

**Committee on Agriculture  
Special Session**

**G-33 Contribution on the Chairman's Reference Paper  
on Special Products**

The following communication, dated 10 May 2006, is being circulated at the request of the G-33.

---

1. This paper seeks to convey the concerns of the G-33, and encapsulates those expressed during the intensive informal discussions held on 5 May 2006 by other developing countries represented in other developing countries' groupings, including the ACP, African Group and the LDCs, on the Chairman's Reference Paper on Special Products dated 4 May 2006 with a view to contribute to its amendment.

2. Special Products (SPs) play a crucial role in achieving the objectives of food security, livelihood security, and rural development, which are extremely important political, social and economic development imperatives, in most developing countries. The G-33 is thus firmly of the view that commercial considerations and/or the imports value of designated SPs cannot be introduced to assess the implications of the modalities on SPs. The negotiating mandate on SPs, incorporated in the July Framework, is unequivocal. The Hong Kong Ministerial Declaration has further specified self-designation of SPs guided by indicators based on the three criteria. Beyond that, any further specification of the treatment of SPs, as mandated by the July Framework, must also recognize the "fundamental importance of SPs" to the designating developing countries.

3. The presentation of statistics on some selected parameters developed by the Secretariat under instruction from the Chairman with the view to guide the resolution of the crucial issue of SPs, has naturally evoked surprise and unease. The WTO Members were not aware of a request for simulations on import values having been placed in order to direct the Members' attention to the implications of the G-33 proposal to designate at least 20% tariff lines as SPs. We have had no opportunity to discuss and agree upon the underlying assumptions, including the representative sample of Members. The assumptions used completely disregard the mandate. The scarce resources of the Secretariat should have been better utilised to assess the implications for the mandated criteria of food security, livelihood security and rural development needs of the various proposals, including that of the G-33 and the more recent ones.

4. The G-33 is quite firm that the mandate can bear no re-negotiation. The suggestions included in paragraphs 8 through 10 of the Reference Paper to cumulate the application of imports values with the three agreed criteria or to draw any interpretations linked to market access improvements must therefore be removed. The Framework requires each Member to make a contribution, but not each product. The principle of substantial improvement applies to each product in the sensitive product category but not in the Special Product category. Hence, the very premise of the Reference Paper goes contrary to the spirit of the Doha mandate, the provisions of the July Framework, and the Hong Kong Declaration.

5. Further, on the issue of the appropriateness of the number of SPs, the only benchmark to guide the self-designation of SPs are the criteria of food security, livelihood security, and rural development needs. This is mandated to be ensured irrespective of the imports values covered by SPs. The substantial market access improvement requirements, and therefore the aspirations of some

exporting Members, might be met instead through the commitments across the three pillars. SPs cannot be expected to serve the trade-related interests of some exporting countries.

6. By reference to paragraph 3 of the Reference Paper, in case there are any questions on the reliability and universality of the indicators, the G-33 is ready to respond to them, so that the indicators can play their rightful role of transparency, without any back-loading on the closure on this instrument. At Hong Kong, Ministers have already agreed that modalities on SPs must be integral to the modalities and the outcome on agriculture.

7. In paragraphs 6 and 7 of the Reference Paper, it has been suggested that SPs were outside the "core [tariff reduction formula] modalities", and worse, that 20% tariff lines designated as SPs could, in fact, be used to circumvent or "effectively trump" anything that might be considered to be at the negotiating heart of the modalities. However, the G-33 emphasises that SPs are integral to the modalities and the market access package, and not a residual to the modalities. The appropriateness of the number of SPs will be determined by the application of the three criteria; only if the criteria are circumvented can the appropriateness be questioned. Accordingly, the G-33 and other vulnerable developing countries who are demandeurs of SPs cannot be expected to "come down significantly from 20%" as favoured in the Reference Paper.

8. The G-33's demand for at least 20% tariff lines as SPs is consistent with the July Framework and the Hong Kong Declaration calling for an appropriate number. This number is linked to the modalities agreed in agriculture, including the ambition of the tariff reduction formula and the balance across the three pillars in agriculture. The G-33 is deeply concerned that the ambition envisaged in some extremely ambitious proposals on market access, but which have accommodations on their own domestic support sensitivities, could decimate the rural populations of developing countries. SPs are not produced under competitive conditions. The flexibilities on SPs sought by the G-33 are meant to effectively address the prevailing structural infirmities and other vulnerabilities intrinsic to their production.

9. On the issue of treatment of SPs, the G-33 is concerned that the Reference Paper discounts the graded treatment proposed by the G-33 in respect of SPs. This grading in fact establishes a useful linkage with the appropriateness of the number of SPs as well. Paragraphs 8 through 10 convey the impression that all SPs are being demanded with zero tariff reduction commitment, and thereby giving legitimacy to the fears of some exporters that the SPs will have unintended consequences by denying them practically all market access.

10. For the G-33, SPs and sensitive products are mandated to address entirely different objectives and conditions of production. Nevertheless, the tariff reductions on SPs would have to include zero reduction, no TRQ commitments, and logically have to be lower than those on sensitive products of developing countries. The number of SPs must be more than the entitled number of sensitive products of developing countries. Further, a higher order of flexibilities on SPs should be incorporated for those developing countries that do not fully use their sensitive products' entitlements.

11. In paragraph 16 of the Reference Paper, the Chairman appears to encourage some developing Members to show their preparedness not to opt for the full entitlement of SPs. The needs of the developing countries for SPs cannot be held hostage to such voluntary actions by some other WTO Members. The foundation of SPs' self-designation being "guided by indicators" based on the three criteria must of necessity already operate as a variable limiting factor on the number of SPs that each Member could avail of. There is no basis in the mandate to create an opt-out.

12. Finally, the G-33's proposal contains within it a balance of how the three issues of appropriate number of SPs, their selection guided by indicators, and more flexible treatment, could be achieved. It is the G-33's expectation that any amendment to the Reference Paper will reflect the full coverage of the G-33's approach. The linkages between the three issues inter se cannot be negotiated nor

conditionalities crafted on each of them. Any such attempt could undermine the mandate on SPs, and completely disregard the legitimate expectations of the developing countries from the SPs instrument.

13. In light of the above, the structural aspects of the treatment of SPs, which must consider a graded treatment, which includes no tariff reduction on some SPs, and does not require any TRQ-based market access commitments on SPs should be advanced. In parallel, the transparency through the indicators sought to be provided by the G-33 should be recognized, and the discussions on indicators directed to addressing specific concerns on any indicators as well as their usage. The appropriate number of SPs could integrally emerge out of the market access package and the application of the indicators.

14. In conclusion, the G-33 urges that an amendment to the Reference Paper should be expeditiously circulated so that the direction of further negotiations on the core instrumentality of SPs can be steered to convergence fully consistent with the mandate on SPs. The G-33 is ready to participate constructively in the further work on SPs and other aspects of the agriculture modalities to facilitate convergence within the short time available.

---