

# WORLD TRADE ORGANIZATION

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## JOINT STATEMENT ON NON-TRADE CONCERNS OF BULGARIA, CHINESE TAIPEI, ICELAND, ISRAEL, LIECHTENSTEIN, MAURITIUS, NORWAY AND SWITZERLAND

Statement made by Switzerland at Formal Meeting of 28 February 2003

This Organization is based on the principle of consensus, and we should not stop reminding ourselves that this process will only be successful if the interests of *all* participants are duly taken into account. Speaking on behalf of Bulgaria, Chinese Taipei, Israel, Iceland, Liechtenstein, Mauritius, Norway and Switzerland, I would like to make it clear that a final outcome in these negotiations would not only need to be acceptable to a handful of major developed and developing countries. It needs to pay proper attention to all. The foundation of the multilateral trading system is exactly that: to protect legitimate interests and create trading rules that are fair to all.

We cannot muster political support for this reform process unless vital national policy objectives and fundamental civil society expectations are being respected. In concrete terms, we need a proper balance between trade and non-trade concerns. When we embarked on the agricultural reform process in Marrakesh, we all had a clear understanding that non-trade concerns would be duly addressed, a commitment that was reconfirmed in Doha. These concerns are highlighted in Article 20 and the Preamble to the Agreement on Agriculture, and we all know them, from the Agreement as well as from our national policies.

Our proposals have the following in common: On market access, bearing in mind the Doha mandate, we are committed to substantial improvements in market access and have therefore decided that we can go along with a repetition of the Uruguay Round commitment of an average tariff reduction of up to 36 per cent over a period of 6 years.

However, we need to ensure tariff levels that take account of the vast diversity of production conditions faced by Members, so as to allow every Member to address its non-trade concerns. Tariffs are legitimate and, by definition, defensive policy measures that always have been GATT compatible. The minimum tariff reduction required for each tariff line should not exceed 10 per cent, allowing for sufficient flexibility to sustain a certain level of agricultural production even in sectors and regions that are particularly sensitive and disadvantaged. Please note that for every minimum tariff reduction a corresponding reduction above the average would as usual be required to meet the commitment of an average 36 per cent reduction.

As to tariff quota volumes, we need to bear in mind that the intention in the Uruguay Round was to ensure market access in historic and certain minimum quantities. This intention now being met, we do not see the rationale for expanding our quota volumes in the WTO, beyond the existing arrangements.

On domestic support we foresee the continuation of the Green and Blue Boxes without limitations, based on the existing framework and with necessary adjustments to take non-trade concerns duly into account. As to Amber support, we have great difficulties with your level of ambition. We are therefore proposing lower reduction commitments. Some of us are simply

proposing a flat rate at a lower level, while others are suggesting a differentiated reduction commitment according to export-orientation, penalising support to export-oriented products more than products for the home-market. The essential point we are sharing is that the reform process should be gradual and allow for the coexistence of agriculture across countries and regions.

On export subsidies our position is flexible. We are ready for substantial reductions and believe that the reform process should have a special focus on such measures, in conformity with the Doha Declaration. It goes without saying that all forms of export competition would need to be treated equally.

What then about the development dimension of your draft? We are supportive of many of the S&D elements, in particular longer implementation periods and lower reduction rates. Having said this, we are deeply concerned about the negative effects on the erosion of preferences that will flow from your very ambitious tariff proposal. At present, least-developed countries, small island developing states and other vulnerable developing countries are heavily relying on preferences to developed markets. These developing countries will see their market access opportunities *deteriorating* as a result of your proposal, facing the risk of being out-competed by a handful of low-cost efficient countries. This is particularly worrying because many of these vulnerable countries are single-commodity exporters with few alternative options.

We need to ensure that your second draft is sufficiently comprehensive to cover in parallel all aspects of relevance to the reform process. We cannot agree to a piecemeal approach in which some important aspects are left uncovered and reverted to at a later stage.

To conclude, the first draft presented to us by the Chairman does not address our non-trade concerns. It is not only a question of figures. It is also a question of approach. We have a long way to go. Or we can make it short. We do not need another 8 years to invent the wheel. The Uruguay Round tariff reduction formula, which means an overall reduction of 59 per cent (Uruguay Round and Doha Round), has proved its ability as a consensus-maker. We can make it by the agreed deadline of end-March if we want.

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