

**Committee on Agriculture  
Special Session****CAIRNS GROUP<sup>1</sup> PROPOSAL  
IMPROVING MONITORING AND SURVEILLANCE**

The following communication, dated 12 June 2007, is being circulated at the request of the Cairns Group.

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1. The July 2004 Framework calls for the amendment of Article 18 of the Agreement on Agriculture (AoA): with a view to enhancing monitoring so as to effectively ensure full transparency, including through timely and complete notifications with respect to commitments in market access, domestic support and export competition. The particular concerns of developing countries in this regard will be addressed.

**The Need to Improve Transparency and Compliance**

2. A properly functioning notification system should allow Members to obtain the information necessary to assess whether other Members are meeting their WTO obligations and commitments. Under the current notification system, transparency has been undermined because:

- the notification provisions of Article 18 of the AoA are relatively weak compared to other WTO-related Agreements such as the Agreement on Subsidies and Countervailing Measures (which requires notifications "shall be submitted not later than 30 June each year");
- many Members do not comply with requirements set out in Article 18.2 of the AoA and G/AG/2 Uruguay Round Notification Requirements and Formats;
- there are, at any one time, a large number of overdue notifications, including by the major subsidising Members. Where notifications are provided, they are often insufficient to assess compliance with commitments and relevant criteria;
- there is no well-developed process to ensure meaningful dialogue in the Committee on Agriculture (CoA); and
- some developing country Members have limited capacity to prepare and analyse notifications and assess compliance.

3. Enhanced transparency provisions will be important in monitoring progress on the ongoing reform process in agriculture, including in relation to existing commitments and in ensuring Members comply with new Doha Round disciplines. Enhanced monitoring of Green Box programmes will be particularly important in light of its greater usage through the ongoing reform process. Enhanced transparency provisions, however, must be complementary to strong disciplines and not a consolation prize for a low ambition outcome in the Doha Round.

**Proposed Improvements to Improve Transparency & Compliance**

4. The Cairns Group proposes cross-cutting improvements to all three pillars of agriculture, and improvements tailored to each pillar (Annex A). Amendments to Article 18 of the AoA will be required to strengthen notification provisions for all Members. There will also need to be elaboration

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<sup>1</sup> Australia, Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, Uruguay

of specific notification requirements and information relevant for each pillar (currently contained in G/AG/2). These changes will need to be agreed as part of the Doha Round single undertaking, and their final form will depend on the nature of agreed rules.

#### Cross-Cutting Improvements

5. The existing Article 18 of the AoA will be revised and strengthened by:
  - establishing clearer and stronger provisions in Article 18.2 to ensure notifications occur at fixed and pre-determined intervals (Article 25 of the Agreement on Subsidies and Countervailing Measures (SCM) provides a useful model for legal drafting);
  - widening the scope of notifications in Article 18.2 and 18.3 to capture all information on current agricultural programmes/measures necessary for Members to assess compliance with disciplines across the three pillars; and
  - establishing a clear mandate for improving the level and type of information which must be provided in notification guidelines (currently contained in G/AG/2).
  
6. The Committee on Agriculture will also be enhanced to enable a fuller and deeper review of the implementation of commitments across all pillars and to provide the means for all Members to assess compliance with WTO commitments, both during and beyond the implementation period.
  - In addition to regular CoA meetings, the Committee shall undertake in-depth and focused examinations of the implementation of commitments by major agriculture trading Members. These reviews will be held on a rolling basis to be determined in advance.<sup>2</sup> The process will be structured as follows:
    - The frequency of examinations will be determined in accordance with a Member's share of global agricultural trade, with the largest agricultural traders being reviewed more frequently than others.
    - Members will be given sufficient notice of the timing of examinations so as to fully contribute to the review. Each examination will be conducted [x] months after the formal notification deadlines established for the Member in question.
    - Where a Member subject to the in-depth examination has not provided notifications by the established deadline, the Committee may call for the establishment of a Review Group of interested Members.
      - The Review Group will prepare information (including based on other publicly available information or any counter-notifications from Members) which will form the basis of discussion and examination at the in-depth review.
    - Following the examination, the WTO Secretariat will prepare a summary report of the discussion, reflecting Members' questions and any responses or information provided either by the notifying or participating Members. The report will be available to the public, including on the WTO website.

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<sup>2</sup> This is without prejudice to Members' rights to raise, including in the regular CoA meetings, any matter relevant to the implementation of commitments or any measure which it considers ought to have been notified by another Member.

- The CoA process for summarising and publishing Members' questions and responses (in regular Committee or in-depth examinations) will be improved by means of a new document series comprising an established format for each question and response (e.g. .../Q/1 and .../Q/1/R.) to be lodged formally to the Committee.
  - Questions and answers will be made public on the WTO website within 30 days of their submission.
  - The Secretariat will develop an electronic database accessible on the WTO website enabling Members and the public to search the collated record of questions and responses by key topic and Member. This will enable Members, particularly developing countries, to prepare for and participate in subsequent reviews.
- For each meeting of the regular CoA, the WTO Secretariat will undertake a thematic work programme focusing on a key topic within any of the three pillars of agriculture (e.g. trends in Green Box support or tariff quota administration.)
  - Members will be able to pose questions to any Member on the selected theme, including on the basis of a factual report prepared by the Secretariat on the topic. Members will provide suggestions on the nature of subject reports to be prepared by the Secretariat, including issues of particular importance to developing countries.
- Observer organisations at the CoA will be invited to deliver presentations on global agricultural trade reform and agriculture policies in major agricultural traders. Observers to the CoA may be called on by WTO Members to assist discussions at a technical level.
- The WTO Secretariat will be required to provide an annual public report (including on the WTO website) identifying Members' non-compliance and listing overdue notifications and overdue responses to questions.
- Further to the suggested improvements to the CoA above, Members will review the overall effectiveness of the COA in contributing to timely notification and thorough monitoring and surveillance of the implementation of commitments. This review will include consideration of necessary institutional improvements to Committee structures.

#### Pillar-Specific Improvements

7. In addition, the Cairns Group proposes a number of improvements in monitoring and surveillance that are specific to each of the three pillars. These improvements (Annex A) reflect the level and type of information required in notifications to enable proper monitoring and evaluation of existing and new DDA commitments.

#### Special and Differential Treatment

8. Special and Differential Treatment will be provided in the form of:
- longer timeframes for submitting notifications
  - assistance from the WTO Secretariat in the preparation of notifications, including through development of a capacity building programme to assist developing countries to better engage in the monitoring and surveillance process (note: we recognise that additional resources may be required to provide this service), and

- where an obligation exists for Members to provide information through internet publication, developing Members will only be required to do so where feasible.

## **Annex A. Pillar-Specific Improvements in Monitoring and Surveillance**

### Domestic Support

- DS:1 notifications will be submitted no later than [9] months after the end of a Member's reporting cycle as described in G/AG/W/2/Rev.4 (and to be confirmed in writing by Members at the time of scheduling of commitments)
  - The format of the DS:1 notifications will be revised and expanded to require additional information to improve transparency, including on new disciplines such as OTDS, Blue Box caps and product-specific support caps.
  - For Blue Box payments, a justification will be provided as to how the programme/measure is production-limiting or has no requirement for production; and
    - for Blue Box payments that do not require production, Members will provide details in each annual notification of how price linked payments are calculated for each product.
- A detailed explanation will be provided in annual notifications where there has been a significant increase (20 per cent or more) in support on a major programme/measure (defined as a programme/measure which accounts for more than 10 per cent of total support provided in each support category – i.e. AMS, Blue, Green, etc.).
  - Where a particular product receives product-specific support from a range of measures that are classified in different categories under the AoA (e.g. AMS, Green Box and Blue Box), Members will be required to provide the sum total of support provided to the product.
  - this would be additional to the current requirement of providing disaggregated information on the types of support for each product.
- Each Member will provide full details in each annual DS:1 notification of the gross production volume and value of products receiving support, and the gross value of agricultural production.
- DS:2 notifications will be revised to cover newly introduced or modified Green Box and Article 6.2 measures, and will be enhanced (particularly in relation to the Green Box) to provide for improved assessment of compliance with WTO disciplines. Such notifications shall be made no later than 3 months after introduction of the new programme or measure. A revised DS:2 notification will include the following information:
  - how the programme/measure meets, in precise terms, general and all specific criteria under which those programmes have been notified, and where such criteria is reflected in legislated or regulatory measures;
  - the expected duration of the programme/measure;
  - the base period used and details on applicable base areas/yields or livestock numbers;
- A DS:3 notification will be created to cover newly introduced or modified AMS and Blue Box programmes. Such notifications shall be made no later than 3 months after introduction of the new programme or measure. A DS:3 notification will include the following information:

- the basic parameters and structure of the programme/measure such as support or administered prices, eligibility criteria for recipients, government purchase amounts, etc;
  - the expected duration of the programme/measure;
  - an explanation as to how any support notified as non-product-specific only favours agricultural producers in general; and
  - in the case of Blue Box programmes, a justification of how the programme/measure is production-limiting or has no requirement for production.
- All developed Members will provide website addressees on support programmes to assist in the scrutiny of notifications and the information contained on the website should be in at least one of the official WTO languages;
    - information provided on websites will not supplant information required in written notifications.
  - Members will provide an enquiry point(s) to assist other Members in obtaining further information about relevant programmes/measures.

#### Export Competition

- For all Members with base and annual export subsidy commitment levels, an annual notification will continue to be required no later than 60 days following the end of the calendar year (or marketing year, fiscal year etc) in question.
  - Where different reporting periods are designated for individual product categories, individual notifications will be made on a product-category basis.
  - At the request of another Member, information will be provided prior to the annual notification deadline, including where a Member maintains progressive and cumulative totals of subsidised export quantities and budgetary outlays in relation to individual product categories.
- For all Members providing official export financing support, notification requirements outlined in JOB(07)/69 will be required:
  - These include an initial (3 month) and annual notification to confirm programmes have been brought into, and remain in, compliance with new disciplines such as self-financing periods, levels of premia etc.
- For all Members providing international food aid, the notification requirements outlined in JOB(07)/68 will be required:
  - These include notifications to ensure compliance with both emergency and non-emergency food aid disciplines and an annual consolidated notification of all transactions;

#### Market Access

- Revised notification requirements are needed to ensure greater transparency in relation to implementation of Members' tariff quota commitments, including:

- upfront notifications on how each tariff quota will be administered;
    - details on measures designed to ensure that tariff quota volume commitments are met in full, including penalties for non-use of allocations or any re-allocation mechanisms or procedures, where applicable.
  - annual notifications no later than 4 months after the end of the quota year on tariff quota administration and fill rates;
    - explanations for significant decreases in fill rates of tariff quota volume;
    - provision of total import quantities within and outside each tariff quota; and
    - detailed information on application of re-allocation mechanisms or other actions take to improve fill rates or administration of tariff quotas.
  - internet publication obligations, for developed countries, of in-quota fill rates during the quota year.
  - Detailed notification requirements based on G/AG/2 relating to the application of a Special Safeguard Mechanism (SSM) for developing countries, including information on triggers, remedies and trade affected (e.g. did imports occur under the SSM, etc).
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