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Proposed Food Security Mechanism

Specific Drafting Input by Indonesia and the Philippines

This Food Security Mechanism (FSM) is available to all WTO Members. It shall automatically be applicable to the primary staple food of the country. Additional commodities may also be covered provided the following criteria are met:

- (i) The population dependent on the production of the subject commodity(ies) comprises at least one (1) percent of the country's total population; and
- (ii) The value of the subject product is a significant percentage of gross value added (GVA) in agriculture of that country.

The specified food security commodity(ies) of Member countries shall be accorded maximum flexibility with respect to rules and disciplines on market access measures established under this Agreement, provided these commodities are not net exported products. FSM products, however, may be exported only as food aid in fully grant form.

Notwithstanding the market access modalities proposed, the FSM provides the following flexibilities:

- (i) Primary staples covered by FSM shall be allowed to maintain the UR final bound level, if an agreed formula approach is to be adopted, or stay at the harmonized level, if an agreed harmonization scheme is to be utilized. These staples shall also not be subjected to further reductions;
- (ii) If the agreed harmonized scheme will be adopted and the primary staple UR final bound rate is below the harmonized level, the tariff of said crop may be increased to the harmonized level. For primary staples covered by FSM, the harmonized level for developed and developing countries will be the same;
- (iii) All other commodities covered by FSM with final bound UR tariffs already below the harmonized level shall be allowed to maintain their UR final bound tariff levels without further reductions;
- (iv) In-quota volumes and tariffs of commodities covered by FSM will be maintained at the UR final bound levels;
- (v) No additional disciplines shall be imposed on state trading enterprises that only import commodities covered by the FSM; and
- (vi) Commodities covered by the FSM shall automatically be eligible for the agreed SSG mechanism.

If the commodity(ies) covered by the FSM becomes a net exported product, the right to avail of the FSM shall cease and hence, the regular rules and disciplines on market access established under this agreement shall be applied. No reversion to FSM disciplines shall be allowed once it is removed.