

### EXPORT COMPETITION-MAIN NEGOTIATING POSITIONS

EXPORT SUBSIDIES			
Item / Parameter	Modalities	Proponents	Comments
<ul style="list-style-type: none"> <li>Policy coverage of further commitments</li> </ul>	As defined in Article 9.1 (a) to 9.1 (f) of the Agreement of Agriculture	Cairns Group, United States, Philippines, China, European Union, Multifunctionality Group	
<ul style="list-style-type: none"> <li>Product specificity of commitments</li> </ul>	As specified in each Member's schedules	Cairns Group, United States, Philippines, China, European Union, Multifunctionality Group	
<ul style="list-style-type: none"> <li>Base levels:</li> <li>Budgetary outlays commitments</li> <li>Quantity commitments</li> </ul>	1) Bound levels resulting from the Uruguay Round  2) Average (notified) subsidy outlays for 1995-2000	1) Cairns Group, United States, China, European Union, Multifunctionality Group  2) Philippines	

<ul style="list-style-type: none"> <li>• Formula/target for further commitments</li> </ul>	<ol style="list-style-type: none"> <li>1) Elimination of export subsidies (GDCs) through reduction commitments on equal annual instalments during the implementation period (United States, China), inclusive of a down-payment of 50 per cent the first day of implementation (Cairns Group, Philippines)</li> <li>2) Reduction of export subsidies conditional to commitments on export credits, guarantees and insurance programmes as well as in food aid. No specific proposal presented as yet</li> <li>3) Modulation proposal: Commitment to an overall export subsidy reduction target of (X) per cent. Flexibility to reduce subsidies on specific products or group of products at a lower rate than the overall target as long as compensation is provided by larger than required reductions in other product or group of products</li> <li>4) S&amp;D: maintenance of current flexibilities provided for in Art. 9.4 of the AoA for developing countries / Developing countries listed in Annex VII of the ASCM should be exempted from the provisions of Art. 3.3. of the AoA (India)</li> </ol>	<ol style="list-style-type: none"> <li>1) Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nicaragua, Nigeria, Pakistan, Peru, Sri Lanka, Venezuela, Zimbabwe (GDCs), United States, China, Cairns Group, Philippines</li> <li>2) European Union, Multifunctionality Group</li> <li>3) Switzerland</li> <li>4) Cairns Group, China, Philippines, GDCs, India, United States??. European Union??</li> </ol>	
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<ul style="list-style-type: none"> <li>• Other disciplines</li> </ul>	<ol style="list-style-type: none"> <li>1) No rollover of unused subsidy commitments should be allowed (Philippines) / during the implementation period, unused subsidies should not be carried over to the next year or swung from one product to another (China)</li> <li>2) In reducing export subsidies, a ceiling binding level for unit value of products for export shall be established</li> </ol>	<ol style="list-style-type: none"> <li>1) Philippines, China</li> <li>2) China</li> </ol>	
<ul style="list-style-type: none"> <li>• Implementation period and staging of further commitments</li> </ul>	<ol style="list-style-type: none"> <li>1) Three years for developed countries / six years for developing countries</li> <li>2) Five years for developed countries and nine years for developing countries??</li> <li>3) Five years for developed and developing countries</li> </ol>	<ol style="list-style-type: none"> <li>1) Philippines, China, Cairns Group??</li> <li>2) Cairns Group??</li> <li>3) United States</li> </ol>	

<b>EXPORT CREDIT, INSURANCE AND GUARANTEES</b>			
<b>Item / Parameter</b>	<b>Modalities</b>	<b>Proponents</b>	<b>Comments</b>
<ul style="list-style-type: none"> <li>• General approach towards disciplines</li> </ul>	<ol style="list-style-type: none"> <li>1) Establishing maximum limits in terms of budgetary outlays and export quantities, which would be reduced or eliminated over the implementation period. Commitments to be reflected in each Member's Schedules (European Union) / the amount of export credits shall be bound at the average level of 1995 to 1998 and shall be reduced in equal annual instalments (China)</li> <li>2) A set of disciplines should be established with which Member will have to comply</li> </ol>	<ol style="list-style-type: none"> <li>1) European Union, China, Philippines??</li> <li>2) Cairns Group, United States</li> </ol>	

<ul style="list-style-type: none"> <li>• Measures to be covered / Forms of support to be subjected to disciplines  (Definition)</li> </ul>	<ol style="list-style-type: none"> <li>1) Disciplines should cover any support provided for or on behalf of governments in respect to export credit, credit guarantee, loan and insurance programs, including direct credit, refinancing, and interest rate support, and all other forms of governments involvement direct and indirect</li> <li>2) Disciplines should cover officially supported export credits in any export credit transaction in which government undertakes some or all of the risk or the cost of providing credits and the disciplines would apply to all officially supported export credit activities carried out by and/or extended to all actors with no exceptions</li> </ol>	<ol style="list-style-type: none"> <li>1) United States</li> <li>2) Canada</li> </ol>	
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<ul style="list-style-type: none"> <li>• Providers of support to which disciplines will be applicable</li> </ul>	<ol style="list-style-type: none"> <li>1) Disciplines should apply to all institutions and programs involved with official support for agricultural products, including: institutions fully or partially owned by governments; government-controlled institutions; institutions that have been granted special rights or privileges by governments; and institutions that benefit from government support, either directly or indirectly</li> <li>2) Disciplines should apply to all officially supported export credit activities carried out by and/or extended to all actors with no exceptions</li> <li>3) Officially supported export credit, including the grant by government, or special institution controlled by/or acting on the authority of governments also comprising State Trading Enterprises, of export credits</li> </ol>	<ol style="list-style-type: none"> <li>1) United States</li> <li>2) Canada</li> <li>3) European Union</li> </ol>	
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<ul style="list-style-type: none"> <li>• Maximum/minimum terms/conditions that may be provided or supported</li> </ul>	<p>1) Maximum repayment terms:</p> <ul style="list-style-type: none"> <li>– More than 180 days??</li> <li>– No longer than 180 days. Longer repayment periods for agricultural exports of capital nature (such as seeds and breeding cattle)</li> <li>– S&amp;D: Repayment period for developing countries could be extended 90 days (Australia) /additional repayment term of 90 days for least developed and NFIDCs for cereals and cereal preparations, oilseeds and oilseeds products (European Union)</li> </ul> <p>2) Minimum Interest rates:</p> <ul style="list-style-type: none"> <li>– Minimum interest rate benchmarks should be established (Australia, European Union). Such benchmarks should be the same for all providers of officially sponsored export credits (Australia)</li> <li>– Interest rates should be based on risk (i.e. low benchmarks could disadvantage some developing countries)</li> </ul> <p>3) Risk sharing: officially sponsored credit should only cover up to a certain percentage of the value of the transaction (to be negotiated)</p>	<ul style="list-style-type: none"> <li>– United States</li> <li>– Australia, Cairns Group??. European Union</li> <li>– Australia, Cairns Group??. European Union</li> <li>– Australia, Cairns Group??. European Union</li> <li>– Colombia</li> </ul> <p>3) Australia, Cairns Group??</p>	
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<ul style="list-style-type: none"> <li>• Maximum/minimum terms/conditions that may be provided or supported (cont.)</li> </ul>	<p>4) Repayment of principal: In the case of capital goods where repayment terms exceed 180 days then payments should not only cover interest charges, but also repayment of principal</p> <p>5) Cash payments: Importers of agricultural products receiving officially sponsored credit should be required to make cash payments of a minimum percentage amount to be negotiated (Australia) / 15 per cent (European Union) of the export value, prior to or on the date of shipment of the goods, where the repayment term exceeds a certain time frame (to be negotiated)</p> <p>6) Starting point of credit: The starting point of credit for officially sponsored credits needs to be defined</p> <p>7) Minimum premium: premiums charged for officially supported export credits should be risk-based (Australia) and shall not be inadequate to cover long-term operating costs and losses in accordance with international obligations (European Union)</p>	<p>4) Australia, Cairns Group??</p> <p>5) Australia, Cairns Group??. European Union</p> <p>6) Australia, Cairns Group??. European Union</p> <p>7) Australia, Cairns Group??. European Union</p>	
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<ul style="list-style-type: none"> <li>• Other terms and conditions</li> </ul>	<ol style="list-style-type: none"> <li>1) Disciplines should cover: maximum repayment terms, starting point of credit; repayment of principal; payment of interest; cash payments; risk sharing; minimum interest rates; validity period for export credits; premiums; national interest account administration; market window; revolving credits; financial practices of state trading enterprises, including delayed invoicing; transparency; foreign exchange cover</li> <li>2) Disciplines should cover: maximum repayment terms; starting point of credit; instalment period; payment of interest; minimum interest rate or the validity period of export credits. All conditions shall be applied in accordance with normal commercial practice</li> <li>3) Strict disciplines shall be established as regards products eligible for export credits, interest rate of loans, term of loans as well as such conditions as guarantee and freight</li> <li>4) <b>S&amp;D:</b> negotiations should consider the desirability of modifying the agreed terms and conditions regarding export credits to developing countries and providing exception provisions to meet emergency situations (United States)/ More flexibility should be given to developing countries (China)</li> </ol>	<ol style="list-style-type: none"> <li>1) United States</li> <li>2) European Union</li> <li>3) China</li> <li>4) United States, China</li> </ol>	
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<ul style="list-style-type: none"> <li>• Transparency and notification requirements</li> </ul>	<ol style="list-style-type: none"> <li>1) WTO Members shall notify all export credit, credit guarantee, loan and insurance programs, such that country that notifies its programs should be eligible to provide export credit, credit guarantee, loan and insurance programs in accordance with the disciplines to be established</li> <li>2) Programs not notified and not operated in conformity with the disciplines established should be prohibited (United States)/ Export credits that do not comply with the agreed disciplines shall be counted against each Member's commitments of reduction of export subsidies as indicated in its schedule, or otherwise prohibited (European Union)</li> <li>3) In addition to prompt notification, Members shall submit annual reporting of officially-supported export credits with repayment terms of more than 180 days. Reporting should be value-aggregated by detailing destination country, product group and repayment terms</li> <li>4) Members should notify their use of export credits to the CoA on a regular basis</li> </ol>	<ol style="list-style-type: none"> <li>1) United States, European Union</li> <li>2) United States, European Union</li> <li>3) European Union</li> <li>4) China, Philippines</li> </ol>	
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<b>FOOD AID</b>			
<b>Item / Parameter</b>	<b>Modalities</b>	<b>Proponents</b>	<b>Comments</b>
<ul style="list-style-type: none"> <li>• Type of food aid covered</li> </ul>	<ol style="list-style-type: none"> <li>1) Food aid should be provided under the framework or following the appeal of international organizations</li> <li>2) Support increased interaction between the WTO and the FAO to ensure against circumvention of export subsidy commitments</li> <li>3) Government to government aid forms an important share of total aid and it is nearly always provided at the request of other countries, therefore it is unrealistic to suggest it could be abolished</li> </ol>	<ol style="list-style-type: none"> <li>1) European Union, Switzerland</li> <li>2) Philippines</li> <li>3) United States</li> </ol>	

<ul style="list-style-type: none"> <li>• Allocation of food aid / Specific Disciplines / Concessionality</li> </ul>	<ol style="list-style-type: none"> <li>1) Food aid shall be provided only in the form of grant</li> <li>2) Schedule of food aid donor Members should limit the monetary value of any non-grant food aid to the average for the years 2000-2002. This amount shall be bound and reduced in equal steps by a percentage to be determined in the negotiations, during the implementation period. Non-grant food aid reduced in this way should be replaced by grant food aid in equal amounts</li> <li>3) Disbursement of food aid should be demand driven and the patterns and normal trade flows should not be undermined (Philippines)</li> <li>4) Food aid should only be provided in kind (European Union)/ Financial food aid, whether made at concessional terms or fully grant, shall be treated as export credit and subject to disciplines thereof (Philippines)</li> <li>5) Negotiations should consider the desirability of modifying the agreed terms and conditions regarding export credits to developing countries and providing exception provisions to meet emergency situations (No new commitments with regard to food aid. Art. 10.4 of the AoA has proven adequate)</li> </ol>	<ol style="list-style-type: none"> <li>1) China, European Union, Switzerland</li> <li>2) Switzerland</li> <li>3) European Union, Switzerland, GDCs, Philippines</li> <li>4) European Union , Philippines</li> <li>5) United States</li> </ol>	
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<ul style="list-style-type: none"> <li>• Allocation of food aid / Specific Disciplines / Concessionality (cont.)</li> </ul>	<p>6) Food aid should not be tied in any way, directly or indirectly, to commercial exports of agricultural products or other goods and services of the donor country</p> <p>7) Food aid that does not comply with the agreed disciplines should be counted against a Member's commitments on export subsidies, or otherwise be considered as not being in conformity with WTO obligations</p> <p>8) Food aid should be disbursed taking into account the long term impact that it could have on the domestic production systems of the recipient country</p>	<p>6) European Union</p> <p>7) European Union</p> <p>8) GDCs</p>	
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<ul style="list-style-type: none"> <li>• Other disciplines</li> </ul>	<p>1) Food aid and food Security Stocks</p> <ul style="list-style-type: none"> <li>a) An international stockholding of basic foodstuffs should be established. Food aid through this mechanism will be in addition to the minimum quantity of aid pledged annually by each donor country under the Food Aid Convention. Priority should be given to LDCs and NFIDCs</li> <li>b) Food security policies, as food security and price stabilisation mechanism, should be given a wider definition under the exempted subsidies (current green box)</li> <li>c) The AoA should provide for regional food security plans, including joint maintenance of emergency food stocks</li> </ul> <p>2) Marrakech Decision for LDCs and NFIDCs</p> <ul style="list-style-type: none"> <li>a) The Marrakech Decision should be reviewed and strengthened so as to incorporate certain market based mechanisms that would automatically trigger assistance at times of high prices/low domestic production</li> <li>b) Commitments subject to remedial action within the WTO should be undertaken by developed country agriculture exporters for the provision of technical and financial assistance to improve agricultural productivity and to facilitate agricultural development in LDCs and NFIDCs</li> </ul>	<ul style="list-style-type: none"> <li>a) Japan</li> <li>b) GDCs</li> <li>c) GDCs</li> <li>a) GDCs</li> <li>b) GDCs</li> </ul>	
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<ul style="list-style-type: none"> <li>• Other disciplines (cont.)</li> </ul>	<p>c) Establishment of an international fund, based on contributions from the major developed agricultural exporters, to be used to help LDCs and NFIDCs source their food requirements from the international market</p>	<p>c) GDCs</p>	
<ul style="list-style-type: none"> <li>• Transparency / notification requirements</li> </ul>	<ol style="list-style-type: none"> <li>1) All food aid operations provided by Members under various organizations should be notified to the CoA</li> <li>2) Annual food aid values and quantities should be notify to the CoA by the donor and recipient countries</li> <li>3) Members should notify food aid operations, under a regular basis, to the CoA</li> </ol>	<ol style="list-style-type: none"> <li>1) European Union</li> <li>2) Switzerland</li> <li>3) China, Philippines</li> </ol>	

<b>EXPORT RESTRICTIONS AND TAXES</b>			
<b>Item / Parameter</b>	<b>Modalities</b>	<b>Proponents</b>	<b>Comments</b>
<ul style="list-style-type: none"> <li>• Export restrictions</li> </ul>	<ol style="list-style-type: none"> <li>1) All export restrictions (such as prohibitions and quantitative restrictions) shall be converted into export taxes at the beginning of the implementation period</li> <li>2) <b>S&amp;D:</b> No commitments other than notifications are expected from LDCs and, under justified cases other developing countries and vulnerable economies in transition</li> </ol>	<ol style="list-style-type: none"> <li>1) Switzerland</li> <li>2) Switzerland</li> </ol>	



<ul style="list-style-type: none"> <li>• Export taxes</li> </ul>	<ol style="list-style-type: none"> <li>1) Export taxes should be prohibited.</li> <li>2) S&amp;D: Developing countries will be able to use export taxes under the following conditions: the export tax shall apply to all agricultural products; export tax shall be applied at a uniform rate across all agricultural products; the export tax shall be applied without modification for a period of at least one year. Modifications should apply for periods of at least one year from the date of the notification; notifications are required for the introduction or modification of export taxes, prior to implementation</li> <li>3) At the beginning of the implementation period all export taxes shall be bound. During the implementation period they shall be reduced by an agreed percentage to be decided in the negotiations, on equal instalments</li> <li>4) Export taxes are not part of the mandated negotiations. Export taxes are not export restrictions nor are they export subsidies</li> <li>5) Export taxes and restrictions as applied by developing countries are justified on food security concerns and other policy objectives</li> </ol>	<ol style="list-style-type: none"> <li>1) United States</li> <li>2) United States</li> <li>3) Switzerland, European Union??, Japan??</li> <li>4) Argentina, Malaysia, Indonesia</li> <li>5) Colombia, Argentina, Malaysia, Indonesia</li> </ol>	
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OTHER EXPORT COMPETITION ISSUES			
Item / Parameter	Modalities	Proponents	Comments
<ul style="list-style-type: none"> <li>Other measures</li> </ul>	<ol style="list-style-type: none"> <li>1) A balancing mechanism can/may be imposed during the implementation period regardless of whether a country complies with its AMS and <u>export subsidies</u> commitments</li> <li>2) Special and Differential countervailing Measures <u>imposed on imports from developed countries</u> to compensate for support provided under the <i>de minimis</i> provisions, paragraphs 5,6, and 7 of Annex 2 of the AoA, <u>and export subsidies</u>.</li> <li>3) Transitional Simple Countervailing Mechanism. Additional duties <u>imposed on imports from developed and developing countries</u> to compensate for AMS support and <u>export subsidies</u>. Additional duties calculated on the basis of total value of imports</li> <li>4) During the implementation period, <u>developing country Members</u> should be free to take action against the failure of developed country Members in implementing the commitments on <u>export subsidies</u> and recourse to dispute settlement for any violation of the principles on <u>export credits</u> (elimination of the peace clause??)</li> </ol>	<ol style="list-style-type: none"> <li>1) Philippines</li> <li>2) Argentina, Bolivia, Costa Rica, Paraguay, Philippines and Thailand, Cairns Group??</li> <li>3) Egypt</li> <li>4) China</li> </ol>	



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