3(b) obliges Members to provide for the protection of plant varieties patents and/or an effective *sui generis* system (i.e. system of its own kind). However, Members committed themselves to review the provision, and many developing countries – African countries in particular – are advocating the inclusion of life forms (mainly for ethical reasons) and plant varieties (mainly for food security considerations) in the list of non-mandatory patentable subject matter.

## Section 4: New Language on Environment<sup>26</sup>

For the first time in the WTO's history, governments in Doha agreed to negotiations on environmental issues, thereby at least partly meeting one of the EC's key demands and inching the WTO closer to confronting one aspect of sustainable development. These negotiations will take place as part of the single undertaking, which includes seven other issue areas. While the EC and the United Nations Environment Programme (UNEP) have welcomed the text, a number of developing countries and environmental organisations have expressed mixed reactions.

### ***4.1 Setting the Stage for Promoting Sustainable Development***

In firmer language than ever before in a WTO text, the Ministerial Declaration's preambular paragraph 6 stresses that the multilateral trading system and efforts towards environmental protection and sustainable development *can and must* be mutually supportive. In addition, the preamble recognises Members' right "to implement measures to protect human, animal or plant life or health", though this is qualified with the requirement that such measures "are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination [...] or a disguised restriction on international trade, and are otherwise in accordance with the provisions of the WTO Agreements". This language reflects that previously used by the WTO Appellate Body in the Shrimp-Turtle dispute<sup>27</sup>. The preamble, also for the first time, explicitly recognises the importance of promoting co-operation between the WTO and relevant international environmental and development organisations. Although it singles out UNEP and other intergovernmental institutions, the paragraph also provides a window for co-operation with international non-governmental organisations involved in development and environment, notably in the lead-up to the World Summit on Sustainable Development to be held in Johannesburg next September (para. 10, in which Members express their commitment to improve dialogue with the public and make the WTO's operations more transparent through more effective and prompt information dissemination, complements this nod towards external transparency). In mentioning the Johannesburg Summit, WTO Members, such as the EC, could be positioning themselves to provide input into that process over the next year.

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<sup>26</sup> Substantial portions of this section were adapted from the analysis provided in the November/December issue of BRIDGES Monthly, Year 5 No. 9 and is included here to provide context for the agriculture negotiations.

<sup>27</sup> WTO Appellate Body Report WT/DS58/AB/R.

## **4.2 Fisheries Subsidies**

The start of negotiations on fisheries subsidies - mandated under paragraph 28 - is arguably the most substantial commitment in terms of sustainable development contained in the Declaration. The decision to negotiate clarification and improvement of WTO disciplines on fisheries subsidies “taking into account the importance of this sector to developing countries” marks a notable change from the previous WTO mandate on this issue, which had restricted discussions in this area to the non-negotiating body of the Committee on Trade and Environment (CTE). Reductions in perverse fisheries subsidies that promote overfishing have been sought in the CTE by the “friends of fish”, including Australia, Iceland, New Zealand, the Philippines, Peru and the US<sup>28</sup>. Until recently these efforts were fiercely resisted by the EC and Japan. Praising the leadership of Iceland and the US at Doha, the World Wildlife Fund noted that, for the first time, governments had “recognised the responsibility of the WTO to do its part in promoting the health of a vital natural resource.”

## **4.3 Clarifying the Trade and Environment Relationship**

The Ministerial Declaration also launches environment-related negotiations – “without prejudging their outcome “ - in three other areas (para. 31): (i) the relationship between WTO rules and trade obligations set out in Multilateral Environmental Agreements (MEAs); (ii) procedures for information exchange between MEA secretariats and relevant WTO committees, including criteria for granting observer status; and (iii) the reduction or elimination of tariff and non-tariff barriers to environmental goods and services<sup>29</sup>. The first area of negotiations under environment (para. 31 (i)) is qualified by text stating that the negotiations “shall not prejudice the WTO rights of any Member that is not a party to the MEA in question”, which would seem to indicate that even after the negotiations conclude, Members not party to given MEA may retain the right to challenge trade measures taken pursuant to that agreement in the WTO.

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<sup>28</sup> See e.g. WTO document WT/GC/W/303.

<sup>29</sup> Paragraph 31 (iii) of the Doha Ministerial Declaration mandates negotiations on “the reduction or, as appropriate elimination of tariff and non-tariff barriers to environmental goods and services.” The task of Members now is to arrive at a consensus on what is meant by “environmental goods”. The spectrum of views in both the trade and environment communities appear to range from a *narrow definition* that would regard environmental goods as equipment or technologies required for environmentally sound production of final goods and ‘end-of-the pipe’ pollution treatment equipment to *broader ones* based on environmental characteristics of the goods themselves and/or their production process. Some might expand the definition to include non-tradable natural goods (e.g.: forests and the ozone layer) and services these provide (absorption of CO<sub>2</sub> or ultraviolet radiation). The same difficulties arise when trying to define “environmental services”.

## Precautionary Principle

The Declaration further specifies the mandate under (i) and (ii) by saying that the negotiations “*shall not add to or diminish the rights and obligations of Members under existing WTO Agreements*”, and singling out the Agreement on the Application of Sanitary and Phytosanitary Measures - most probably to forestall any potential EC effort to slip the precautionary principle into the negotiations. Bearing these caveats in mind, negotiations on these issues – according to many interviewed for this report - are likely to result in clarifications or footnotes to existing rules rather than changes in any of the WTO Agreements. While the EC indeed claims that the Declaration also covers precaution and labelling, EC Trade Commissioner Pascal Lamy has assured USTR Robert Zoellick in a personal letter dated 14 November 2001 that the EC will not use the “precautionary principle” to justify illegitimate trade barriers. However, some WTO Members fear that, by clarifying the MEA-WTO relationship as provided for in paragraph 31(i), a definition of the precautionary principle could at - least indirectly - slip into the body of international trade rules. For example, the Convention on Biological Diversity (CBD) incorporates a specific view of the precautionary approach and it can potentially have various trade implications. If the EC pushed for a provision (presumably under GATT 1994 Article XX) determining that MEA provisions would overrule WTO rights and obligations, then – some countries might fear – the principle of precaution in the CBD could supersede other WTO rules.<sup>30</sup>

### 4.4 CTE Role Re-focused

*Paragraph 32* instructs the CTE to continue its work programme while focusing in particular on the effect of environmental measures on market access, relevant provisions of the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPs) and ecolabelling. The first two issues, which are of particular concern to developing countries, were undoubtedly selected for priority attention in order to obtain their support for negotiations on the environment. Eco-labelling is a well-known pet issue for the EC, which pushed hard for its inclusion on the Declaration in Doha. The CTE is further tasked with the identification of any need to clarify relevant WTO rules, and with reporting to the fifth Ministerial Conference with recommendations for future action, *including the desirability of negotiations*. However, as with paras 31(i) and (ii), the text indicates that CTE discussions should not impact on Members’ rights and obligations under WTO Agreements. The Declaration (para. 51) also calls on the CTE and the Committee for Trade and Development “to identify and debate developmental and environmental aspects of the negotiations, in order to help achieve the objective of having

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<sup>30</sup> In the WTO the burden of proof is generally to be born by the Member asserting an exception to a WTO principle (e.g. most favoured nation or non-discrimination) and not the other way round. This onus of proof, however, could – at least partly – be reversed if a Member could invoke the precautionary principle, for example, when imposing a ban on certain goods, which it regards as a threat to its biodiversity.

sustainable development appropriately reflected". This provision, together with the language in para. 32, could help elevate and focus the mandate of the CTE, where discussions have so far produced no concrete results.

#### **4.5 Reactions**

Developing countries - who have so far strongly resisted negotiations on environment at the WTO fearing that resulting provisions might be used for protectionist purposes - remain weary of the references to environment in the Ministerial texts and the "qualitative jump" from a work programme in the CTE to explicit negotiations. While agreeing that the relationship between MEAs and WTO rules should be clarified, one developing country representative questioned why the WTO should be singled out as the forum for negotiations rather than the MEA Secretariats. Another developing country delegate said that the environmental provisions in the end were "much less rigorous" than expected, but highlighted continued concern among developing countries that negotiations might expand to other issues, such as precaution. The EC's assessment of the Doha results expressed satisfaction with the way in which the Ministerial Declaration reflected its calls for increased action on sustainable development and environmental protection, which the EC says will be "mainstreamed throughout the negotiations". Klaus Toepfer, Executive Director of UNEP, called the Doha agreement a "new beginning". Another UNEP official cautioned that the outcome of the environmental negotiations will depend on how Members use their mandate; the body that will carry out the negotiations; processes and co-ordination at the national level; participation of civil society and other international organisations; and further clarification of the negotiating mandate. Greenpeace, one of the strongest critics of the Conference's environmental outcomes, noted that "the agreement on environment offers very little progress in defending environmental protections against trade concerns."

## **Section 5: Looking Ahead**

For those following the development in agriculture negotiations at the WTO it will be of most interest in the following 2-month period, firstly, whether - and if – in what design the Committee on Agriculture will continue its work and, secondly, how the new negotiations mandated in Doha will be structured, implemented and synchronised with the other ongoing built-in-agenda talks at the WTO. These two tracks are directly interlinked as decisions made at the TNC will determine the future of the CoA.

### **5.1 Agriculture**

The next WTO highlight to focus on is the first session of the Trade Negotiating Committee (TNC), currently scheduled to be held on 28 January. The results of this meeting are likely to determine the procedural design and framework of the trade talks in line with the round. Based on these outcomes, the CoA will decide upon its future in its 7 February formal special session which is further said to mark the end of phase II of the built-in-agenda agriculture negotiations.

During the 4-6 February informal special session with development box as well as special and differential treatment, two key negotiation issues will be brought back on the table, and the usual players in this field, i.e. the Like-Minded Group and India, in particular, are expected to rehash the development debate in agriculture. It can also be expected that certain Members will take the chance to raise further controversial points under the bullet entitled “other issues” so as to possibly try to get further issues, which have so far been exempted from the agriculture negotiations, on the agenda.

When the new round commences, Members will have to establish the “modalities for the further commitments, including provisions for special and differential treatment” until end of March 2003. This means that Members have to enter into complex negotiations in order to work out how to create schedules and how to conduct calculations. Based on these “negotiation guidelines” Members will have to submit their individual offers before the launch of the next WTO Ministerial scheduled to be held in the second half of 2003 in Mexico. This process may lead the Members into increasingly technical discussions. The subsequent negotiations on new rules and disciplines together with related legal texts are to be concluded until the end of 2004.

## **5.2 Doha Follow-Up/TNC**

WTO Members have been meeting frequently over the past weeks in informal bilateral and plurilateral sessions in an attempt to find common ground on how trade negotiations launched in Doha should be structured. The specifics of how negotiating sessions will take place are to be addressed formally on 28 January at the first meeting of the Trade Negotiations Committee (TNC), which was set up in the Doha Ministerial Declaration to "establish appropriate negotiating mechanisms" as required and supervise the progress of the negotiations. However, countries remain far from decided over the modalities of how negotiations will progress, in which subsidiary bodies, or even who should chair the TNC itself.

### **Negotiation Structure**

Developing country and least-developed country (LDC) Members have already submitted statements outlining their priorities for how the TNC should operate ahead of the meeting. According to trade sources, they are concerned that developed country Members - mainly the 'Quad' group of Canada, the EC, the US and Japan - will attempt to push their own preferences on procedure in order to gain an upper hand on negotiating substance as outlined in the Doha Ministerial Declaration. As a result, these developing countries and LDCs favour the General Council as a decision-making forum since it operates according to previously agreed-upon procedures, including consensus.

In a statement made to the General Council in December on behalf of the WTO's LDC Members, Tanzania said that all final decisions should be made by the General Council, rather than by the TNC. This stance is also reflected in a 21 December submission<sup>31</sup> by the Like-Minded Group (LMG), though India and Malaysia, two traditionally strong supporters of the LMG perspective, did not sign onto the submission. The LMG propose that the TNC should work in accordance with direct instructions from the General Council, and that it should report to the General Council at least once every three months.

Both the LMG's and Tanzania's statements also insist that no 'green rooms', or informal, closed-door negotiating sessions, should take place, and that all informal consultations and negotiating decisions should be undertaken in open-ended sessions.

One representative from a Quad country conjectured that the positions forwarded by the LMG - Pakistan in particular - were an attempt to stall the negotiating process.

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<sup>31</sup> WT/GC/58.

## Chairing

Selection of Chairs for the TNC and its negotiating, or working, groups is an area that threatens to mire WTO Members as they jockey to have their preferred representatives chair various groups. *Inter alia*, the LMG urges that Chairs should be selected from the membership within the General Council and that the distribution of Chairs and Vice-Chairs between developed and developing countries should proportionately reflect the current composition of the WTO. They also say that Chairs should be appointed for periods of one year, with the possibility of re-election if decided by consensus.

The LDCs also believe that Chair of the TNC should be a Geneva-based Ambassador, for reasons of continuity and in order that countries have easy access to him/her and vice versa. In addition, they argue for terms of one year to allow for rotation among regions. They are not in favour of the WTO Director-General or the Secretariat being involved in negotiations.

Under the pre-1995 General Agreement on Tariffs and Trade (GATT) system, the TNC was chaired by the presiding Director-General, and negotiating group Chairs were permanent: in the last (Uruguay) round Chairs presided through 8 years of negotiations. Chairs were drawn from the capitals or Geneva-based missions of the members of the GATT's Contracting Parties, and acted under their own under personal capacity. However, there is no binding precedent that these procedures need to be taken up by the WTO.

Geneva-based diplomats indicate that whatever happens, the Chair selection process is likely to be linked with the annual selection process of Chairs for all other official WTO bodies. Most observers speculate that it is unlikely that Members will decide on this issue by the time of the first TNC.

## Negotiating Groups

According to trade sources, five working groups are expected to be set up: Agriculture, Services, Environment, Rules, and Industrial Tariffs. For the most part, these reflect the range of issue-areas that have been mandated. However, there is little agreement yet on where outstanding implementation issues that do not fall into these categories will be negotiated. It is also unclear at this stage where negotiations on fisheries subsidies, mandated under both Rules and Environment, will take place.

Informal consultations led by General Council Chair Stuart Harbinson have been taking place continually between smaller groups of Members, including the Quad. Sources indicate that an open-ended informal session for all Members on the TNC is likely to be held sometime shortly before the formal meeting.

## APPENDICES

### Appendix A – Quick Reference Guides

#### **Market Access - Proposals**

Country	% of agriculture to GDP	% of agricultural employment	% of world agricultural trade		
			Exports	Imports	
Cairns Group	12	32	33	13	Deep tariff cuts, elimination of tariff peaks and tariff escalation with 50% down payment
US	2	2	19	14	Eliminate tariff escalation, disciplines on TRQs including automatic reduction of in-quota duties in case of TRQ underfill
EC	4	5	18	18	UR approach for tariff reduction, improved TRQ administration, geographical indications, maintain SSG
ASEAN	27	50	9	6	Improved TRQs; liberalisation of tropical products, maintain SSG for developing countries; elaboration of GSP in the Agreement
African Group	31	55	5	6	Credits for autonomous liberalisation; reduction of tariff peaks and escalation; preferences for LDC exports; review of SSG; Art. 9 and 10 SPS Agreement and Art. 11 and 12 TBT Agreement to be mandatory
India	28	55	2	2	Reduction of tariff peaks and escalation; SSG (with QRs) for developing countries; improved administration of TRQs
CARICOM	n.a. <sup>32</sup>	17	<1	<1	Binding preferences within the AoA; simplified tariff regimes; disciplines on TRQs
Switzerland	n.a.	7	1	1	Special concessions to LDCs and other developing countries to take account of their particular needs and specific production structures; examine disciplines on TRQ allocation
Japan/Korea	4	6	1	14	Flexibility in setting tariffs and levels of access opportunities to take into account domestic conditions; flexible administration of TRQs; maintain SSG
Norway	2	4	<1	<1	Access opportunities to take into account self-sufficiency, maintain SSG
SIDS	n.a.	35	<1	<1	Binding preferences within the AoA
Namibia	13	47	<1	<1	Elimination of tariff peaks and escalation
Senegal	18	82	<1	<1	Maintain preferences for small and medium-sized nations
Congo	58	64	<1	<1	Tariff reductions; removal of application of SSG on products from developing countries
Nigeria	41	30	<1	<1	Limit the use of SSG by developed countries; ceilings on tariff peaks and expanded TRQs with lower in-quota tariffs in developed countries
Egypt	17	40	<1	1	Simplified tariff structures; elimination of tariff peaks and escalation; elimination of SSG
Mexico	5	24	2	3	Request and offer approach to tariffs and TRQs

<sup>32</sup> not available.

Turkey	18	32	1	1	UR approach for tariff reduction with flexibility for developing countries; elimination of tariff peaks and escalation; elimination of SSG; disciplines on TRQ administration
Morocco	17	37	<1	<1	Rapid reduction of tariffs for developed countries; flexibility in tariff reductions and maintaining SSG for developing countries
Croatia	9	9	<1	<1	Exempt low tariffs from reduction for transition economies
Poland	4	20	1	1	UR approach to tariffs; reduce in-quota tariffs by 50 %t in cases of underfill; maintain SSG
Jordan	2	13	<1	<1	Convergence of applied rates; maintain SSG (with QRs under specified circumstances);
Canada	3	3	2.5	3.5	Substantial tariff reductions and harmonisation of tariff levels; eliminate tariffs within quota.

### Domestic Support –Proposals

Country	% of agriculture to GDP	% of agricultural employment	% of world agricultural trade		
			Exports	Imports	
Cairns Group	12	32	33	13	Reduce support and reduce disparity between developed/developing country levels of overall support; elimination of Blue Box
Canada	3	3	2.5	3.5	Complementary to Cairns Group proposal: overall limit on the amount of support of all types (green, blue and amber) to reduce inequities
US	2	2	19	14	Simplified definition of domestic support; "non-exempt" and criteria-based "exempt" support measures ensuring least trade distortiveness; elimination of Blue Box
EC	4	5	18	18	Existing AoA structure should be maintained; focus on de-coupling support
Switzerland	n.a.	7	1	1	Wait to negotiate Amber and Blue Box until instruments of NTCs agreed in principle; examine and specify Green Box measures
Norway	2	4	<1	<1	Two-tiered system for production for domestic consumption / exports; maintaining Blue Box
ASEAN	27	50	9	6	Flexibility for developing countries; deep reductions for developed countries; including Blue Box in AMS; limiting developed countries' Green Box payments
African Group	31	55	5	6	Reduce developed country supports; ensure Green Box measures are non, or at most minimally, distorting; flexibilise AMS and de minimis for developing countries; expand S & D to benefit developing country NTCs
Like-minded Group	12	32	4	4	Collapse support into one category and discipline as percentage of production; add Development Box; termination of Peace Clause
India	28	55	2	2	Including Blue and some Green Box supports in AMS; exempt antipoverty measures; reduction below de minimis for all countries
Transitional Economies	17	15	2	2	Flexible approach given transitional sensitivities
Poland	20	4	1	1	Further Reductions of AMS need flexibility; maintain Blue Box
Croatia	9	9	<1	<1	No further reduction commitments before 2006 as well as more flexibility for transitional countries
Lithuania	10	16	<1	<1	Postponement of new reduction commitments for transitional countries
Mexico	5	24	2	3	Maintain Green Box; continued reduction of Amber Box; accelerated Blue Box reductions
Japan/Korea (NFIC)	4	6	1	14	Seeks also to provide Green Box supports to entire market structure, including factors of production; maintaining Blue Box
Turkey	18	32	1	1	Reduce developed countries' support to de minimis; increase de minimis for developing countries; exemptions based on domestic inflation; maintain Article 6.2 and qualified Green Box use; do not

SIDS	n.a.	35.	<1	<1	renew Peace Clause Manage economic and geographical vulnerabilities. Special attention to sensitive sectors; maintain Peace Clause.
Namibia	13	47	<1	<1	De minimis and AMS should be reconsidered by those with zero or negative rates; eventual elimination of all distorting support; discipline Green Box; cap Blue Box and eventually eliminate
Senegal	18	82	<1	<1	Flexible support for developing countries to ensure food security, rural employment and poverty reduction
Nigeria	41	30	<1	<1	Article 6 subsidies should continue to receive immunity from Article 13 (Peace Clause); subsidies in excess of de minimis for developing countries; more transparency of domestic support regimes
Egypt	17	40	<1	1	Reduce developed country supports; upfront reduction down payment; review of Annex 2 subsidies as well as Article 13
Jordan	2	13	<1	<1	Review Green Box to ensure that measures are non-distorting; developing countries development support to be exempted from reduction commitments; maintain Blue Box subject to reduction commitments; de minimis for developing countries only
Kenya	22	75	<1	<1	Elimination of all trade-distortive subsidies; establish mechanism for respective countervailing action; include Development Box; no continuation of Peace Clause
Congo	58	64	<1	<1	Inclusion of all financial undertakings and efforts of least-developed countries in Development Box; improvement of the Green Box as well as Amber Box including possibility for the least-developed countries to go beyond their base level AMS

### Export Competition – Proposals

Country	% of agriculture to GDP	% of agricultural employment	% of world agricultural trade		
			Exports	Imports	
Cairns Group	12	32	33	13	Elimination and prohibition of all forms of export subsidies; commitments on export subsidies to have S&D provisions to cushion impact of reform process
US	2	2	19	14	Eliminate export subsidies and variable export subsidies and discipline state trading enterprises (STEs)
EC	4	5	18	18	All forms of support to exports must be discussed, including credits and food aid
Mercosur	13	23	1.5	6	Discipline activities of STEs and marketing boards; disciplines on export credits, export credit guarantees, and export insurance programmes
African Group	31	55	5	6	Eventual elimination of export subsidies; disciplines on export credits, export credit guarantees and insurance programs taking into account needs of NFIDCs and LDCs
India	28	55	2	2	Export subsidies to be eliminated in the first 2 years of implementation; flexibility for developing countries
Switzerland	n.a.	7	1	1	Disciplines on export competition, including measures with similar effects as subsidies, such as state trading, price pooling, and export credits
Japan/Korea	4	6	1	14	Discipline all forms of support; improve disciplines on export subsidies in markets of interest to developing countries; reduce export barriers; improve disciplines for state trading exporters
Norway	2	4	<1	<1	Negotiated reduction of all forms of export support; Norway acknowledges adjustment effects on Norwegian milk production with reduced export support
Mauritius	n.a.	12	<1	<1	Disciplines on export credits to provide for differential treatment in favour of NFIDCs
Senegal	18	82	<1	<1	Reduction of subsidies; adjustment mechanism for NFIDCs affected by reforms on export subsidies
Congo	58	64	<1	<1	Elimination of all forms of export subsidies
Nigeria	41	30	<1	<1	Rationalise the use of export subsidies
Egypt	17	40	<1	<1	Flexibility on the use of export subsidies by developing countries
Turkey	18	32	1	1	Elimination or substantial reductions in export subsidies of developed countries
Mexico	5	24	2	3	Elimination of export subsidies; disciplines on STEs and export credits
Mercosur	13	23	1.5	6	Discipline activities of government and non-governmental enterprises and marketing boards
Morocco	17	37	<1	<1	Elimination of export subsidies
Croatia	9	9	<1	<1	Disciplines on export credits, STEs, and on food aid
Poland	4	20	1	1	Gradual reduction of all forms of export subsidies
Jordan	2	13	<1	<1	Elimination of export subsidies; disciplines on export credits, export credit guarantee and insurance programs
Namibia	13	47	<1	<1	Disciplines on export subsidies to apply to all forms of export support

### Non-Trade Concerns – Proposals

Country	% of agriculture to GDP	% of agricultural employment	% of world agricultural trade		
			Exports	Imports	
US	2	2	19	14	Liberalisation alone will not achieve food security
EC	4	5	18	18	Maintaining positive externalities (public goods) cannot be de-linked from agriculture production
African Group	31	55	5	6	Negotiation should take into account NTCs such as food security, sustainable rural development and poverty alleviation
Argentina	6	11	4	<1	Eliminate distortions in world agriculture markets that exacerbate non-trade concerns in developing countries - rural poverty, unemployment and environmental protection
LMG	25	53	4	4	S&D should lead to Development Box allowing measures for food security, rural development, etc.
India	28	55	2	2	Food Security Box as prime objective, but also addressing most of same issues of LMG
Transitional Economies	17	15	2	2	Flexibility to ensure NTC are addressed through domestic support and market access measures
Mexico	5	24	2	3	NTCs must be clearly defined and their measures non-distorting
Japan/Korea (NFIC)	4	6	1	14	Maintaining positive externalities (public goods) cannot be de-linked from agriculture production. Negative externalities must be minimised. Importer's rights must be strengthened
Switzerland	n.a.	7	1	1	Seek win-win-win solutions. Reduction commitments must be considered in context of NTCs
Turkey	18	24	1	1	NTCs are important but should not disguise protection
Poland	4	20	1	1	Right to protect policies linked to NTCs
Norway	2	4	<1	<1	Maintaining positive externalities (public goods) cannot be de-linked from agriculture production. Negative externalities must be minimised
SIDS	n.a.	35	<1	<1	Food insecurity must be mitigated by special safeguards and technical assistance. AoA waived during natural disasters
Namibia	13	47	<1	<1	Legitimate, measurable and quantified values should be attached to NTCs; provision of household food for rural poor should be flexible
Senegal	18	82	<1	<1	Defined as food security; operationalise "Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on LDCs and NFIDCs"; transparent and participatory food aid management; establish fund to enable infrastructural development
Nigeria	41	30	<1	<1	Provisions for food security; regulate multinationals
Jordan	2	13	<1	<1	Olive production is defence against desertification; preserve cultural heritage of Bedouin nomads and fat tail sheep varieties

### **Special and Differential Treatment – Proposals**

Country	% of agriculture to GDP	% of agricultural employment	% of world agricultural trade		
			Exports	Imports	
Cairns Group	12	32	33	13	Access to special safeguards; developing market access improvements for developing country products.
US	2	2	19	14	S&D based on products of interest to developing countries; technical assistance; flexibility for criteria based exempt support measures.
EC	4	5	18	18	Enhanced Green Box measures, revision of de minimis clause; technical assistance.
ASEAN	27	50	9	6	Longer implementation periods insufficient for developing countries. S&D must mean deep and substantive commitments and flexibility in rules benefiting developing countries.
African Group	31	55	5	6	S&D should be binding while reducing inequalities in market share, access to technology and financing and infrastructure.
LMG	25	53	4	4	Significant restructuring and changes to AoA to support developing country development goals. Operationalise S&D.
Mexico	5	24	2	3	S&D to stimulate agriculture sector, promote rural development, combat poverty and reduce rural unemployment.
India	28	55	2	2	Similar to LMG, need to operationalise special provisions around concept of food security as well as continuing S&D in other aspects of agreements.
Japan/Korea (NFIC)	4	6	1	14	Market access and domestic support flexibility and continued use of export supports for developing countries
Turkey	18	32	1	1	S&D integral part of negotiations.
Poland	4	20	1	1	Willing to discuss S&D for least developed countries.
Egypt	17	40	<1	1	S&D should be cross-cutting; flexibility for developing countries.
Norway	2	4	<1	<1	S&D should improve market access and permit domestic support flexibility and continued use of export supports for developing countries.
Senegal	18	82	<1	<1	Flexibility to develop short and long term agriculture production; replace derogations and base S&D access on verifiable economic indicators; revise deadlines.
Nigeria	41	30	<1	<1	Measures should be equity generating; technical assistance; flexibility for sensitive products, rural livelihood, employment, and self-sufficiency.
Jordan	2	13	<1	<1	Export development fund for developing countries; trade policy impact-monitoring programme to assess effects of AoA on environment and farmers.

## Appendix B - Country Groupings

<b>Country Grouping</b>			
<p><b><i>Cairns Group</i></b></p> <p>Argentina Australia Bolivia Brazil Canada Chile Colombia Costa Rica Fiji Guatemala Indonesia Malaysia New Zealand Paraguay Philippines South Africa Thailand Uruguay</p>	<p><b><i>Transition Economies</i></b></p> <p>Albania Bulgaria Croatia Czech Republic Estonia Georgia Hungary Kyrgyz Republic Latvia Lithuania Mongolia Slovak Republic Slovenia</p> <p>Reflects: G/AG/NG/W/57 G/AG/NG/W/58</p>	<p><b><i>Small Island Developing States</i></b></p> <p>Antigua and Barbuda Barbados Belize Dominica Grenada Jamaica Saint Kitts and Nevis Saint Vincent Grenadines Trinidad and Tobago Suriname Mauritius</p> <p>Reflects: G/AG/NG/W/96 G/AG/NG/W/97 G/AG/NG/W/100</p>	<p><b><i>European Union</i></b></p> <p>Austria Belgium-Luxemburg Denmark Finland France Germany Greece Ireland Italy Netherlands Portugal Spain Sweden United Kingdom</p>
<p><b><i>Like Minded Group</i></b></p> <p>Cuba Dominican Republic El Salvador Haiti Honduras Kenya [India] [Nigeria] Pakistan Sri Lanka Uganda Zimbabwe</p> <p>Reflects: G/AG/NG/W/14 G/AG/NG/W/37 G/AG/NG/W/102</p>	<p><b><i>ASEAN</i></b></p> <p>Brunei Darussalam Cambodia Indonesia Laos Malaysia Myanmar Philippines Singapore Thailand Viet Nam</p> <p>Reflects: G/AG/NG/W/55</p>	<p><b><i>AFRICAN GROUP</i></b></p> <p>Comprises all African WTO Members</p> <p>Reflects: G/AG/NG/W/142</p>	<p><b><i>EFTA</i></b></p> <p>Switzerland Norway Iceland</p> <p><b><i>Japan/Korea</i></b></p> <p>Japan Korea</p> <p><b><i>Other Economies</i></b></p> <p>United States Poland Swaziland Mali Morocco</p>

# WORLD TRADE

WT/MIN(01)/DEC/W/1  
14 November 2001

# ORGANIZATION

(01-5769)

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**MINISTERIAL CONFERENCE**  
**Fourth Session**  
**Doha, 9 - 14 November 2001**

## MINISTERIAL DECLARATION

1. The multilateral trading system embodied in the World Trade Organization has contributed significantly to economic growth, development and employment throughout the past fifty years. We are determined, particularly in the light of the global economic slowdown, to maintain the process of reform and liberalization of trade policies, thus ensuring that the system plays its full part in promoting recovery, growth and development. We therefore strongly reaffirm the principles and objectives set out in the Marrakesh Agreement Establishing the World Trade Organization, and pledge to reject the use of protectionism.

2. International trade can play a major role in the promotion of economic development and the alleviation of poverty. We recognize the need for all our peoples to benefit from the increased opportunities and welfare gains that the multilateral trading system generates. The majority of WTO Members are developing countries. We seek to place their needs and interests at the heart of the Work Programme adopted in this Declaration. Recalling the Preamble to the Marrakesh Agreement, we shall continue to make positive efforts designed to ensure that developing countries, and especially the least-developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development. In this context, enhanced market access, balanced rules, and well targeted, sustainably financed technical assistance and capacity-building programmes have important roles to play.

3. We recognize the particular vulnerability of the least-developed countries and the special structural difficulties they face in the global economy. We are committed to addressing the marginalization of least-developed countries in international trade and to improving their effective participation in the multilateral trading system. We recall the commitments made by Ministers at our meetings in Marrakesh, Singapore and Geneva, and by the international community at the Third UN Conference on Least-Developed Countries in Brussels, to help least-developed countries secure

beneficial and meaningful integration into the multilateral trading system and the global economy. We are determined that the WTO will play its part in building effectively on these commitments under the Work Programme we are establishing.

4. We stress our commitment to the WTO as the unique forum for global trade rule-making and liberalization, while also recognizing that regional trade agreements can play an important role in promoting the liberalization and expansion of trade and in fostering development.

5. We are aware that the challenges Members face in a rapidly changing international environment cannot be addressed through measures taken in the trade field alone. We shall continue to work with the Bretton Woods institutions for greater coherence in global economic policy-making.

6. We strongly reaffirm our commitment to the objective of sustainable development, as stated in the Preamble to the Marrakesh Agreement. We are convinced that the aims of upholding and safeguarding an open and non-discriminatory multilateral trading system, and acting for the protection and the promotion of sustainable development can and must be mutually supportive. We take note of the efforts by Members to conduct national environmental assessments of trade policies on a voluntary basis. We recognize that under WTO rules no country should be prevented from taking measures for the protection of human, animal or plant life or health, or of the environment at the levels it considers appropriate, subject to the requirement that they are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, and are otherwise in accordance with the provisions of the WTO Agreements. We welcome the WTO's continued cooperation with UNEP and other inter-governmental environmental organizations. We encourage efforts to promote cooperation between the WTO and relevant international environmental and developmental organizations, especially in the lead-up to the World Summit on Sustainable Development to be held in Johannesburg, South Africa, in September 2002.

7. We reaffirm the right of Members under the General Agreement on Trade in Services to regulate, and to introduce new regulations on, the supply of services.

8. We reaffirm our declaration made at the Singapore Ministerial Conference regarding internationally recognized core labour standards. We take note of work under way in the International Labour Organization (ILO) on the social dimension of globalization.

9. We note with particular satisfaction that this Conference has completed the WTO accession procedures for China and Chinese Taipei. We also welcome the accession as new Members, since our last Session, of Albania, Croatia, Georgia, Jordan, Lithuania, Moldova and Oman, and note the extensive market-access commitments already made by these countries on

accession. These accessions will greatly strengthen the multilateral trading system, as will those of the 28 countries now negotiating their accession. We therefore attach great importance to concluding accession proceedings as quickly as possible. In particular, we are committed to accelerating the accession of least-developed countries.

10. Recognizing the challenges posed by an expanding WTO membership, we confirm our collective responsibility to ensure internal transparency and the effective participation of all Members. While emphasizing the intergovernmental character of the organization, we are committed to making the WTO's operations more transparent, including through more effective and prompt dissemination of information, and to improve dialogue with the public. We shall therefore at the national and multilateral levels continue to promote a better public understanding of the WTO and to communicate the benefits of a liberal, rules-based multilateral trading system.

11. In view of these considerations, we hereby agree to undertake the broad and balanced Work Programme set out below. This incorporates both an expanded negotiating agenda and other important decisions and activities necessary to address the challenges facing the multilateral trading system.

## **WORK PROGRAMME**

### **IMPLEMENTATION-RELATED ISSUES AND CONCERNS**

12. We attach the utmost importance to the implementation-related issues and concerns raised by Members and are determined to find appropriate solutions to them. In this connection, and having regard to the General Council Decisions of 3 May and 15 December 2000, we further adopt the Decision on Implementation-Related Issues and Concerns in document WT/MIN(01)/W/10 to address a number of implementation problems faced by Members. We agree that negotiations on outstanding implementation issues shall be an integral part of the Work Programme we are establishing, and that agreements reached at an early stage in these negotiations shall be treated in accordance with the provisions of paragraph 47 below. In this regard, we shall proceed as follows: (a) where we provide a specific negotiating mandate in this Declaration, the relevant implementation issues shall be addressed under that mandate; (b) the other outstanding implementation issues shall be addressed as a matter of priority by the relevant WTO bodies, which shall report to the Trade Negotiations Committee, established under paragraph 46 below, by the end of 2002 for appropriate action.

### **AGRICULTURE**

13. We recognize the work already undertaken in the negotiations initiated in early 2000 under Article 20 of the Agreement on Agriculture, including the large number of negotiating proposals submitted on behalf of a total of 121 Members. We recall the long-term objective referred to in the Agreement to establish a fair and market-oriented trading system through a programme of fundamental reform encompassing strengthened rules and specific

commitments on support and protection in order to correct and prevent restrictions and distortions in world agricultural markets. We reconfirm our commitment to this programme. Building on the work carried out to date and without prejudging the outcome of the negotiations we commit ourselves to comprehensive negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support. We agree that special and differential treatment for developing countries shall be an integral part of all elements of the negotiations and shall be embodied in the Schedules of concessions and commitments and as appropriate in the rules and disciplines to be negotiated, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development. We take note of the non-trade concerns reflected in the negotiating proposals submitted by Members and confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture.

14. Modalities for the further commitments, including provisions for special and differential treatment, shall be established no later than 31 March 2003. Participants shall submit their comprehensive draft Schedules based on these modalities no later than the date of the Fifth Session of the Ministerial Conference. The negotiations, including with respect to rules and disciplines and related legal texts, shall be concluded as part and at the date of conclusion of the negotiating agenda as a whole.

## SERVICES

15. The negotiations on trade in services shall be conducted with a view to promoting the economic growth of all trading partners and the development of developing and least-developed countries. We recognize the work already undertaken in the negotiations, initiated in January 2000 under Article XIX of the General Agreement on Trade in Services, and the large number of proposals submitted by Members on a wide range of sectors and several horizontal issues, as well as on movement of natural persons. We reaffirm the Guidelines and Procedures for the Negotiations adopted by the Council for Trade in Services on 28 March 2001 as the basis for continuing the negotiations, with a view to achieving the objectives of the General Agreement on Trade in Services, as stipulated in the Preamble, Article IV and Article XIX of that Agreement. Participants shall submit initial requests for specific commitments by 30 June 2002 and initial offers by 31 March 2003.

## MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

16. We agree to negotiations which shall aim, by modalities to be agreed, to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. Product coverage shall be comprehensive and without *a priori* exclusions. The negotiations shall take fully into account the special needs and interests of developing and least-developed country participants,

including through less than full reciprocity in reduction commitments, in accordance with the relevant provisions of Article XXVIII *bis* of GATT 1994 and the provisions cited in paragraph 50 below. To this end, the modalities to be agreed will include appropriate studies and capacity-building measures to assist least-developed countries to participate effectively in the negotiations.

#### TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

17. We stress the importance we attach to implementation and interpretation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) in a manner supportive of public health, by promoting both access to existing medicines and research and development into new medicines and, in this connection, are adopting a separate Declaration.

18. With a view to completing the work started in the Council for Trade-Related Aspects of Intellectual Property Rights (Council for TRIPS) on the implementation of Article 23.4, we agree to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by the Fifth Session of the Ministerial Conference. We note that issues related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits will be addressed in the Council for TRIPS pursuant to paragraph 12 of this Declaration.

19. We instruct the Council for TRIPS, in pursuing its work programme including under the review of Article 27.3(b), the review of the implementation of the TRIPS Agreement under Article 71.1 and the work foreseen pursuant to paragraph 12 of this Declaration, to examine, *inter alia*, the relationship between the TRIPS Agreement and the Convention on Biological Diversity, the protection of traditional knowledge and folklore, and other relevant new developments raised by Members pursuant to Article 71.1. In undertaking this work, the TRIPS Council shall be guided by the objectives and principles set out in Articles 7 and 8 of the TRIPS Agreement and shall take fully into account the development dimension.

#### RELATIONSHIP BETWEEN TRADE AND INVESTMENT

20. Recognizing the case for a multilateral framework to secure transparent, stable and predictable conditions for long-term cross-border investment, particularly foreign direct investment, that will contribute to the expansion of trade, and the need for enhanced technical assistance and capacity-building in this area as referred to in paragraph 21, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that Session on modalities of negotiations.

21. We recognize the needs of developing and least-developed countries for enhanced support for technical assistance and capacity building in this area, including policy analysis and development so that they may better

evaluate the implications of closer multilateral cooperation for their development policies and objectives, and human and institutional development. To this end, we shall work in cooperation with other relevant intergovernmental organisations, including UNCTAD, and through appropriate regional and bilateral channels, to provide strengthened and adequately resourced assistance to respond to these needs.

22. In the period until the Fifth Session, further work in the Working Group on the Relationship Between Trade and Investment will focus on the clarification of: scope and definition; transparency; non-discrimination; modalities for pre-establishment commitments based on a GATS-type, positive list approach; development provisions; exceptions and balance-of-payments safeguards; consultation and the settlement of disputes between Members. Any framework should reflect in a balanced manner the interests of home and host countries, and take due account of the development policies and objectives of host governments as well as their right to regulate in the public interest. The special development, trade and financial needs of developing and least-developed countries should be taken into account as an integral part of any framework, which should enable Members to undertake obligations and commitments commensurate with their individual needs and circumstances. Due regard should be paid to other relevant WTO provisions. Account should be taken, as appropriate, of existing bilateral and regional arrangements on investment.

#### INTERACTION BETWEEN TRADE AND COMPETITION POLICY

23. Recognizing the case for a multilateral framework to enhance the contribution of competition policy to international trade and development, and the need for enhanced technical assistance and capacity-building in this area as referred to in paragraph 24, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that Session on modalities of negotiations.

24. We recognize the needs of developing and least-developed countries for enhanced support for technical assistance and capacity building in this area, including policy analysis and development so that they may better evaluate the implications of closer multilateral cooperation for their development policies and objectives, and human and institutional development. To this end, we shall work in cooperation with other relevant intergovernmental organisations, including UNCTAD, and through appropriate regional and bilateral channels, to provide strengthened and adequately resourced assistance to respond to these needs.

25. In the period until the Fifth Session, further work in the Working Group on the Interaction between Trade and Competition Policy will focus on the clarification of: core principles, including transparency, non-discrimination and procedural fairness, and provisions on hardcore cartels; modalities for voluntary cooperation; and support for progressive reinforcement of competition institutions in developing countries through capacity building. Full

account shall be taken of the needs of developing and least-developed country participants and appropriate flexibility provided to address them.

#### TRANSPARENCY IN GOVERNMENT PROCUREMENT

26. Recognizing the case for a multilateral agreement on transparency in government procurement and the need for enhanced technical assistance and capacity building in this area, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that Session on modalities of negotiations. These negotiations will build on the progress made in the Working Group on Transparency in Government Procurement by that time and take into account participants' development priorities, especially those of least-developed country participants. Negotiations shall be limited to the transparency aspects and therefore will not restrict the scope for countries to give preferences to domestic supplies and suppliers. We commit ourselves to ensuring adequate technical assistance and support for capacity building both during the negotiations and after their conclusion.

#### TRADE FACILITATION

27. Recognizing the case for further expediting the movement, release and clearance of goods, including goods in transit, and the need for enhanced technical assistance and capacity building in this area, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that Session on modalities of negotiations. In the period until the Fifth Session, the Council for Trade in Goods shall review and as appropriate, clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 and identify the trade facilitation needs and priorities of Members, in particular developing and least-developed countries. We commit ourselves to ensuring adequate technical assistance and support for capacity building in this area.

#### WTO RULES

28. In the light of experience and of the increasing application of these instruments by Members, we agree to negotiations aimed at clarifying and improving disciplines under the Agreements on Implementation of Article VI of the GATT 1994 and on Subsidies and Countervailing Measures, while preserving the basic concepts, principles and effectiveness of these Agreements and their instruments and objectives, and taking into account the needs of developing and least-developed participants. In the initial phase of the negotiations, participants will indicate the provisions, including disciplines on trade distorting practices, that they seek to clarify and improve in the subsequent phase. In the context of these negotiations, participants shall also aim to clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries. We note that fisheries subsidies are also referred to in paragraph 31.

29. We also agree to negotiations aimed at clarifying and improving disciplines and procedures under the existing WTO provisions applying to regional trade agreements. The negotiations shall take into account the developmental aspects of regional trade agreements.

#### DISPUTE SETTLEMENT UNDERSTANDING

30. We agree to negotiations on improvements and clarifications of the Dispute Settlement Understanding. The negotiations should be based on the work done thus far as well as any additional proposals by Members, and aim to agree on improvements and clarifications not later than May 2003, at which time we will take steps to ensure that the results enter into force as soon as possible thereafter.

#### TRADE AND ENVIRONMENT

31. With a view to enhancing the mutual supportiveness of trade and environment, we agree to negotiations, without prejudging their outcome, on:

- (i) the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs). The negotiations shall be limited in scope to the applicability of such existing WTO rules as among parties to the MEA in question. The negotiations shall not prejudice the WTO rights of any Member that is not a party to the MEA in question;
- (ii) procedures for regular information exchange between MEA Secretariats and the relevant WTO committees, and the criteria for the granting of observer status;
- (iii) the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.

We note that fisheries subsidies form part of the negotiations provided for in paragraph 28.

32. We instruct the Committee on Trade and Environment, in pursuing work on all items on its agenda within its current terms of reference, to give particular attention to:

- (i) the effect of environmental measures on market access, especially in relation to developing countries, in particular the least-developed among them, and those situations in which the elimination or reduction of trade restrictions and distortions would benefit trade, the environment and development;
- (ii) the relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights; and
- (iii) labelling requirements for environmental purposes.

Work on these issues should include the identification of any need to clarify relevant WTO rules. The Committee shall report to the Fifth Session of the Ministerial Conference, and make recommendations, where appropriate, with respect to future action, including the desirability of negotiations. The outcome of this work as well as the negotiations carried out under paragraph 31(i) and (ii) shall be compatible with the open and non-discriminatory nature of the multilateral trading system, shall not add to or diminish the rights and obligations of Members under existing WTO agreements, in particular the Agreement on the Application of Sanitary and Phytosanitary Measures, nor alter the balance of these rights and obligations, and will take into account the needs of developing and least-developed countries.

33. We recognize the importance of technical assistance and capacity building in the field of trade and environment to developing countries, in particular the least-developed among them. We also encourage that expertise and experience be shared with Members wishing to perform environmental reviews at the national level. A report shall be prepared on these activities for the Fifth Session.

#### ELECTRONIC COMMERCE

34. We take note of the work which has been done in the General Council and other relevant bodies since the Ministerial Declaration of 20 May 1998 and agree to continue the Work Programme on Electronic Commerce. The work to date demonstrates that electronic commerce creates new challenges and opportunities for trade for Members at all stages of development, and we recognize the importance of creating and maintaining an environment which is favourable to the future development of electronic commerce. We instruct the General Council to consider the most appropriate institutional arrangements for handling the Work Programme, and to report on further progress to the Fifth Session of the Ministerial Conference. We declare that Members will maintain their current practice of not imposing customs duties on electronic transmissions until the Fifth Session.

#### SMALL ECONOMIES

35. We agree to a work programme, under the auspices of the General Council, to examine issues relating to the trade of small economies. The objective of this work is to frame responses to the traderelated issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system, and not to create a sub-category of WTO Members. The General Council shall review the work programme and make recommendations for action to the Fifth Session of the Ministerial Conference.

#### TRADE, DEBT AND FINANCE

36. We agree to an examination, in a Working Group under the auspices of the General Council, of the relationship between trade, debt and finance, and of any possible recommendations on steps that might be taken within the

mandate and competence of the WTO to enhance the capacity of the multilateral trading system to contribute to a durable solution to the problem of external indebtedness of developing and least-developed countries, and to strengthen the coherence of international trade and financial policies, with a view to safeguarding the multilateral trading system from the effects of financial and monetary instability. The General Council shall report to the Fifth Session of the Ministerial Conference on progress in the examination.

#### TRADE AND TRANSFER OF TECHNOLOGY

37. We agree to an examination, in a Working Group under the auspices of the General Council, of the relationship between trade and transfer of technology, and of any possible recommendations on steps that might be taken within the mandate of the WTO to increase flows of technology to developing countries. The General Council shall report to the Fifth Session of the Ministerial Conference on progress in the examination.

#### TECHNICAL COOPERATION AND CAPACITY BUILDING

38. We confirm that technical cooperation and capacity building are core elements of the development dimension of the multilateral trading system, and we welcome and endorse the New Strategy for WTO Technical Cooperation for Capacity Building, Growth and Integration. We instruct the Secretariat, in coordination with other relevant agencies, to support domestic efforts for mainstreaming trade into national plans for economic development and strategies for poverty reduction. The delivery of WTO technical assistance shall be designed to assist developing and leastdeveloped countries and low-income countries in transition to adjust to WTO rules and disciplines, implement obligations and exercise the rights of membership, including drawing on the benefits of an open, rules-based multilateral trading system. Priority shall also be accorded to small, vulnerable, and transition economies, as well as to Members and Observers without representation in Geneva. We reaffirm our support for the valuable work of the International Trade Centre, which should be enhanced.

39. We underscore the urgent necessity for the effective coordinated delivery of technical assistance with bilateral donors, in the OECD Development Assistance Committee and relevant international and regional intergovernmental institutions, within a coherent policy framework and timetable. In the coordinated delivery of technical assistance, we instruct the Director-General to consult with the relevant agencies, bilateral donors and beneficiaries, to identify ways of enhancing and rationalizing the Integrated Framework for Trade-Related Technical Assistance to Least- Developed Countries and the Joint Integrated Technical Assistance Programme (JITAP).

40. We agree that there is a need for technical assistance to benefit from secure and predictable funding. We therefore instruct the Committee on Budget, Finance and Administration to develop a plan for adoption by the General Council in December 2001 that will ensure long-term funding for

WTO technical assistance at an overall level no lower than that of the current year and commensurate with the activities outlined above.

41. We have established firm commitments on technical cooperation and capacity building in various paragraphs in this Ministerial Declaration. We reaffirm these specific commitments contained in paragraphs 16, 22, 25-27, 33, 38-40, 42 and 43, and also reaffirm the understanding in paragraph 2 on the important role of sustainably financed technical assistance and capacity-building programmes. We instruct the Director-General to report to the Fifth Session of the Ministerial Conference, with an interim report to the General Council in December 2002 on the implementation and adequacy of these commitments in the identified paragraphs.

#### LEAST-DEVELOPED COUNTRIES

42. We acknowledge the seriousness of the concerns expressed by the least-developed countries (LDCs) in the Zanzibar Declaration adopted by their Ministers in July 2001. We recognize that the integration of the LDCs into the multilateral trading system requires meaningful market access, support for the diversification of their production and export base, and trade-related technical assistance and capacity building. We agree that the meaningful integration of LDCs into the trading system and the global economy will involve efforts by all WTO Members. We commit ourselves to the objective of duty-free, quota-free market access for products originating from LDCs. In this regard, we welcome the significant market access improvements by WTO Members in advance of the Third UN Conference on LDCs (LDC-III), in Brussels, May 2001. We further commit ourselves to consider additional measures for progressive improvements in market access for LDCs. Accession of LDCs remains a priority for the Membership. We agree to work to facilitate and accelerate negotiations with acceding LDCs. We instruct the Secretariat to reflect the priority we attach to LDCs' accessions in the annual plans for technical assistance. We reaffirm the commitments we undertook at LDC-III, and agree that the WTO should take into account, in designing its work programme for LDCs, the trade-related elements of the Brussels Declaration and Programme of Action, consistent with the WTO's mandate, adopted at LDC-III. We instruct the Sub-Committee for Least-Developed Countries to design such a work programme and to report on the agreed work programme to the General Council at its first meeting in 2002.

43. We endorse the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries (IF) as a viable model for LDCs' trade development. We urge development partners to significantly increase contributions to the IF Trust Fund and WTO extra-budgetary trust funds in favour of LDCs. We urge the core agencies, in coordination with development partners, to explore the enhancement of the IF with a view to addressing the supply-side constraints of LDCs and the extension of the model to all LDCs, following the review of the IF and the appraisal of the ongoing Pilot Scheme in selected LDCs. We request the Director-General, following coordination with heads of the other agencies, to provide an interim report to the General

Council in December 2002 and a full report to the Fifth Session of the Ministerial Conference on all issues affecting LDCs.

#### **SPECIAL AND DIFFERENTIAL TREATMENT**

44. We reaffirm that provisions for special and differential treatment are an integral part of the WTO Agreements. We note the concerns expressed regarding their operation in addressing specific constraints faced by developing countries, particularly least-developed countries. In that connection, we also note that some Members have proposed a Framework Agreement on Special and Differential Treatment (WT/GC/W/442). We therefore agree that all special and differential treatment provisions shall be reviewed with a view to strengthening them and making them more precise, effective and operational. In this connection, we endorse the work programme on special and differential treatment set out in the Decision on Implementation-Related Issues and Concerns.

#### **ORGANIZATION AND MANAGEMENT OF THE WORK PROGRAMME**

45. The negotiations to be pursued under the terms of this Declaration shall be concluded not later than 1 January 2005. The Fifth Session of the Ministerial Conference will take stock of progress in the negotiations, provide any necessary political guidance, and take decisions as necessary. When the results of the negotiations in all areas have been established, a Special Session of the Ministerial Conference will be held to take decisions regarding the adoption and implementation of those results.

46. The overall conduct of the negotiations shall be supervised by a Trade Negotiations Committee under the authority of the General Council. The Trade Negotiations Committee shall hold its first meeting not later than 31 January 2002. It shall establish appropriate negotiating mechanisms as required and supervise the progress of the negotiations.

47. With the exception of the improvements and clarifications of the Dispute Settlement Understanding, the conduct, conclusion and entry into force of the outcome of the negotiations shall be treated as parts of a single undertaking. However, agreements reached at an early stage may be implemented on a provisional or a definitive basis. Early agreements shall be taken into account in assessing the overall balance of the negotiations.

48. Negotiations shall be open to:

(i) all Members of the WTO; and

(ii) States and separate customs territories currently in the process of accession and those that inform Members, at a regular meeting of the General Council, of their intention to negotiate the terms of their membership and for whom an accession working party is established. Decisions on the outcomes of the negotiations shall be taken only by WTO Members.

49. The negotiations shall be conducted in a transparent manner among participants, in order to facilitate the effective participation of all. They shall be conducted with a view to ensuring benefits to all participants and to achieving an overall balance in the outcome of the negotiations.

50. The negotiations and the other aspects of the Work Programme shall take fully into account the principle of special and differential treatment for developing and least-developed countries embodied in: Part IV of the GATT 1994; the Decision of 28 November 1979 on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries; the Uruguay Round Decision on Measures in Favour of Least-Developed Countries; and all other relevant WTO provisions.

51. The Committee on Trade and Development and the Committee on Trade and Environment shall, within their respective mandates, each act as a forum to identify and debate developmental and environmental aspects of the negotiations, in order to help achieve the objective of having sustainable development appropriately reflected.

52. Those elements of the Work Programme which do not involve negotiations are also accorded a high priority. They shall be pursued under the overall supervision of the General Council, which shall report on progress to the Fifth Session of the Ministerial Conference.



## APPENDIX D – EC Non-Paper on Labelling

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Special session of the committee on Agriculture,  
3-5 December 2001

### MANDATORY LABELLING FOR AGRICULTURAL PRODUCTS

#### Note by the European Communities

1. The question of labelling of food and agricultural products whose objective is to provide information and protection of consumers is of growing interest and importance to many WTO members. Labelling in general has been discussed several times mainly, but not exclusively, in the TBT Committee. As Article 1 of the TBT Agreement specifies that agricultural products are subject to its provisions, it is appropriate in the context of the Article 20 negotiations on agriculture to examine developments on this issue under the TBT Agreement to see to what extent existing rules need clarification. The fact that this paper deals only with mandatory labelling in the context of the TBT Agreement is merely in order to focus on this type of labelling and should not be construed as implying a policy preference for mandatory over voluntary labelling nor that other WTO Agreements, like the SPS Agreement, may not be applicable to labelling requirements in certain specific circumstances.
2. The aim of clarifying TBT rules as they pertain to mandatory labelling should be to ensure that members can pursue their legitimate policy objectives, including relevant agriculture non-trade concerns, through labelling requirements for food and agricultural products, thereby supporting market led, least trade restrictive approaches to international trade. At the same time, clarification should avoid creating scope for allowing mandatory labelling to be applied in a way which would constitute a means of arbitrary or unjustifiable discrimination between members or a disguised restriction on international trade. Clarification should, therefore, be sought in full conformity with the basic concepts and principles of existing WTO agreements and should incorporate the relevant findings of WTO dispute settlement bodies. Moreover, clarification should neither add to nor diminish the basic rights and obligations of members, and should take into account, to the fullest extent possible, the needs of developing and least developed participants.
3. While this paper focuses on issues under TBT provisions, it is important not to lose sight of the close links between the WTO and the

discussions in other relevant international fora in this field, such as the *Codex Alimentarius*. Where international standards for labelling of food and agricultural products exist, they should provide the basis for national labelling schemes in accordance with the provisions of the TBT Agreement. Accordingly, the EC continues to support efforts for the development of multilateral guidance on mandatory labelling for food and agricultural products. Whilst such work is ongoing, it is nevertheless important to clarify the situation regarding in particular the relationship between TBT rules and mandatory labelling schemes.

4. From the EC perspective, there are some developments since the TBT Agreement was concluded which may be relevant to this issue:
  - (a) The right of consumers to be fully and accurately informed is now more easily and widely acknowledged. Consumer demands for a broad range of information relating in particular to food and agricultural products has substantially increased in nearly all WTO members.
  - (b) The Appellate Body in its report of 12 March 2001 on “EC – Asbestos”, while considering for the first time some provisions of the TBT Agreement, in particular the definition of ‘product characteristics’ in relation to technical regulation, refrained from ruling on the claims based on Article 2 of the TBT Agreement, leaving still untested the interpretation of the provisions of this Agreement. However, the same report confirmed consumers’ tastes and habits as a general criterion for determining the ‘likeness’ of a product. Providing accurate and full information through labelling requirements may, therefore, be essential in allowing consumers to make an informed choice. Consumers perceive this information aspect as particularly important and sensitive for food products. Such labelling may also avoid consumer deceptive practices. Mandatory labelling schemes will, therefore, allow WTO members to set the level of consumer information and the level of enforcement they wish to achieve by their laws and regulations in their territory in conformity with the TBT Agreement.
  - (c) It appears increasingly necessary to dispel a misperception in some quarters that TBT rules could represent an obstacle to governments to address, via information tools such as labelling requirements, fundamental societal values or concerns relating to the way agricultural and food products are produced, processed and marketed.
  - (d) Similarly, concerns expressed in particular by some developing countries over the potentially negative effect of mandatory labelling schemes on trade, would also need to be addressed.
5. It was against this background that the EC in its comprehensive negotiating proposal called for the development of labelling schemes relating to the production and processing of food and agricultural products in order to meet consumers’ concerns and to ensure that these schemes are appropriately covered by the WTO. The EC

proposes the following guidelines for the introduction of labelling requirements, which it believes to be consistent with Article 2 of the TBT Agreement.

- (a) Firstly, the right of WTO Members to choose a level of consumer information and protection as regards the characteristics and the production and processing methods of food and agricultural products should be maintained.
  - (b) Depending on the level of consumer information and law enforcement chosen by a TBT member, mandatory labelling schemes for food and agricultural products can be the least trade restrictive alternative and they should also be presumed not to create as such an unnecessary obstacle to international trade.
  - (c) WTO members should ensure that, at all stages, the creation of a mandatory labelling scheme is conducted in a transparent manner, in particular the drafting of criteria and the operation of schemes. All interested parties should have the opportunity to be involved in a meaningful way as early as possible.
  - (d) Whilst the details of a mandatory labelling scheme depend on the particular agricultural product or category of products to which it applies, it would need to be able to provide information to consumers on the characteristics of a product, its process and production methods, including ways animals or plants are reared or grown, the organic or non-organic nature of the production process, the modified properties of agricultural products, etc.
6. As regards the problems that labelling measures concerning food and agricultural products may pose for developing countries, the EC believes that:
- (a) appropriate mandatory labelling schemes for food and agricultural products could actually facilitate trade and improve market access, by reinforcing transparency and consumers' confidence and, thus, increasing the overall commercial value of products.
  - (b) aid to developing countries for the development of regulatory initiatives in the field of labelling for food and agricultural products should be considered as an important element of development assistance.
7. To conclude, the EC believes that it is important for Members to reach a common understanding, interpretation or guidance on the criteria and guidelines for the implementation of mandatory labelling requirements in respect of food and agricultural products, as described under paragraph 5 above.

Brussels, 25 September 2001

Special session of the Committee on  
Agriculture Informal Meeting, 24-26 September 2001

Green box

1. Green box: measures have facilitated the reform process. Not only have they helped Members to move away from price support towards more transparent and less trade-distorting policies but they have also contributed to the achievement of a number of important societal goals in both developed and developing countries. The role of agriculture is not only to produce agricultural goods at the lowest possible cost. Agriculture encompasses other functions such as the preservation, management and enhancement of the rural landscape, the protection of the environment, including against natural hazards, and a contribution to the viability of the rural areas. The current green box provisions have contributed to implement policies to pursue these societal goals.

2. As regards specifically rural development, the EC believe that all the countries have the right to choose to preserve or develop the economic and social environment necessary to maintain rural population. Agricultural activities, in particular in remote or peripheral areas where there are few other possibilities of employment, can help to prevent depopulation, the social, economic and environmental cost of which is high for society. More generally, agricultural activities and farm diversification can contribute to the economic and social viability of rural areas and thus to a balanced territorial development. In most of the world, especially in developing countries, farming is the fabric of rural society and its main economic activity. Social and political stability depend on the continued economic health of the farm sector.

3. The EC believe that the current provisions provided for in the Agreement on agriculture (AoA) represent in general the right disciplines for addressing these issues and should therefore be maintained.

4. Having said that, the EC would like first to stress the requirement that green box measures have no, or at most minimal, trade-distorting effects. This reinforces the need to retain the provision that measures which are counter-cyclical (i.e. decided in response to price fluctuations) or which are determined by production, prices or inputs levels, should not be considered as green.

5. Secondly, coverage of new measures relating to increasingly important issues should also be adequately guaranteed. One of these issues is animal

welfare. Legislation aimed at protecting animals may increase costs to producers. As producers from other countries are not confronted with similar additional cost, this can lead to unequal conditions of competition, and even drive down welfare standards world-wide. The EC is ready to engage in fruitful discussion with the Membership to find appropriate ways to address this issue. In this context, the EC believe that it is legitimate that compensation for additional costs be exempted from reduction commitments whenever it can be clearly shown that these additional costs stem directly from the higher standards in question and thus have no, or at most minimal, trade-distorting effects.

6. The EC highlight the importance of according Special and differential treatment to developing countries. The EC believe that domestic support measures that promote the sustainable vitality of rural areas and the food security concerns of developing countries, in particular through means targeted at poverty alleviation, are of great relevance. Therefore, the EC propose that these measures where appropriate be exempted from any reduction commitment.