

**Committee on Agriculture
Special Session**

AGRICULTURE NEGOTIATIONS

Statement by the Delegation of the Philippines on SSM
Informal Open-ended Consultations
26 April 2006

The following communication, dated 29 April 2006, is being circulated at the request of the Delegation of the Philippines.

1. The Philippines would like to thank the Chairman for the reference paper on SSM - long overdue, since the G-33's issuance of its proposal in legal form last October, way before the Hong Kong Ministerial.

- The Philippines associates itself with the statement made by Indonesia on behalf of the G-33 and fully supports the comprehensive statements made by G-33 colleagues such as India, Venezuela, Turkey, among many others.
- The Philippines appreciates the careful reflections devoted by the Chair in capturing the essence of the debate and in providing useful guidance and direction for a fruitful discussion to expedite negotiations on this element.
- The Philippines along with the G-33 is pleased to note that our proposal has contributed to help in these reflections.

2. Without prejudice to coming back to specific issues as may be necessary, as our other G-33 colleagues have adequately and comprehensively covered the elements of our proposal and your reference paper, the following are our specific comments, hopefully helpful to further the debate, on the elements of the reference paper:

- On the issue of **coverage**, you have clearly described the different views by Members. We believe that in previous discussions, the G-33 has clarified and elaborated on its position in this regard. We still hold firm that universal coverage is the most simple and at the same time operationally feasible modality.
- We can, however, go along with your suggestion to come back to this at an appropriate time, and deal with the issue once we have adequately dealt with the other substantive elements of SSM.
- On **quantity triggers**, the paper identifies two alternatives that have thus far been suggested for defining quantity-based triggers, and the corresponding problems attached to these approaches.
- First, with regard to a straightforward base period average, concern is raised as to whether this does not allow for 'normal growth' of trade.

- The other is the rolling or moving average, as in the G-33 proposal, the concern relates to the ability of the approach to take into account the 'normal import fluctuations' arising in the 'normal' course of trade.
- A third alternative, recently suggested, which will take both as methodologies for calculating the triggers, with the higher of the two being the final determinant.
- In our view, the alternative does not effectively address the problems. Whichever methodology is chosen (i.e., which gives the highest level) still begs the question of normality. The underlying assumption, of which we have a problem, is that the higher level is the 'normal' level of either the growth in trade or import fluctuations.
- Ideally, the way to simulate normality would be to complete the trend line and as such, in our view, the G-33 proposal of rolling averages is superior in capturing the relevant market trend because it is most proximal to the current period being evaluated while in contrast, and as borne by our experience on SSG, the fixed base average is remote from the current market trend.
- There is no reason why **non-MFN imports** should be excluded from the cumulative import figures. Any import that comes in, whether MFN or not, contributes to a volume surge. A volume surge will not be less injurious just because it was caused by in-quota or duty-free imports under FTAs. Again, the purpose of the SSM is to enable developing countries to react positively once triggers are breached and imports start causing harm, whatever the tariffs imposed on them.
- On the **price-based triggers**, Chair, the paper raises the issue of monthly versus annual averages. The G-33 proposal on this is again very specific and clear, but we are open to explore other alternatives as you have outlined.
- As to the type of imports that will be used in calculating the price-based trigger, our earlier comments on the same issue on quantity-based triggers apply.
- On the **quantity-based remedy**, we wish to highlight that the G-33 proposal includes a requirement for a minimum level of 5% imports above the trigger, against which developing country Members undertake not to invoke SSM.
- We feel that limiting the application of the remedy to the end of the calendar year does not make sense if the objective is to address import surges and price depressions. The idea is to allow for enough time for the remedies to take effect, but not too long so that they can be retained even if not needed anymore. Why should a country that experiences an import surge in November be stopped from using the SSM after December even if the problem carries over to the next year?
- On the **price-based remedy**, if the purpose of the SSM is to effectively address volume surges and price depressions, why limit the remedy as to make it ineffective?
- If we cap the remedy to prevent the total duty from rising above the UR bound rates, what then is the benefit of SSM if we cannot exceed the bound rate? If our applied rate is lower, there is nothing to stop us from going up to the bound rate and we do not need SSM for this. In the current Art. 5 SSG, it should be noted that there is no restriction to go beyond the bound tariff, which could be the case if the applied is equal to the bound.
- With regard to proposals to **limit application of SSM to subsidized agricultural products**, you have rightly pointed out and placed this proposal in its proper context, the

addition of the countervailing dimension. While this will alter the nature of SSM, if it is being suggested that this should be an additional or add-on feature of SSM, the Philippines can go along in exploring the usefulness of such a proposal.
